

Agenda Date: September 22, 2016
Item Number: B1

Docket: TG-160932
Company Name: Empire Disposal, Inc. – G-75

Staff: Scott Sevall, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Issue an order allowing the tariff revisions filed on July 22, 2016, and revised on September 13, 2016, to go into effect by operation of law on October 1, 2016, and direct Empire Disposal, Inc. (G-75) to file a general rate case with an effective date of October 1, 2019, and to file a general rate case for the Medical Waste Tariff with an effective date no later than January 1, 2017.

Discussion

On July 22, 2016, Empire Disposal, Inc. (Empire or company), filed Tariff 15 with the Utilities and Transportation Commission (commission) that would generate approximately \$146,000 (5.8 percent) additional annual revenue. The proposed increases are prompted by increases in employee wages and benefits, operating expenses, investment into new assets. The company's last general rate increase became effective January 1, 2016. The company serves approximately 5,200 customers in Whitman and Spokane County.

Commission staff has completed its review of the company's supporting documents and records and found the company demonstrated a need for \$136,000 (5.3 percent) additional annual revenue. During this case staff adjusted salvage values on a number of assets, which have been amortized over a 3 year period. This is the reason staff recommends the commission issue an order directing Empire to file a rate case in 3 years. Staff believes the 3 year requirement is appropriate due to the type of adjustment and the history of Empire filing rate cases in 2010, and 2013.¹ The company agreed to the lower revenue requirement and filed revised pages on September 13, 2016. Staff finds the revised rates are fair, just, reasonable or sufficient.

Staff also found that the Empire tariff for providing medical waste disposal is in need on updating. The last tariff revision happened in 1998.² Staff is concerned that the rates for the medical waste tariff may not be fair, just, reasonable or sufficient.

¹ Dockets TG-101535 and TG-131121 are general rate cases filed by Empire Disposal, Inc.

² Docket TG-981341.

Rate Comparison

Residential Garbage	Current Rate	Proposed Rate	Percent Increase	Revised Rate (Staff Proposed)	Revised Rate Percent Change
One 32-Gallon Can Weekly Pick-Up	\$17.08	\$18.07	5.8%	\$18.01	5.4%
One 95-Gallon Cart Weekly Pick-Up	\$30.04	\$31.78	5.8%	\$31.64	5.4%
Residential Recycling					
Residential Recycling Service	\$9.98	\$14.47	45%	\$9.98	0%
Commercial Garbage					
4-Yard Container Per Pickup	\$55.62	\$58.83	5.8%	\$58.63	5.4%
Drop Box					
25-Yard Drop Box First Pickup	\$229.50	\$242.77	5.8%	\$241.93	5.4%

Customer Comments

On August 31, 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, both opposed to the proposed rate increase.

General Comments

Two customers commented that they are against the company's proposed increase.

Staff Response

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. Commission staff performs a thorough review of rate filings to ensure that all rates and fees are appropriate.

Conclusion

Issue an order allowing the tariff revisions filed on July 22, 2016, and revised on September 13, 2016, to go into effect by operation of law on October 1, 2016, and direct Empire Disposal, Inc. (G-75) to file a general rate case with an effective date of October 1, 2019, and to file a general rate case for the Medical Waste Tariff with an effective date no later than January 1, 2017.

