

Agenda Date: September 28, 2023
Item Number: B1

Docket: TG-230661
Company: Yakima Waste Systems, Inc.

Staff: Ben Sharbono, Regulatory Analyst
John Cupp, Regulatory Analyst

Recommendation

Issue an Order granting exemption from rule and allowing the tariff revisions and rates, filed on August 15, 2023, as revised on September 22, 2023, to go into effect October 1, 2023, subject to conditions.

Background

On July 18, 2023, Yakima Waste Systems, Inc. (Yakima Waste or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions to its Tariff that would generate approximately \$1,006,000 (6.7 percent) in additional annual revenue. Yakima Waste provides regulated solid waste collection service to approximately 15,165 residential, 8,000 commercial, 430 roll-off, 3,300 residential recycling, and 700 yard waste customers in Yakima County. The Company's last general rate increase became effective on August 1, 2022.

Yakima Waste is seeking this increase to recover new capital, higher costs of employee wages, benefits, fuel, and general operating costs.

Discussion

The increases in capital expenses are a result of the Company's continued effort to further automate collection services. The Company is replacing customer owned 32-gallon cans with Company provided carts compatible with new collection trucks.

During Commission staff's (Staff) review, it was noted that the Company was seeking to make pro forma adjustments for the fuel expense. The Company states that it uses a two-year fixed fuel price contract and is seeking to increase the total fuel costs based on the revised fuel price that took effect January 2023. The Company also stated it seeks to include the costs incurred from the Clean Carbon Act (CCA) using the most recently incurred cost. The Company provided Staff with documentation showing the price of the CCA has continued to increase throughout the year, thus using the most recent price is likely not to result in harm to customers, instead covering more of the fuel expense incurred. To allow this, the Company filed on September 14, 2023, a petition requesting the Commission waive Washington Administrative Code (WAC) 480-70-346, which requires that companies filing a general rate increase use the most recent 12-month fuel costs.

As in previous cases where companies have been allowed to include CCA expenses in rates, Staff recommends the subject to the condition that 12 months from the date of the order Yakima Valley must file with the Commission: (1) invoices of actual fuel costs incurred over the last 12 months and (2) documentation that the Company has shopped for competitive bids from multiple fuel vendors.

Staff also adjusted expenses to remove employer provided food and employee events, travel not related to providing services, performance bonuses and gift cards, and amortized significant repairs to property.

Rate Comparison

The table below shows the current, Company-proposed, and Staff-revised rates, for the most common services. The full list of rates is included in the Company's tariff.

Most Common Residential Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference	
48-gal Can Weekly	\$13.15	\$14.33	\$14.23	\$1.08	8.2%
64-gal Cart Weekly	\$13.81	\$15.05	\$14.95	\$1.14	8.2%
96-gal Cart Weekly	\$17.05	\$18.58	\$18.46	\$1.41	8.2%

Most Common Commercial Lines of Service	Current Rate	Proposed Rate		Difference	
1.5-Yard per pickup	\$9.60	\$10.46	\$13.39	\$1.02	8.2%
3-Yard per pickup	\$16.77	\$18.27	\$16.22	\$1.24	8.2%

Customer Comments

On August 15, 2023, the Company notified its customers of the rate increase by mail. Staff received five comments opposed and one in favor of the proposed increase.

Customer Comments

Three customers opposed the increase because they feel their rates are increased too frequently. One mentioned missed pickups.

Staff Response

Staff informed customers 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. Customers were also told that Commission Staff performs a thorough review of rate filings to ensure all rates and fees are appropriate. Staff explained the various types of rate increases and how companies are required to respond to missed pickups in certain situations.

Conclusion

Staff has completed its review of Yakima Wastes Systems, Inc.'s accounts, books, and supporting documents. Staff found the initial request for \$1,006,000 was overstated. Staff and the Company have agreed to a revised increase in annual revenue of approximately \$906,000 (6.0 percent). Staff believes the revised rates are fair, just, reasonable, and sufficient.

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