

Agenda Date: March 28, 2013
Item Number: B2

Docket: TG-121791
Company Name: Mason County Garbage Co., Inc., dba: Mason County Garbage (G-88)

Staff: Melissa Cheesman, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed on November 13, 2012, by Mason County Garbage Co., Inc.
2. Allow the revised tariff revisions filed on March 22, 2013, to become effective on April 1, 2013.

Discussion

On November 13, 2012, Mason County Garbage Co., Inc. (Mason or company), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$387,000 (13 percent) in additional annual revenue for the collection of residential, commercial, and drop box garbage, and residential recycling. The proposed increases are prompted by increases in disposal fees, employee wages and benefits, fuel, parts and equipment. The company's last general rate increase became effective on February 1, 2011. The company filed revised tariff pages on December 3, 2012, December 19, 2012, March 19, 2013, and March 22, 2013. The company serves approximately 10,000 customers in Mason County.

On December 19, 2012, the company filed revised tariff pages designed to recover just the disposal increase portion of the proposed rates. The revenue impact of the disposal increase is approximately \$11,000 (0.44 percent) additional annual revenue.

On December 27, 2012, the commission entered a Complaint and Order Suspending Tariff Revisions and allowed the revised pages filed on December 19, 2012, to become effective on January 1, 2013, on a temporary basis, subject to refund.

Staff has completed its review of the company's supporting financial documents, books and records. The primary contested issues in the case included: the company's computer model integrity, capital structure, affiliate transactions, affiliate expenses for repairs and building / property maintenance, affiliate profit margin, legal expenses for recycling, and pro forma wage increases.

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 \$139,000 (3.2 percent) additional annual revenue. On March 19, 2013, and March 22, 2013, Mason filed revised tariff pages with the revised rates at staff recommended levels.

Rate Comparison

Residential Garbage	Current Rate	Proposed Rate	Temporary Disposal-Only Rate	Revised Rates	Percent Increase
One 32-Gallon Can Weekly Pick-Up	\$14.85	\$15.34	\$14.93	\$15.12	1.8%
One 35-Gallon Cart Weekly Pick-Up	\$17.08	\$17.64	\$17.17	\$17.37	1.7%
One 32-Gallon Can Every-Other-Week Pick-Up	\$8.58	\$8.86	\$8.62	\$8.68	1.1%
One 35-Gallon Cart Every-Other-Week Pick-Up	\$10.27	\$10.59	\$10.31	\$10.39	1.1%
One 32-Gallon Can Monthly Pick-Up	\$4.77	\$4.92	\$4.79	\$4.82	1.1%
Residential Recycling					
Residential Recycling Service	\$8.82	\$10.64	\$0	\$9.66	9.5%
Commercial Per Pick-Up Rates					
1-Yard Container Per Pick-Up	\$16.10	\$16.64	\$16.19	\$16.28	1.1%
1.5-Yard Container Per Pick-Up	\$17.39	\$18.01	\$17.53	\$17.72	1.9%
2-Yard Container Per Pick-Up	\$22.96	\$23.77	\$23.14	\$23.45	2.1%
Drop Box					
10-Yard Roll-off, Per Haul	\$83.00	\$104.40	\$0	\$83.93	1.1%
20-Yard Roll-off, Per Haul	\$96.40	\$121.20	\$0	\$97.48	1.1%

Customer Comments

On Nov. 30, 2012, the company notified its customers of the proposed rate increase by mail. Staff received two comments from consumers who oppose the increase. The customers were notified that documents related to the rate increase are available 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 customers believe the requested increases for garbage and recycling collection are excessive.

Staff Response

The customer was 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 investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

Conclusion

Staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that the 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.

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