

Agenda Date: February 9, 1994  
Item Number: 3A

Docket: TG-931585  
Company Name: Seattle Disposal Co., Rabanco Ltd., d/b/a Eastside  
Disposal and Container Hauling, G-12

Staff: Layne Demas, Revenue Requirements Specialist  
Curt Bjorkheim, Revenue Requirements Specialist  
Nancy Stanton, Public Involvement Coordinator

Recommendation:

Approve the filing by Eastside Disposal in Docket TG-931585 with staff recommended rates to become effective February 15, 1994.

Discussion:

On December 28, 1993, Eastside Disposal filed for increased residential garbage and residential recycle rates in Docket TG-931585. The primary reasons for the filing are to recover wage increases, recycling cost increases, and increased B&O taxes. Rabanco Recycle, an affiliated company, has increased the processing fee for recyclable products. Staff has reviewed the recycling processing fee and is of the opinion that it is fair, just, and reasonable. The company is filing for increased residential garbage and recycle rates.

Eastside Disposal serves approximately 22,000 residential and 1,000 commercial regulated customers in King County on the east side of Lake Washington. It also has service contracts with the cities of Bellevue, Mercer Island and Lake Forest Park.

The Commission received 136 letters opposing the proposed rate increase. Customers believe the proposed rate increase is excessive. Many state that they are living on fixed incomes and believe that the company could better control costs. Customers also state that they feel they are doing their part in recycling and believe their efforts at reducing waste should help lower costs. Customers also express concerns that escalating rates will result in an increase in illegal dumping.

Staff has completed an investigation of Eastside Disposal's separated regulated books and records for the test period ended June 30, 1993. The results of this investigation are shown on Attachments 1, 2, 3, and 4. The company resubmitted the appropriate revised pages at staff recommended levels on February 3, 1994.

The following table represents a sampling of current, proposed, and staff recommended rates:

EASTSIDE DISPOSAL  
Results of operations  
Year Ended June 30, 1993

Attachment 1

Revenues	Per Books	Garbage Restating Adj	Per Books Garb Exp. Restated	Non Regulated Operations	Regulated Operations	Pro forma Adjustments	Pro forma Before Rates
Residential	8,015,664	(182,379)	7,833,285	4,213,398	3,619,888	211,717	3,831,605
Commercial	6,704,263	78,504	6,782,767	5,128,506	1,654,261	3,439	1,657,700
Dropbox	1,289,453	16,744	1,306,196	1,052,790	253,406	3,949	257,355
Pass-through	2,407,721		2,407,721	1,911,144	496,578		496,578
Late fees	61,638		61,638	41,045	20,592		20,592
Recyclables	492,782	(3,483)	489,299	87,661	401,638	(21,865)	379,773
Container Rent	1,012,183		1,012,183	745,865	266,318	(1,237)	265,080
Common Carrier	49,308		49,308		49,308		49,308
Other	57,607		57,607	56,809	798		798
Storm Cleanup	298,060		298,060	298,060			
City Tax	307,428	84,906	392,334	335,398	56,937		56,937
<b>Total Revenue</b>	<b>20,696,108</b>	<b>(5,708)</b>	<b>20,690,399</b>	<b>13,870,676</b>	<b>6,819,723</b>	<b>196,003</b>	<b>7,015,726</b>
<b>Expenses</b>							
Mechanic wages	378,338		378,338	231,755	146,583	7,005	153,588
Driver & Sup wages	2,122,151		2,122,151	1,298,177	823,973	14,969	838,942
Office Wages	92,237		92,237	58,771	33,467		33,467
R & M	903,376	(285)	903,092	545,855	357,236		357,236
Taxes & Fees	2,885,838	(233,362)	2,652,476	2,212,435	440,041	39,729	479,770
Emp. Benefits	512,123	411	512,535	314,915	197,619		197,619
Payroll Taxes	433,484		433,484	266,514	166,970	5,748	172,718
Fuel	355,521	(3,202)	352,319	214,397	137,923		137,923
Tires							
Office Exp	172,435		172,435	109,871	62,565	7,847	70,411
Disposal Fees	8,415,448	4,040	8,419,488	5,869,231	2,550,257		2,550,257
Recycle Proc.	610,087		610,087	104,871	505,216	196,821	702,037
Yardwaste Proc							
Advert promo	65,250	(1,047)	64,202	40,908	23,294		23,294
Mngmt Fee	1,549,434	(289,504)	1,259,930	786,715	473,214		473,214
Misc.	23,331	5,337	28,669	17,687	10,982		10,982
Insurance	301,079	(38,227)	262,851	162,092	100,759		100,759
Professional Serv	52,144		52,144	33,225	18,919		18,919
Utilities	49,782	(1,463)	48,319	30,787	17,532		17,532
Bad Debts	13,321	26,107	39,429	26,485	12,944		12,944
Regulatory Fees	11,563	2,823	14,387		14,387		14,387
Depreciation	1,112,858	(2,650)	1,110,208	609,886	500,321		500,321
Donation, dues	21,468	(9,419)	12,049	7,678	4,372		4,372
Building Rent	126,391	60,000	186,391	118,707	67,685	21,777	89,462
Misc. Income	(202,265)	145,587	(56,678)	(36,114)	(20,565)		(20,565)
<b>Total Operating Expenses</b>	<b>20,005,394</b>	<b>(334,854)</b>	<b>19,670,541</b>	<b>13,024,846</b>	<b>6,645,695</b>	<b>293,896</b>	<b>6,939,590</b>
<b>Net Oper. Income BFIT</b>	<b>690,713</b>		<b>1,019,859</b>		<b>174,029</b>		<b>76,136</b>
<b>Operating Ratio</b>	<b>96.66%</b>		<b>95.07%</b>		<b>97.45%</b>		<b>98.91%</b>
<b>Avg. Invest</b>	<b>3,195,863</b>		<b>3,195,863</b>	<b>1,358,819</b>	<b>1,837,044</b>		<b>1,837,044</b>
<b>Return on Investment</b>	<b>19.59%</b>		<b>26.39%</b>		<b>11.36%</b>		<b>7.85%</b>

