

Agenda Date: February 25, 2010
Item Number: B1

Docket: TG-090899
Company Name: Mason County Garbage Co., Inc., G-88

Staff: Nicki Johnson, Regulatory Analyst
Dennis Shutler, Consumer Protection Staff

Recommendation

1. Dismiss the Complaint and Order Suspending the Tariff revisions filed by Mason County Garbage Co., Inc.; and
2. Allow the temporary rates to become effective February 26, 2010, on a permanent basis.

Background

On June 12, 2009, Mason County Garbage Co., Inc., (Mason County Garbage or company) filed with the Utilities and Transportation Commission (commission) tariff pages to implement a mandatory-pay recycling program for residential garbage customers. At staff recommended revised rates, the recycling rate would be \$8.18 per month. The company originally proposed a rate of \$8.56 per month. Mason County Garbage operates in Mason County and provides service to approximately 10,200 residential customers.

In December 2008, the Mason County Board of Commissioners (board) approved Ordinance No. 147-08. Ordinance 147-08 established a new countywide, mandatory-pay residential recycle collection program. The company originally proposed that the new program and rates become effective August 1, 2009, but on July 17, 2009, the company requested to extend the effective date to August 14, 2009, to allow additional time for the board to consider amendments to Ordinance No. 147-08 at a meeting scheduled for August 4, 2009. At the August 4, 2009, meeting, the board adopted amendments to the ordinance. The company's proposed recycling program complies with the amended ordinance. In accordance with the provisions of RCW 81.77.030, the commission is responsible for regulating solid waste collection companies by requiring compliance with local solid waste management plans and ordinances implementing those plans.

Staff's review of Mason County Garbage's operations revealed that the proposed rates generating \$1,056,000 were excessive. On July 23, 2009, the company filed revised rates at the staff recommended level. The revised rates would generate approximately \$1,008,000, which is a 26.9 percent increase to total company regulated operations. At the August 13, 2009, open meeting the commission suspended the filing, with temporary rates, subject to refund. Mason County Garbage was required to file monthly financial reports with the commission so that the staff could determine the actual cost of the program.

Mason County Garbage submitted four-and-a-half months of financial data. On an annualized basis, the residential recycling program revenues and expenses are comparable to the estimated costs used to determine the temporary rate. Staff believes that the temporary rate of \$8.18 per month fairly

reflects the cost of providing the service.

Customer Comments

On June 28, 2009, the company notified its customers of the initial recycling rates by mail. The commission received 151 customer comments; 135 opposed the proposed rates, five were undecided and 11 supported the original filing. Four additional comments have been received since the temporary rates went into affect, which raised no new issues.

Rate Comparison

	Present	Proposed	Revised
Residential Monthly Rates			
Mandatory Recycle Every-other-Week Service (EOW)	Not Available	\$8.56	\$8.18
Recycle Only	Not Available	\$9.60	\$9.25
Recycle Cart Redelivery	Not Available	\$16.00	\$16.00

Average Customer Charge Comparison – One Can Garbage

Monthly Garbage	Present	Proposed	Revised
Garbage Component	\$14.03	\$14.03	\$14.03
Mandatory Recycling –(EOW) Service	Not Available	\$8.56	\$8.18
Recycle Commodity Credit	Not Available	\$1.15	\$1.15
Total Garbage and Mandatory Recycling	Not Available	\$21.44	\$21.06
		52.8%	50.1%

Commission staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that based on the program costs, the expenses are reasonable and required as part of the company's operations. The company's financial information supports the projected revenue requirement and the temporary rate is fair, just, reasonable and sufficient.

Conclusion

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2. Allow the temporary rates to become effective February 26, 2010, on a permanent basis.