

Agenda Date: September 25, 2002
Item Number: B1

Docket: TG-021009
Company Name: Waste Management of Washington, Inc., G-237

Staff: Nicki Johnson, Regulatory Analyst
Penny Hanson, Public Involvement Coordinator

Recommendation:

Issue a complaint and order to suspend the proposed rate increase of Waste Management of Washington, Inc., G-237, in Docket TG-021009.

Discussion:

On August 5, 2002, Waste Management of Washington, Inc., (Waste Management) filed a new Tariff No. 20 replacing Tariff No. 19 (Rainier), Tariff No. 4 (R.S.T. Disposal) and Tariff No. 18 (Nicki Raffo Garbage). The filing proposes to combine three different operations into one set of rates, increase solid waste, recycling, and yardwaste rates, and change the frequency of service for some recycling and yardwaste customers. The service area affected is in Waste Management's King County operations. The proposed tariff revisions generate revenue of approximately \$1,632,000 (10.75%) on total company regulated operations. However, \$1,541,000 or 93 percent of the increase is to residential customers for solid waste, recycling and yardwaste service. The increase to residential revenues is a proposed 20.66 percent.

In its recycling operation, the Company currently provides weekly recycling to Rainier customers and every-other-week service to its Raffo and R.S.T. customers. All three recycling operations use a three-bin collection system. The Company proposes to provide every-other-week recycling to all customers using a 96-gallon cart for paper and a 21-gallon plastic bin for all other materials. The increase in investment for new containers and trucks is one of the factors driving the increase in recycle costs. The residential recycling rate is proposed to increase to \$6.90 per month. This is a 38 percent increase to Rainier customers; an increase ranging from 80.16 percent to 197.41 percent for Raffo customers; and an increase ranging from 61.21 percent to 97.14 percent for R.S.T. customers.

In the yardwaste operations, the Company proposes a program of weekly service for nine months of the year and every-other-week service December through February. Rainier customers already have this service, but Raffo and R.S.T. customers currently have every-other-week service. Yardwaste rates are proposed to increase from 16.47 percent to 22.44 percent. The proposed conversion to weekly service appears to be one of the reasons for the rising yardwaste rates. The proposed rate for a 96-gallon cart is \$10.04 per month.

The Commission received 41 letters opposed to the proposed filing. Customers believe the proposal is excessive and understand that a much smaller increase may be justified. Customers stated that one goal should be to encourage people to manage their waste carefully and that would result in lower rates for less waste generated. Under the company's proposal, customers do not believe the Company has achieved this goal. Additionally, customers believe the proposed mini-can rates are excessive.

Customers also believe that the increase in yardwaste rates is too high. One customer recommended that the Company decrease the proposed fee associated with the start/stop of the yard waste service. This would allow customers more freedom to modify their service.

Some customers stated they received late notice of this proposal. Staff has verified with the company that each affected customer received a separate notice of the proposal. However, the company contracted this mailing job out to a vendor and requested the vendor mail the notice to customers on August 30. After staff's inquiry about the issuance of customer notice and the method used, the company found that the vendor experienced problems with the mailing and did not mail the notice until September 4.

Staff is currently reviewing the information the company submitted with its rate case, however the Company has not yet demonstrated that the proposed rates are fair, just, and reasonable. Therefore, the Staff recommends the Commission issue a complaint and order to suspend the proposed rate increase of Waste Management of Washington in Docket TG-021009.