

Agenda Date: September 27, 2006
Item Number: B1 (previously F5)
Docket: TG-061310
Company Name: FioritoEnterprises, Inc., & Rabanco Companies, d/b/a Kent Meridian Disposal Company G-60

Staff: Nicki Johnson, Regulatory Analyst

Recommendation

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Fiorito Enterprises, Inc., Rabanco Companies, d/b/a Kent Meridian Disposal Company
2. Allow temporary rates at the staff recommended revised rates to become effective October 1, 2006, subject to refund.

Background

On August 15, 2006, Fiorito Enterprises, Inc., & Rabanco Companies, d/b/a Kent Meridian Disposal Company (Kent Meridian or company) filed proposed rates that would increase its current revenue by approximately \$1,293,600 (10.74%). The filing increases solid waste and residential recycling rates and decreases yardwaste and multi-family recycling rates. The company serves approximately 39,000 customers in King County in the area stretching from Auburn and Kent to North Bend.

The company states in its filing that the rate increase is necessary to offset increases in payroll, payroll-related costs and fuel. Kent Meridian's proposed rates are scheduled to become effective on October 1, 2006. The company's last general rate increase became effective in December 2005.

The commission received comments from 26 customers regarding this proposed rate increase. One customer asked that any additional revenue go toward proper costs and not into executives' pockets. Twenty-five customers opposed the increase. Eleven comments mentioned poor customer service and six mentioned frequent increases as the reasons for opposing this proposal.

Staff's review of Kent Meridian's operations revealed that the proposed rates were excessive. On September 25, 2006, the company filed revised rates at the staff recommended level. The revised rates generate approximately \$669,000 (5.56%). 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	\$10.25	\$11.25	\$10.80
64 Gallon Toter	\$15.80	\$18.50	\$17.70
90 Gallon Toter	\$20.90	\$24.55	\$23.50
Recycling	\$4.79	\$5.49	\$5.14
Yardwaste	\$6.06	\$5.12	\$5.79
<u>Commercial</u>			
One Yard Container per month	\$53.15	\$60.26	\$55.10
20 Dropbox per haul	\$100.00	\$130.00	\$113.00
Multi-Family Recycle per yard	\$2.15	\$2.00	\$1.06

Conclusion

Staff recommends that the commission issue a Complaint and Order Suspending the Tariff Revisions filed by Fiorito Enterprises, Inc., & Rabanco Companies, d/b/a Kent Meridian Disposal Company and allow temporary revised rates at staff recommended levels, to become effective October 1, 2006, subject to refund.