

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKET TG-143889
TRANSPORTATION)	
COMMISSION,)	
)	ORDER 02
Complainant,)	
)	
v.)	ORDER ALLOWING REVISED
)	RATES TO BECOME EFFECTIVE
WASTE MANAGEMENT OF)	ON A TEMPORARY BASIS
WASHINGTON, INC. dba WASTE)	
MANAGEMENT OF SPOKANE)	
)	
Respondent.)	
.....)	

BACKGROUND

- 1 On November 14, 2014, Waste Management of Washington, Inc., dba Waste Management of Spokane (WM Spokane or Company), filed tariff revisions with the Utilities and Transportation Commission (Commission) that would generate approximately \$1,160,000 (10 percent) additional annual revenue. The Company contends that the proposed increase was prompted by increases in labor, other operating and administrative costs, and a reduced regulated customer base. WM Spokane currently serves approximately 26,500 residential, commercial, and drop box customers in Spokane County. The Company filed revised tariff pages on December 19, 2014, and February 17, 2015. The Company’s last general rate increase became effective May 1, 2013.
- 2 On December 30, 2014, the Commission entered Order 01 in this docket, Complaint and Order Suspending Tariff Revision, pending an investigation to determine whether the revised rates are fair, just, reasonable, and sufficient. At the December 30, 2014, open meeting, the Commission directed the Company to file replacement pages for disposal rates only, to become effective January 1, 2015.
- 3 Prior to the December 30, 2014, open meeting, the City of Millwood and Spokane County (the County) filed notices of appearance. The Commission tasked Staff with further review of the allocation factors used in this case, including compressed natural gas (CNG) vehicles and facilities, their related depreciable lives, and depreciation

schedules. Staff was also instructed to include the city and the County in further discussion to the extent they were willing and able to participate and resolve this matter without a hearing. On January 16, 2015, the County filed a Petition to Intervene. On January 20, 2015, the City of Millwood filed a Notice of Withdrawal.

4 On January 29, 2015, Commission Staff (Staff), the Company, and the County met to discuss the issues in this case. The County expressed concerns about the increased rates that will impact it as a ratepayer, as well as other ratepayers in the remaining regulated service area, primarily located in unincorporated Spokane County. The Company provided its redacted workpapers to the County on January 30, 2015. On February 15, 2015, the County filed a request for public records.

5 Staff and the Company worked diligently to further clarify the cost allocation factors used for regulated service. The regulated cost allocation factors, as well as the regulated expenses have decreased by approximately 50 percent, which corresponds with the number of formerly regulated customers now served under contract with Spokane Valley and Liberty Lake. The similarity between the expense percentages in this case and the Company's prior rate case shows that costs remain in line with former operations despite the Company's reduced customer base. It now costs the Company more, per customer, to provide service due to route changes, distance between customers, and time spent servicing customers.

6 Other changes since the Company's last rate case include a \$6 million (40 percent) increase in total investment expenses; an increased labor cost of \$460,000 (3.7 percent of total labor expenses); decreased fuel costs of \$65,000 (6.5 percent of total fuel expenses); and a \$107,000 (0.01 percent) decrease in disposal fees. While the overall increase is approximately 8.6 percent, there is a large variance in the percentage increases for each line of business, as follows:

- garbage rates are increasing approximately 4.5 percent;
- yard waste rates are increasing approximately 26.8 percent, and;
- residential recycling rates are increasing approximately 13.8 percent.

These differences are primarily due to the new, higher investment in yard waste and recycling.

7 Commission Staff completed its review of the Company's supporting financial documents and responses to data requests and concluded that the Company's

proposed rates would result in excessive revenue. Staff and the Company have agreed to a revised revenue requirement of approximately \$992,000 (8.6 percent) additional annual revenue and lower revised rates. On February 17, 2015, the Company filed revised tariff pages at Staff's recommended levels.

8 Staff received comments from 43 customers opposed to the rate increase, including the Spokane Office of County Commissioners and the City of Millwood. They disagree with the claim of a reduced customer base because the Company still provides service to residents of Spokane Valley and Liberty Lake. Additionally, Spokane County commented that it has reduced disposal rates at County-owned transfer stations, further reducing the need for a rate increase.

9 Overall, the customers' comments do not change Staff's opinion that the Company's financial information supports the revised revenue requirement, and that the revised rates and charges are fair, just, reasonable, and sufficient. Staff's review shows that the expenses are reasonable and required as part of the Company's operations. Staff recommends, however, that the Commission allow the revised rates to go into effect on a temporary basis, subject to refund, and set this docket for a prehearing conference to determine Spokane County's intervenor status.

DISCUSSION AND DECISION

10 We agree with Staff that setting the matter for prehearing conference to determine Spokane County's intervenor status and facilitate further discussion between the parties is appropriate. Accordingly, we approve the proposed rates on a temporary basis, subject to refund. Following the prehearing conference and further discussions, this matter will either be set for hearing or heard at the Commission's regularly scheduled open meeting on a later date.

FINDINGS AND CONCLUSIONS

11 (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, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including solid waste companies.

- 12 (2) WM Spokane is a solid waste company and a public service company subject
to Commission jurisdiction.
- 13 (3) This matter came before the Commission at its regularly scheduled meeting on
February 26, 2015.
- 14 (4) The tariff revision presently under consideration is fair, just, reasonable, and
sufficient because the Company has demonstrated the need for additional
annual revenue and for revision of the Company's rate structure.
- 15 (5) After reviewing the revised tariff pages WM Spokane filed in Docket
TG-143889 and giving due consideration, the Commission finds it is consistent
with the public interest to allow the revised rates and tariff revision filed on
November 14, 2014, and revised on February 17, 2015, to become effective on
March 1, 2015, on a temporary basis, subject to refund.
- 16 (6) This matter should be set for pre-hearing conference to determine the
intervenor status of Spokane County and facilitate further discussion between
the parties.

ORDER

THE COMMISSION ORDERS:

- 17 (1) The tariff revision Waste Management of Washington, Inc., dba Waste
Management of Spokane filed in this docket on November 14, 2014, and
revised on February 17, 2015, shall become effective on March 1, 2015, on a
temporary basis, subject to refund.
- 18 (2) This matter shall be set for pre-hearing conference.
- 19 (3) The Commission may hold hearings at such times and places as may be
required.

DATED at Olympia, Washington, and effective February 26, 2015.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner