

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	DOCKET TG-091775
TRANSPORTATION COMMISSION,	)	
	)	ORDER 03
Complainant,	)	
	)	
v.	)	ORDER DISMISSING
	)	COMPLAINT AND ORDER
YAKIMA WASTE SYSTEMS, INC.,	)	SUSPENDING TARIFF
G-89	)	REVISIONS; ALLOWING TARIFF
	)	REVISIONS; ORDERING
Respondent.	)	REFUNDS
.....	)	

**BACKGROUND**

- 1 On November 12, 2009, Yakima Waste Systems, Inc. (Yakima Waste or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff No. 10, designated as 6<sup>th</sup> Revised Page No. 2, 1<sup>st</sup> Revised Page No. 16, 1<sup>st</sup> Revised Page No. 21, 1<sup>st</sup> Revised Page No. 22, 1<sup>st</sup> Revised Page No. 25, 1<sup>st</sup> Revised Page No. 26, 1<sup>st</sup> Revised Page No. 30, 1<sup>st</sup> Revised Page No. 32, 1<sup>st</sup> Revised Page No. 33, 1<sup>st</sup> Revised Page No. 34, 1<sup>st</sup> Revised Page No. 35, and 1<sup>st</sup> Revised Page No. 36. On November 13, 2009, Yakima Waste filed a substitute page designated as 2<sup>nd</sup> Revised Page No. 33 and on December 10, 2009, filed a substitute page designated as 1<sup>st</sup> Revised Page No. 21. The purpose of the filing was to increase rates to recover an increase in disposal fees. The stated effective date was January 1, 2010.
- 2 On December 23, 2009, the Commission entered a Complaint and Order Suspending Tariff Revisions pending an investigation to determine whether the revisions are fair, just, reasonable and sufficient. The Commission allowed the proposed rates to go into effect on January 1, 2010, on a temporary basis, subject to refund. The order also required the Company to file all documents required for a general rate case as provided in WAC 480-07-520 by March 1, 2010, and directed the Company to not change or alter the tariffs filed in this Docket during the suspension period unless authorized by the Commission.
- 3 Yakima Waste filed the documents required for a general rate case on March 1, 2010. Commission Staff completed its analysis of the Company’s supporting financial records, and found Yakima Waste’s current, temporary rates generate more revenue than the Company needs in its garbage operations. The Company asked for approximately

\$363,000 (4.7 percent) of additional garbage revenue, but the Company's financial records support an increase of only about \$93,200 (1.1 percent); approximately \$270,500 less than the Company requested.

- 4 The net effect of the revenue requirement for residential, commercial and drop box garbage service (\$93,200), the revenue requirement for residential recycling (\$139,600), and the revenue requirement for residential yard waste (\$56,900) results in a total revenue requirement of about \$289,700 (3.6 percent), as compared to rates in effect prior to January 1, 2010. The Company agreed with Staff's revised revenue requirement and revised rates.
- 5 Staff's analysis shows that the Company's current, temporary rates for drop box service provide revenues that are less than the cost of the providing the service. The same is true with the current, temporary rates for its voluntary residential recycling and yard waste programs. The additional annual revenue requirement for residential recycling would be \$139,600, and the additional annual revenue requirement for yard waste service would be \$56,900.
- 6 In Order 02 issued in this Docket, issued April 29, 2010, the Commission authorized Yakima Waste to file revised tariff pages with a June 1, 2010, effective date that reflected the revised rates agreed to by Staff and the Company. The Company filed the revised tariff pages on April 29, 2010 and sent rate increase notices to all of the yard waste, residential recycling and drop box customers informing them of the proposed increases. This allowed customers the opportunity to comment on the revised rates before the May 27, 2010, open meeting, when the Commission would consider whether to allow the revised rates to become effective on June 1, 2010.
- 7 At the May 27, 2010, open meeting, Wendy Mifflin, Yakima County Solid Waste Manager, testified regarding the County's concern over the increase in rates for recycling and yard waste service. Ms Mifflin opined that the recycling program would cease to exist under the proposed rate structure. She requested that, at a minimum, the rate for recycling be less than the rate for two-can garbage service. Upon inquiry by the Commission, Ms Mifflin stated that, although she could not speak for the Yakima County Commissioners, there were no plans to establish county-wide minimum recycling service levels or mandatory pay for such service.

- 8 Dave Wiley, testifying for the Company, presented the Commission with a proposal to file tariff rates that were different from the rates filed on April 29, 2010. The Company proposed to increase the residential recycling rate to only \$6.50 per month and the yard waste rate to only \$7.50 per month. (The April 29, 2010, tariff filing proposed a revised residential recycling rate of \$9.00 per month and proposed a revised yard waste rate of \$9.28 per month.) The Company's consequent revenue shortfall in the residential recycling and yard waste programs would be recovered by increasing residential and commercial garbage rates above the cost of providing that service. Under the proposal, the rate for one-can garbage service plus recycling would decrease to \$12.79. The rate for recycling only, \$6.50, is less than the rate for two-can garbage service of \$8.25. Mr. Wiley suggested RCW 81.77.190 as authority for the Commission to consider a rate structure that deviates from a cost-of-service based structure.
- 9 The rates proposed by the Company increased rates for some residential and commercial customers to levels greater than the rates filed on April 29, 2010, but no residential or commercial rate increased to a level greater than the rate for which customers had been originally notified. Therefore, no statutory notice would be required.
- 10 The Commission received a letter from the Department of Ecology advising that the rate structure proposed in the April 29, 2010, filing does not support the goal to increase recycling and conserve landfill airspace. The letter references RCW 70.95.010(12) which states that "steps should be taken to make recycling at least as affordable and convenient to the ratepayer as mixed waste disposal."
- 11 The Commission determined that the rates filed on April 29, 2010, do not support state and county objectives and policies. The Commission observed that although the counties have been delegated the primary responsibility to further recycling policies through minimum service levels or mandatory pay recycling programs, Yakima County has not adopted such measures. However, RCW 81.77.030(6) authorizes the Commission to require solid waste companies to "use rate structures and billing systems consistent with the solid waste management priorities set forth under RCW 70.95.010. . . ." Consequently, the Commission determined that the Company's proposed revised rates were appropriate and on May 27, 2010, authorized the Company to file revised rates. The Commission may rely upon the authority in RCW 81.77.030(6) on a case-by-case basis to provide reasonable comparability between rates charged for recycling and those charged for mixed waste disposal, keeping in mind the historic approach of the Commission in setting rates based on cost-of-service.

12 The proposed revised rates are higher for some services and lower for others than the rates in effect prior to January 1, 2010, as well as the temporary rates that became effective January 1, 2010. Staff estimates that the Company has over-collected approximately \$140,700 since January 1, 2010. Staff recommended the Commission order the Company to refund to customers the difference between the rates in effect between January 1, 2010, and May 31, 2010, and the revised, permanent rates that will become effective June 1, 2010. Following discussion with the Company's representative during the May 27, 2010, open meeting regarding the refund issue, the Commissioners determined that the Company must issue credits on the customers' bills for the refund and all refunds must be completed by August 15, 2010. The Commission ordered the Company to file a summary report showing each service level affected by a refund, the number of customers who received refunds for each service level and the total amount of the refunds made for each service level.

#### FINDINGS AND CONCLUSIONS

- 13 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, regulations, practices, accounts and affiliated interests of public service companies, including solid waste companies. *RCW 80.01.040, RCW 81.01, RCW 81.04, RCW 81.16, RCW 81.28 and RCW 81.77*
- 14 (2) Yakima Waste is a solid waste company and a public service company subject to Commission jurisdiction.
- 15 (3) This matter came before the Commission at its regularly scheduled meeting on May 27, 2010.
- 16 (4) The tariff revisions filed on May 27, 2010, are fair, just, reasonable and sufficient pursuant to Commission Staff's analysis of the Company's books and financial data, which support the revised tariff pages filed on May 27, 2010.
- 17 (5) The proposed revised rates are higher for some services and lower for others than the rates in effect prior to January 1, 2010, as well as the temporary rates that became effective January 1, 2010. Staff estimates that the Company has over-collected approximately \$140,700 since January 1, 2010. The Company must

refund to customers the difference between the rates in effect between January 1, 2010 and May 31, 2010, and the revised, permanent rates that will become effective June 1, 2010. Following discussion with the Company's representative during the May 27, 2010, open meeting regarding the refund issue, the Commissioners determined that the Company must issue credits on the customers' bills for the refund and all refunds must be completed by August 15, 2010. The Commission ordered the the Company to file a summary report showing each service level affected by a refund, the number of customers who received refunds for each service level and the total amount of the refunds made for each service level.

- 18 (6) After reviewing the tariff revisions Yakima Waste filed in Docket TG-091775 and giving due consideration, the Commission finds it is consistent with the public interest to dismiss the Complaint and Order Suspending Tariff Revisions in Docket TG-091775, dated December 23, 2009, allow the revised tariff revisions filed on May 27, 2010, in Tariff No. 10 to become effective on June 1, 2010, and order refunds.

## **ORDER**

### **THE COMMISSION ORDERS:**

- 19 (1) The Complaint and Order Suspending Tariff Revisions in Docket TG-091775, entered on December 23, 2009, is dismissed.
- 20 (2) The revised tariff pages Yakima Waste Systems, Inc. filed in this Docket on May 27, 2010, shall become effective on June 1, 2010, on less than statutory notice.
- 21 (3) Yakima Waste Systems, Inc. must refund to customers the difference between the rates in effect between January 1, 2010 and May 31, 2010, and the revised, permanent rates that will become effective June 1, 2010. Yakima Waste Systems, Inc. must issue credits on the customers' bills for the refund and all refunds must be completed by August 15, 2010, and Yakima Waste Systems, Inc. must file a summary report showing each service level affected by a refund, the number of customers who received refunds for each service level and the total amount of the refunds made for each service level.

DATED at Olympia, Washington, and effective June 1, 2010.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**JEFFREY D. GOLTZ, Chairman**

**PATRICK J. OSHIE, Commissioner**

**PHILIP B. JONES, Commissioner**