

Agenda Date: February 28, 2007
Item Number: B2

Docket: TG-070109
Company Name: Harold LeMay Enterprises, Inc., G-98
d/b/a Pacific Disposal and Butlers Cove Refuse 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 Pacific Disposal and Butlers Cove Refuse Service.
2. Allow temporary rates at the staff recommended revised rates to become effective March 1, 2007, subject to refund.

Background

On January 12, 2007, Harold LeMay Enterprises, Inc., d/b/a Pacific Disposal and Butlers Cove Refuse Service (Pacific Disposal or company) filed tariff pages to increase residential recycling rates. The company proposes that the increase become effective March 1. At staff recommended revised rates, the recycling rate would increase from \$3.67 to \$6.22 per month. The company originally proposed a rate of \$6.67 per month. Pacific Disposal operates in northern Thurston County, including the cities of Lacey and Tumwater. It provides service to approximately 39,000 residential customers.

On December 4, 2006, the Thurston County Board of County Commissioners approved Ordinance No. 13696, which amended the county code and established a new minimum residential recycling collection service (minimum service level). Residential recycling will change from a source separated three-bin system to a modified single-stream collection program. All recycling material will be put in a wheeled 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 new program also expands the material collected to include plastic tubs. The minimum service level does not specify when the haulers should begin implementing the new service.

The commission received calls, letters and e-mails from 143 customers. There were many questions about why the recycling process was changing. Staff has written to these customers, providing details of the county ordinance that is bringing about these changes. Thirteen customers support the changes to the process as well as a rate increase to support the changes. The majority of the comments were against the increase, with 119 customers saying they feel the proposed increase is too drastic.

To provide the modified single-stream recycling service, the company proposes to purchase new 65 and 96 gallon carts, new recycling trucks and add a recycling coordinator position. The proposed rates generate an additional \$1,405,800, which is a 9.20 percent increase on total company operations.

Staff's review of Pacific Disposal's operations revealed that the proposed rates generating \$1,405,800 were excessive. On February 22, the company filed revised rates at the staff recommended level. The revised rates generate approximately \$1,194,900, which is a 7.82 percent increase on total company

operations.

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 contains present, proposed and revised rates:

	Present	Proposed	Revised	Percent
	Rates	Rates	Rates	Increase At Revised
<u>Residential</u>				
Every-Other-Week Recycle	\$3.67	\$6.67	\$6.22	69.48%
Recycle Only	\$4.90	\$7.67	\$7.22	47.35%
Recycle Cart Redelivery	N/A	\$16.80	\$16.80	

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 Service and allow temporary revised rates at staff recommended levels, to become effective March 1, 2007, subject to refund.