

Agenda Date: May 27, 2016
Item Numbers: B1 and B2

Dockets: TG-160232 & TG-160233
Company Names: Murrey's Disposal Company, Inc. – G-9
American Disposal Company, Inc. – G-87

Staff: Melissa Cheesman, Regulatory Analyst Lead
Amy White, Regulatory Analyst Staff
John Cupp, Consumer Protection Staff

Recommendation

Take no action, allowing revised tariffs filed on February 22, 2016 by Murrey's Disposal Company, Inc., and American Disposal Company, Inc., as revised on May 16, May 18, and May 19, 2016, to become effective June 1, 2016, by operation of law.

Discussion

On February 22, 2016, Murrey's Disposal Company, Inc., (Murrey's) Item B1, and its sister company American Disposal Company, Inc., (American) Item B2 (collectively the companies) filed companion tariff revisions with the Utilities and Transportation Commission (commission) that together would generate approximately \$357,000 (1.12 percent) additional annual revenue. The companies' last general rate increase became effective March 1, 2016. Murrey's and American serve approximately 52,000 customers in Pierce County.

The proposed increase was prompted by investments in new facilities, general operating expenses, and an increase in employees' wages and benefits. The companies originally filed for an effective date of May 1, 2016, however, on April 15, 2016, and again on April 29, 2016, the companies filed to extend the effective date to allow the company and staff more time for discussion and continued review. The new requested effective date is June 1, 2016.

Commission staff completed its review of the companies' supporting financial documents and concluded that the proposed rates would result in excessive revenue. The companies have agreed to a revised annual revenue increase of approximately \$80,000 (0.25 percent). Murrey's and American filed revised tariff pages on May 17, 2016, reflecting the revised request.

Staff notes that these filings are subsequent filings required by a formal settlement agreement in Dockets TG-130501 and TG-130502 (consolidated).¹ At that time, on August 1, 2013, staff filed with the commission a settlement agreement that included the following, "The Settling Parties agree that the companies can amortize [certain] expenses ..., *provided that the Companies shall file, no later than April 1, 2016, a general rate case using calendar year 2015 as the 12-month*

¹ Washington Utilities and Transportation Commission v. Murrey's Disposal Company, Inc., G-9, and Washington Utilities and Transportation Commission v. American Disposal Company, Inc., G-87, Dockets TG-130501 and TG-130502 (*consolidated*), Settlement Agreement, page 3, paragraph 9.

test period [emphasis added].” On October 3, 2013, the commission issued Final Order 3 approving and adopting the settlement agreement without condition.²

On February 22, 2016, the companies filed the cases reflected in these dockets, using calendar year 2015 as the 12-month test period in compliance with the requirement in Final Order 3.

Rate Comparison

Residential Garbage	Current Rate	Company Proposed Rate	Revised Rates	Increase/ (Decrease)	Percent Change
One 20-Gallon Can Weekly Pick-Up	\$ 13.33	\$ 13.57	\$ 13.44	\$ 0.11	0.83 %
One 32-Gallon Cart Weekly Pick-Up	\$ 16.67	\$ 16.96	\$ 16.81	\$ 0.14	0.84 %
Recycling and Yard Waste					
Multi-Family Recycling per Yard Pick-Up	\$ 4.39	\$ 4.48	\$ 4.41	\$ 0.02	0.46 %
Residential Recycling Service	\$ 7.10	\$ 7.25	\$ 7.14	\$ 0.04	0.56 %
Residential Yard Waste Services	\$ 6.53	\$ 6.53	\$ 6.18	(\$ 0.35)	(5.36 %)
Commercial Per Pick-Up Rates					
4-Yard Container Per Pick-Up	\$ 65.64	\$ 66.74	\$ 66.18	\$ 0.54	0.82 %
Drop Box					
30-Yard Roll-off, Per Haul	\$102.35	\$104.42	\$103.19	\$ 0.84	0.82 %

Customer Comments

On March 31, 2016, the companies notified their 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 no customer comments regarding American’s proposed rate increase. However, staff received nine customer comments regarding Murrey’s proposed rate increase, seven opposed and two undecided.

² Docket TG-130501 and TG-130502 (consolidated), Order 3, Final Order Approving and Adopting Settlement Agreement, page 7, paragraph 23.

General Comments

- Four customers stated that the company has increased its rates more recently than it indicates in the customer notice.

Staff Response

Staff told the customers the most recent increase was a disposal fee increase and explained how this increase is different.

- Two customers stated no increase should be allowed because fuel prices have dropped. One customer said the company should not charge customers for increases in employees' wages and benefits. Another said the same about improvements to facilities.

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.

Recommendation

Take no action, thereby allowing the proposed rates filed by Murrey's Disposal Company, Inc., and American Disposal Company, Inc., on February 22, 2016, as revised on May 16, May 18, and May 19, 2016, to become effective June 1, 2016, by operation of law.