

Agenda Date: October 27, 2022
Item Number: B1

Docket: TG-220689
Company Name: Torre Refuse & Recycling Service LLC

Staff: Ben Sharbono, Regulatory Services
John Cupp, Consumer Protection

Recommendation

Take no action allowing the tariff pages filed by Torre Refuse & Recycling LLC d/b/a Sunshine Disposal & Recycling on September 13, 2022, and revised on October 19, 2022, to take effect by operation of law November 1, 2022.

Background

On September 13, 2022, Torre Refuse & Recycling LLC d/b/a Sunshine Disposal & Recycling (Torre or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions to Tariff No. 7 that would generate approximately \$482,000 (10.9 percent) additional annual revenue. The Company is filing due to increases in general operating expenses and capital investments. The Company provides regulated solid waste service to approximately 6,700 residential and approximately 550 commercial customers in Stevens County. The Company's last general rate increase became effective August 1, 2018.

The primary drivers of the request for increased rates increases to operating expense mainly from acquiring new vehicles, increasing employee wage and benefits expenses, and rising fuel costs.

Since its last general rate case in 2018, the Company purchased 9 collection vehicles to replace aging equipment. Commission staff (Staff) reviewed the Company asset list and removed items reaching the end of their depreciable lives. Staff also added a depreciable engine replacement found in repair expenses. Staff's adjustments reduced depreciation expense.

Staff lowered repair expense by amortizing two unusual items that occurred during the test year: a towing bill for a collection vehicle that rolled into a ravine and an expense due to a Company truck colliding with a deer.

Over the last year, the Company has made efforts to hire and retain quality personnel. As part of these efforts, employee wages have been steadily increasing, resulting in significant increase in wage expenses for all levels of the Company. Driver wages increased several times during the year, as have wages for management, mechanics, and customer service representatives. Staff made an adjustment to wage expense to remove former employees and allocate their hours to new hires and adjusting all employees payrates based on the most recent payroll report. Staff also removed annual employee appreciation bonuses. The net result of Staff's adjustments increased wage expenses.

Staff reviewed the general and administrative overhead expenses allocated to the operation, removing items that were not allowable or were unnecessary to support the services provided to customers. This reduced the overhead expense.

Staff updated the Company’s fuel expense to the most recent 12-month fuel cost as required by Washington Administrative Code 480-70-346. Due to rising fuel costs, Staff’s adjustment increased fuel expense.

Staff has completed its review of the Company’s financial documents and found the initial request for \$482,000 was slightly overstated. Staff and the Company agreed to a revised additional annual revenue amount of approximately \$442,000 (10.0 percent).

Rate Comparison

The tables below show the current, Company-proposed, Staff-revised rates, and the most common service levels. The full list of rates is included in the Company’s tariff revised October 19, 2022.

Most Common Residential Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference Revised to Current	
1-32 gal. Can – Weekly	\$23.61	\$26.30	\$26.06	\$2.45	10.4%
1-64 gal. Can – Weekly	\$28.84	\$32.02	\$31.73	\$2.89	10.0%
1-96 gal. Can – Weekly	\$34.74	\$38.34	\$38.01	\$3.27	9.4%
Extra Bag or Can	\$4.62	\$5.13	\$5.09	\$0.47	10.1%

Most Common Commercial Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference Revised to Current	
1 yd Container – per Pick Up	\$23.06	\$25.54	\$25.32	\$2.26	9.8%
2 yd Container – per Pick Up	\$35.94	\$39.57	\$39.24	\$3.60	9.2%
4 yd Container – per Pick Up	\$56.04	\$61.20	\$60.73	\$4.69	8.4%

Comment Summary

On September 22, 2022, 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 with questions or concerns. Staff received two comments, both opposed to the proposed rate increase.

General Comments

One customer is a senior on a fixed income and is concerned about the effect on their budget. The other customer would like the Company to provide curbside recycling service or better public recycling facilities.

Staff Response

Staff informed customers 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. Customers were also told that Commission Staff performs a thorough review of rate filings to ensure all rates and fees are appropriate.

Staff explained to the second customer, the role of counties in solid waste management matters, and provided contact information for Stevens County Solid Waste Division.

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