

Agenda Date: May 31, 2017
Item Number: B2

Docket: TG-170268
Company Name: Rabanco LTD dba Lynnwood Disposal G-12

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

Recommendation

Take no action, thereby allowing the tariff pages filed on April 17, 2017, and revised on May 19, 2017, to go into effect June 1, 2017, by operation of law.

Discussion

On April 17, 2017, Rabanco LTD dba Lynnwood Disposal (Lynnwood or company), filed revisions to Tariff No. 4 with the Utilities and Transportation Commission (commission) that would generate approximately \$339,000 (3.3 percent) additional annual revenue. The proposed increase would become effective June 1, 2017, and is prompted by increased operating costs, including labor, fuel, and maintenance expenses. The company currently serves approximately 52,000 residential and commercial customers in Snohomish County. The company's last general rate increase became effective July 1, 2014.

Staff's review found the proposed rates would result in excessive revenue. Staff made an adjustment to depreciation expense, removing assets that would be fully depreciated by the effective date of the proposed tariff, and adding new assets placed in service since the end of the test year, and prior to filing date. Staff also made some minor adjustments to remove non-allowable expenses related to meals and entertainment, lobbying, and advertising.

Additionally, the company's corporate fuel hedge allocation was removed. This amount, roughly a \$28,000 expense to regulated ratepayers, was the loss associated with its parent company, Republic Services' fuel hedging program. The fuel hedging was implemented five years ago, and had been wholly contained at the corporate level until 2015, when the company began allocating it down to the division level. This is the first time this item has been included in a general rate case with the commission. The company was unable to provide detail on the fuel hedge program's performance since its inception, but implied that the program had seen some success in prior years. Due to the fact that detail was not available and the fact that these costs were seemingly passed down only when it was in the company's benefit, the amount was removed by staff from the calculation of proposed rates.

Finally, staff proposed a change to the tariff with regards to the container rental charges that had been in place for several decades. These rents were mandatory to customers with automated garbage and yardwaste toters, and were laid out on the tariff in a way that has caused customer confusion in the past. Staff and the company agreed to combine these rates into the total monthly

rate, while adding a new service line for the few 20-gallon can customers who rent company owned containers. There was no revenue impact caused by this change.

The company and staff have agreed on a revised revenue requirement of approximately \$301,000 (2.9 percent) additional annual revenue, and on revised rates, which are fair, just, reasonable, and sufficient. On May 19, 2017, the company filed revised rates at staff recommended levels.

Rate Comparison

Service	Current Rates			Revised Rates	Percentage Increase/Decrease
	Current Rates	Container Rental	Total Rate		
20-Gal Can (w/o can rent)	\$ 6.48		\$ 6.48	\$ 6.71	3.5%
32-Gal Toter*	\$ 11.57	\$ 1.33	\$ 12.90	\$ 13.35	3.5%
64-Gal Toter*	\$ 18.92	\$ 1.65	\$ 20.57	\$ 21.29	3.5%
96-Gal Toter*	\$ 30.96	\$ 1.64	\$ 32.60	\$ 33.74	3.5%
Recycling w/Garbage	\$ 7.02		\$ 7.02	\$ 7.60	8.2%
Recycling Only	\$ 8.02		\$ 8.02	\$ 8.60	7.2%
Yardwaste w/Garbage*	\$ 8.35	\$ 1.65	\$ 10.00	\$ 9.56	-4.4%
Yardwaste Only*	\$ 9.40	\$ 1.65	\$ 11.05	\$ 10.56	-4.4%
8-Yard Box (Per Pickup)	\$ 91.40		\$ 91.40	\$ 94.59	3.5%

*Note: Revised rates now include container rental fees

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 with questions or concerns. Staff received two consumer comments regarding the proposed rate increase, both opposed to the rate increase.

General Comments

One customer says it is greedy and harmful to the environment to increase rates for mini cans and recycling. The other customer said the company provides poor customer service.

Staff Response

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.

Docket TG-170268
May 31, 2017
Page 3

Staff offered to open a complaint for the customer who commented on the company's customer service. The customer declined to open a complaint.

Conclusion

Take no action, thereby allowing the tariff pages filed on April 17, 2017, and revised on May 19, 2017, to go into effect June 1, 2017, by operation of law.