

Agenda Date: April 28, 2017
Item Number: B1

Docket: TG-170185

Company Name: Torre Refuse & Recycling LLC, dba Sunshine Disposal & Recycling
G-260

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

Recommendation

Allow tariff pages filed on March 17, 2017, and revised on April 18, 2017, to go into effect May 1, 2017.

Discussion

On March 17, 2017, Torre Refuse & Recycling LLC, dba Sunshine Disposal & Recycling (Sunshine or company), filed Tariff No. 8 with the Utilities and Transportation Commission (commission) that would generate approximately \$43,000 (12.5 percent) additional annual revenue. The proposed increase would become effective May 1, 2017, and is prompted by increases in disposal fees, operating costs, and changes to the company's capital structure after acquisition of certificate G-169 in 2015. The company currently serves approximately 500 residential, commercial, and drop-box garbage customers in Ferry County. The company's last general rate increase, filed under the previous ownership, Couse's Sanitation and Recycle, Inc., became effective September 1, 2014.

The rate increase was prompted by an increase to the tipping fee at the Ferry County Torboy Transfer Station, from \$141 per ton to \$160 per ton. This accounted for roughly \$10,500 of the increase in revenue requirement. Additionally, the change in capital structure from the transfer of ownership from Couse's Sanitation and Recycle, Inc. to Torre Refuse & Recycling LLC accounted for an increase in Lurito-Gallagher revenue requirement of approximately \$24,000. The remainder of the increase was due to growth in repairs and maintenance along with other general operating expenses.

While the company's proposed rates would generate approximately \$43,000 in additional annual revenue, the Lurito-Gallagher calculated revenue deficiency entitled the company to approximately \$67,000. The company chose to increase its rates to a lower extent to avoid rate shock with its small customer base, especially after the recent change in ownership. Staff made a few minor adjustments, but ultimately accepted the company's originally proposed rates.

Rate Comparison

| Service | Current Rate | Proposed Rate | % Increase |
|----------------------------|---------------------|----------------------|-------------------|
| 1 Can Monthly Garbage | \$ 10.44 | \$ 11.75 | 12.5% |
| 1 Can Weekly Garbage | \$ 22.72 | \$ 25.60 | 12.7% |
| 64 Gal Cart Weekly Garbage | \$ 32.71 | \$ 36.88 | 12.7% |
| 96 Gal Cart Weekly Garbage | \$ 36.07 | \$ 40.75 | 13.0% |
| 2 YD (First Pick-Up) | \$ 40.26 | \$ 45.47 | 12.9% |

Customer Comments

On March 30, 2017, 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 the company should not be allowed to charge whatever they want. They do not believe an increase is warranted.

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.

Conclusion

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