

Agenda Date: December 27, 2006
Item Number: B4

Docket: TG-061748
Company Name: Harold LeMay Enterprises, Inc., G-98
d/b/a Rural Garbage Service

Staff: Nicki Johnson, Regulatory Analyst
John Cupp, Consumer Program Specialist

Recommendation

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Harold LeMay Enterprises, Inc., d/b/a Rural Garbage Service.
2. Allow temporary rates at the staff recommended revised rates to become effective January 1, 2007, subject to refund.

Background

On November 17, 2006, Harold LeMay Enterprises, Inc., d/b/a Rural Garbage Service (Rural Garbage or company) filed proposed rates that would increase its current revenue by approximately \$112,200 (5.38%). The filing increases solid waste rates and decreases the residential commodity credit adjustment. The commodity credit decreases from \$1.40 to \$.88 per month. The company serves approximately 5,200 customers in southern Thurston County in the area around Yelm.

The company states in its filing that the rate increase is necessary to offset increases in disposal, labor, fuel and insurance costs. Rural Garbage's proposed rates are scheduled to become effective on January 1, 2007. The company's last general rate increase became effective in January 2004.

The commission received two comments from Rural Garbage customers. Both are opposed to the increase. One feels that the recycling commodity credit should not be reduced as it will take away consumers' incentive to recycle. The other customer misunderstood the recycling charges and credits, and received help from staff.

Staff's review of Rural Garbage's operations revealed that the proposed rates were excessive. On December 20, 2006, the company filed revised rates at the staff recommended level. The revised rates generate approximately \$104,500 (5.11%).

Additionally on December 4, 2006, the Thurston County Board of County Commissioners approved Ordinance No. 13696, which amended the county code and established new minimum residential recycling collection service (minimum service level). Residential recycling will change from a three-bin system to a modified single-stream collection program. All recycling material will be put in a 96-gallon-cart and be collected every-other-week, except glass. Glass will be placed in a separate container and will be picked up once every four weeks. The minimum service level does not specify when the haulers should begin implementing the new service.

Importantly, the new minimum service level changes the county's recommendation on collection rates. Since April 1991, the date of the first Thurston County minimum service level ordinance, residential rates have contained a rate structure specified by the county. The minimum service level stated that the collection rates shall include a rate structure where the cost of providing garbage and

recycling service shall be less than providing garbage service alone. This ordinance further stated that for all services of one can or less, the difference should be a minimum of \$1.50. Each additional can is \$1.00 per can. The new minimum service level, now in effect, does not contain this language. At staff's request, the company filed a substitute page for residential rates that deleted the higher charges for "garbage only" rates. The company's revenue will decline by about \$1,000 a month due to this change.

Although the company filed revised rates at lower levels, customers have not yet been advised that staff and the company have agreed to revised rates and they have not had the opportunity to comment on the revised rates. Customers deserve to know about, and comment on, the revised rates. The commission should consider all information, including any additional customer comments on the revised rates, in deciding whether to approve the revised rates.

The table below provides a sample of present, proposed and revised rates:

	Present Rates	Proposed Rates	Revised Rates
<u>Residential</u>			
One Can	\$10.06	\$10.85	\$10.74
Two Can	\$15.84	\$16.95	\$16.86
Mini-Can	\$7.95	\$8.55	\$8.40
Non-Recycler Fee	\$1.50	\$1.50	\$0.00
<u>Commercial</u>			
One Yard Container per month	\$60.38	\$66.14	\$66.14
Two Yard Container per month	\$113.90	\$118.07	\$118.07
20 Yard Dropbox first haul	\$120.00	\$130.00	\$130.00
20 Yard Dropbox additional haul	\$70.00	\$74.00	\$74.00

Conclusion

Staff recommends that the commission issue a Complaint and Order Suspending the Tariff Revisions filed by Harold LeMay Enterprises, Inc., d/b/a Rural Garbage Service and allow temporary revised rates at staff recommended levels, to become effective January 1, 2007, subject to refund.