

Agenda Date: October 24, 2007
Item Numbers: B2, B3 and B4

Dockets: **TG-071877, TG-071878 and TG-071879**
Company Name: Harold LeMay Enterprises, Inc., G-98
d/b/a Pacific Disposal and Butlers Cove Refuse Service
d/b/a Joe's Refuse
d/b/a Rural Garbage Service

Staff: Nicki Johnson, Regulatory Analyst
Dennis Shutler, Consumer Program Staff

Recommendation

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Harold LeMay Enterprises, Inc., d/b/a Pacific Disposal and Butlers Cove Refuse, d/b/a Joe's Refuse and d/b/a Rural Garbage Service.
2. Allow temporary rates at the staff recommended revised rates to become effective November 1, 2007, subject to refund.

Discussion

On September 17, 2007, Harold LeMay Enterprises, Inc., d/b/a Pacific Disposal and Butlers Cove Refuse, d/b/a Joe's Refuse and d/b/a Rural Garbage Service. (LeMay or company), filed rates to implement a new multi-family recycling program in all of its Thurston County service areas. The tariff filings affect approximately 600 commercial garbage customers.

Thurston County Ordinance No. 13696, approved by the Thurston County Board of County Commissioners on December 4, 2006, amended the county code and established modified single-stream residential recycling collection service as the new standard. The county's ordinance applies to both single-family and multi-family customers. The company implemented the single-family program in the spring of this year.

Ordinance No. 13696 defines a multi-family residence as any residential structure containing two or more dwelling units where the structure is billed for solid waste service as a whole and not by individual dwelling units. Multi-family recycling under this definition includes dwellings ranging from duplexes to apartment buildings or mobile home parks. These proposed filings represent the first time the county has requested that the commission regulate and set rates for multi-family recycling. The ordinance directs the company to begin implementation of the multi-family program in the fall of 2007.

The company proposed a monthly collection charge of \$4.32 per dwelling unit. The company also proposed a \$1.30 credit per dwelling unit to reflect the anticipated resale value of the recycled materials. The recycling charge is mandatory whether a customer participates. The proposed effective date of the tariff change is November 1; however, the proposed tariff contains an implementation

period that runs until April 1, 2008. Rates will be charged only within 15 days of either the customers receiving containers or being offered service.

Prior to the adoption of the new ordinance, dwellings of four or less units were defined as single-family recycling and subject to commission regulation. Changing the definition of multi-family to two or more units meant that many customers already receiving recycling service were no longer single-family customers. In order for these customers to receive uninterrupted recycling service, last spring in Docket TG-070374, LeMay filed a multi-family recycling rate for two or more units at the single-family rate of \$6.22 per month. Only those customers who chose to continue receiving curbside recycling would be charged for recycling. The proposed tariff filings implement the mandatory pay system required by the county ordinance and supersede the current voluntary rate.

The commission has received three comments in response to the filing. A count of issues from these customers is as follows:

Issue	Count of Issues Out of 3 Comments Received
Insufficient customer notice ¹	1
In favor of mandatory recycling	1
Objects to increase	1

¹ The company's customer notice complied with the commission's rules.

The commission received one customer comment at the open meeting on October 10. The customer believed that the garbage and recycling charges for a duplex should be the same whether the tenant paid the bill or the property owner paid the bill. Although staff agrees in principle with the customer, the garbage rate for two 35-gallon carts and the multi-family recycling rate for two dwelling units are less if the property owner pays the bill. Under the revised rates for a Pacific Disposal customer, the property owner pays a total of \$25.26 for the duplex garbage and recycling service. If each tenant pays the bill separately, the tenants would pay \$14.54 each, for a total charge of \$29.08. To charge the multi-family customer the same as a residential customer requires an increase to both the garbage rate and the recycling rate. The increases would require additional customer notification. Staff believes that the rate design changes can be made in future filings, but should not be made in these filings.

Staff and the company negotiated a revised multi-family collection rate of \$3.84 per dwelling unit, which is \$.48 less per month than the proposed rate. The proposed \$1.30 credit per dwelling unit for the resale value of the recycled materials appears to be appropriate.

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.

Rate Comparison

	<u>Present</u>	<u>Proposed</u>	<u>Revised</u>
Multi-family Recycling			
Voluntary rate	\$6.22	N/A	N/A
Mandatory-pay rate		\$4.32	\$3.84
Present commodity credit	(\$1.86)	(\$1.30)	(\$1.30)
Net rate	\$4.36	\$3.02	\$2.54

Conclusion

Staff recommends that the commission issue a Complaint and Order Suspending the Tariff Revisions filed by Harold LeMay Enterprises, Inc., d/b/a Pacific Disposal and Butlers Cove Refuse, d/b/a Joe's Refuse and d/b/a Rural Garbage Service in Dockets TG-071877, TG-071878, and TG-071879 and allow temporary revised rates at staff recommended levels, to become effective November 1, 2007, subject to refund.