

Agenda Date: November 26, 2008  
Item Number: B1

**Docket:** **TG-081886**  
Company Name: Harold LeMay Enterprises, Inc., G-98  
d/b/a City Sanitary, Joe's Refuse and White Pass Garbage

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

### **Recommendations**

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Harold LeMay Enterprises, Inc., to allow customers the opportunity to comment on the revised rates; and
2. Allow temporary rates at the staff recommended revised rates to become effective December 1, 2008, subject to refund.

### **Discussion**

On October 17, 2008, Harold LeMay Enterprises, Inc., d/b/a City Sanitary, Joe's Refuse and White Pass Garbage (LeMay or company), filed with the Utilities and Transportation Commission (commission) tariff revisions for garbage collection that would generate \$124,000 (2.8 percent) in additional revenue per year. The company serves approximately 12,000 customers in Lewis County. The proposed rates are prompted by increases in labor, fuel, and insurance costs. The company's last general rate increase became effective in August 2006.

Staff's analysis showed LeMay's proposed rates were excessive. Staff and the company negotiated revised rates that would generate approximately \$109,000 (2.5 percent) in additional revenue. On November 14, 2008, the company filed substitute pages with the commission at staff's revised rates.

### **Customer comments**

On October 24, 2008, the company notified its customers of the rate increase by mail. The commission has received 10 customer comments on this filing. Most customers believe the rate increase is excessive. Staff's open meeting memorandum, dated November 13, 2008, summarized and responded to seven of the customers' comments. The commission received three additional comments that raised the following new issues:

- **Customer Comment** –The three customers commented on the recycling program in Lewis County:
  - The customer is disappointed that glass is no longer collected at the curb and does not find the drop-off locations convenient.
  - The customer believes the company should offer recycling for free.

- The customer believes that the commodity credit is too low to compensate him for all the time it takes to clean the recycling material especially since the company gets all the profit from his hard work.

**Staff's response** – In October 2007, the Lewis County Board of County Commissioners approved Ordinance No. 1196 which established a new co-mingled recycling collection program in an area of Lewis County designated as Recycle Service Area 1 (RSA-1). This ordinance specified the acceptable recycle commodities. Glass was not included in the list. Staff advised customers to contact the county solid waste division if they have questions about recycling programs.

Curbside recycling collection requires a substantial investment in equipment and labor, and the company is entitled to recover the reasonable and prudent expenses incurred to provide the service. The total value the company receives from the sale of the recycled materials is returned to the customers using a credit, currently \$2.18 (\$1.09 per month), on the customer's bi-monthly statement.

**Rate Comparison**

<b>Monthly Rates</b>	<b>Present</b>	<b>Proposed</b>	<b>Revised</b>
<b>Residential</b>			
65 Gallon Cart Monthly Garbage Service	\$8.30	\$8.50	\$8.50
65 Gallon Cart Every-Other-Week Garbage Service	\$12.80	\$13.30	\$13.13
65 Gallon Cart Weekly Garbage Service	\$18.85	\$19.60	\$19.55
<b>Commercial</b>			
One Yard Container Service Per Month	\$75.02	\$75.98	\$75.98
20 Yard Drop Box Service Per Pick-up	\$88.00	\$95.00	\$95.00

**Average Customer Charge Comparison – 65 Gallon Cart Every-Other-Week Garbage  
 Lewis County Designated RSA-1**

<b>Monthly Garbage and Mandatory Recycling</b>	<b>Present</b>	<b>Proposed</b>	<b>Revised</b>
Garbage Component	\$12.80	\$13.30	\$13.13
Mandatory Recycling EOW	\$5.46	\$5.46	\$5.46
Commodity Credit	<u>(\$1.09)</u>	<u>(\$1.09)</u>	<u>(\$1.09)</u>
Total Garbage and Mandatory Recycling	\$17.17	\$17.67	\$17.50
		2.9%	1.9%

**Average Customer Charge Comparison – 65 Gallon Cart Every-Other-Week Garbage  
 Lewis County Designated RSA-1**

<b>Monthly Garbage, Mandatory Recycling and Voluntary Yard Waste</b>	<b>Present</b>	<b>Proposed</b>	<b>Revised</b>
Garbage Component	\$12.80	\$13.30	\$13.13
Mandatory Recycling EOW	\$5.46	\$5.46	\$5.46
Commodity Credit	<u>(\$1.09)</u>	<u>(\$1.09)</u>	<u>(\$1.09)</u>
Total Garbage and Mandatory Recycling	\$17.17	\$17.67	\$17.50
		2.9%	1.9%
Voluntary Yard Waste EOW Service	<u>\$7.50</u>	<u>\$7.50</u>	<u>\$7.50</u>
Total Garbage, Mandatory Recycling, and Voluntary Yard waste	\$24.67	\$25.17	\$25.00
		2.0%	1.3%

**Lewis County - Other**

<b>Monthly Service</b>	<b>Present</b>	<b>Proposed</b>	<b>Revised</b>
Garbage Component	\$12.80	\$13.30	\$13.13
		3.9%	2.6%

Staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that the expenses are required and reasonable for the company's operations. The company's financial information supports the revised revenue requirement and the revised rates are fair, just, reasonable, and sufficient.

**Conclusion**

Although the company filed revised rates at lower levels, customers have not yet been advised that staff and the company have agreed to the revised rates and, as such, 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 on a permanent basis.

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Harold LeMay Enterprises, Inc., to allow customers the opportunity to comment on the revised rates; and
2. Allow temporary rates at the staff recommended revised rates to become effective December 1, 2008, subject to refund.