

Agenda Date: December 22, 2022
Item Number: B1

Docket: TG- 220823

Company Name: Harold Lemay Enterprises, Inc., d/b/a Pierce County Refuse

Staff: Jaclynn Simmons, Regulatory Services
John Cupp, Consumer Protection

Recommendation

Issue and order granting the Request for Exemption from WAC 480-07-520(4) and allow the tariff pages filed by Harold Lemay Enterprises, Inc., d/b/a Pierce County Refuse, on November 7, 2022, in Docket TG-220823 to become effective January 1, 2023, by operation of law.

Background

On November 7, 2022, Harold Lemay Enterprises, Inc., (Lemay or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions increase that would generate approximately \$18,500 in additional annual revenue for the collection of garbage, recycling, and yard waste in Pierce County and field for exemption to WAC 480-07-520(4). The Company serves approximately 62,300 garbage customers and 56,625 recycling customers and 30,700-yard waste customers. The Company's last general rate increase took effect October 1, 2022.

On October 3, 2022, LeMay notified Commission staff (Staff) that there was an error in the calculation of rates that became effective October 1, 2022, in Docket TG-220548 which was a general rate case. Staff reviewed the workbook and found that the Company was correct. The rates that were calculated in the rate case were done so by using the base rate from the inflated COVID recovery rate (agreed in Docket TG-210437) instead of using Non COVID recovery rates. In the rate case Staff and the Company agreed to amortize the remaining of the allowed COVID expense from docket TG-210437 over a three-year period The base rate used to increase rate for the rate case should have been the non-COVID rates.

The Company also found that the rates that were put into the tariff that became effective October 1, 2022, were the non-COVID rates but with the COVID rate increase which was calculated by staff by error as mentioned above. The rates that became effective on October 1, 2022, will not produce the Company's allowed revenue requirement. The Company requested that Staff rely on the approved final work papers from Docket TG-220548.

Discussion

Docket TG-210437 established rates for the recovery of COVID expenses during the state of emergency caused by the Coronavirus. The Commission allowed two sets of rates for the Company in the docket. One set that became effective on September 1, 2021, termed COVID

rates to expire August 31, 2023, and one set termed non-COVID rates that would become effective when the COVID rates expired.

To correct both errors, Staff relied on the final work papers from Docket TG-220548 and changed the calculation by using the base rates from non-COVID rates instead of COVID recovery rates and recalculated the revenue requirement to include the expense for a new customer notice informing customers of this error and the correct rates.

In the rate case, Docket TG-220548, Staff and the Company agreed to include and amortize, over a three-year period, the remaining allowed COVID expense that had not yet been recovered in rates. The Company now only has one set of rates that has the rest of the COVID recovery built in.

Rate Comparison

Pierce MSW Rates

Type	Pre-COVID Rate	Last Rate Case	Reviewed Rate	Dollar increase
1 35-gal w/recycling	\$19.21	\$20.42	\$20.59	\$0.17
1 35-gal w/o recycling	\$20.21	\$21.42	\$21.59	\$0.17
1 YD -1x wk.	\$28.03	\$33.67	\$33.94	\$0.27
95-gal yard waste	\$6.26	\$6.77	\$6.81	\$0.04

JBLM

Type	Pre-COVID Rate	Last Rate Case	Reviewed Rate	Dollar Increase
65-gal w/ recycling	\$22.39	\$23.80	\$23.99	\$0.19
95-gal w/ recycling	\$29.32	\$31.17	\$31.42	\$0.25

Customer Comments

On November 30, the Company notified its customers by mail of the proposed rate increase. Customers were notified that they may contact John Cupp with questions or concerns. Staff received three consumer comments: two opposed to the increase and one in favor.

General Comments

Two customers feel an error does not justify an increase. Another says the Company does not deserve an increase until it improves its customer service.

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 contacted the customer with the service issue and found that it has been resolved.

Conclusions

Staff has completed its review of the Company's documentation. Staff's review shows that the tariff pages filed are reasonable and required as part of the Company's operations. Staff agrees with the Company that using the last work papers from Docket TG-220548 is appropriate and the Commission should grant the order exempting Lemay from the work paper requirement under WAC 480-07-520(4).

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