

Agenda Date: February 26, 2009
Item Number: B2

Docket: TG-090087
Company Name: Rubatino Refuse Removal, Inc., G-58

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

Recommendation

1. Issue a Complaint and Order Suspending the Tariff revisions filed by Rubatino Refuse Removal, Inc., to allow customers the opportunity to comment on the revised rates; and
2. Allow the revised rates filed by Rubatino Refuse Removal, Inc., on February 20, 2009, to become effective March 1, 2009, on a temporary basis, subject to refund.

Discussion

On January 14, 2009, Rubatino Refuse Removal, Inc., (Rubatino or company), filed with the Utilities and Transportation Commission (commission) tariff revisions for garbage, recycling, and yardwaste collection services that would generate \$1,834,000 (11.7 percent) in additional annual revenue. The proposed rates are prompted by increases in disposal fees, labor, and other operating costs. Snohomish County is increasing disposal fees from \$89 to \$105 per ton. The company serves approximately 19,000 customers in Snohomish County. Rubatino's last general rate increase became effective in July 2004.

Staff's analysis showed that the proposed rates generated excessive annual revenue. Staff and the company negotiated revised rates for residential garbage and residential recycling. The revised tariff leaves residential garbage rates at their present levels and increases the recycling rate to an amount higher than the proposed rate. Thus, the total amount for garbage and recycling collection is less than what the company originally proposed.

The company provides weekly collection for its voluntary yardwaste program, except during December, January and February, when the collection is monthly. Currently, the company bills yardwaste customers for nine months out of the year (there is no charge for December, January and February). Customers pay \$80.10 for a year of service. The company's proposed rates changed the billing so that customers would pay \$9.00 all 12 months of the year. Customers would pay \$108.00 for a year of service. The revised yardwaste rate is \$8.90 per month for 12 months of the year. In addition, during the winter months the company will increase the collection frequency to every-other-week service. Revised rates increase yardwaste revenues by approximately \$219,000 (33.3 percent). The company is adding food waste to its yardwaste program and the yardwaste processing fees will increase from \$8.50 per yard to \$39.50 per ton or about \$205,000 on an annual basis.

The total revised revenue is \$1,650,000 (10.5 percent) on an annual basis. On February 20, 2009, the company filed substitute pages with the commission at staff's revised rates.

Customer Comments

A total of four customer comments have been received to date: One in favor, three opposed and one undecided.

Consumer Protection staff advised customers that they may access company documents pertinent to this rate case at www.utc.wa.gov, and that they may contact Dennis Shutler at 888-333-9882 with questions or concerns.

Filing Documents and Methodology Comments

- One customer mentioned that the cost of fuel and other business expenses are down, yet the company lists these as reasons for needing a rate increase.

Staff Response

The company’s fuel surcharge expires February 28, 2009. With the current price of fuel, commission staff have found that the company does not require a fuel surcharge at this time. The surcharge will be removed from customer billings effective February 28, 2009.

General Comments

- Two customers simply stated that they are against the proposed increase. Two mentioned the condition of the economy as the reason for their opposition.

Staff Response

Consumer Protection staff advised customers that state law requires rates to be fair and reasonable for customers, but sufficient to allow the company the opportunity to recover operating expenses and earn a return on investment.

Rate Comparison

	Present	Proposed	Revised
Residential Monthly Rates			
One Can Weekly Service	\$13.15	\$14.32	\$13.15
48 Gallon Cart Weekly Service	\$17.50	\$19.05	\$17.50
Mandatory Recycling – Weekly Service	\$5.80	\$6.32	\$6.68
Voluntary Yardwaste – Weekly Service	\$8.90	\$9.00	\$8.90
	Present	Proposed	Revised
Commercial			
One Yard Container Service Per Month	\$64.26	\$70.08	\$70.08
20 Yard Drop Box Service Per Pick-up	\$69.36	\$73.52	\$73.52

Average Customer Charge Comparison – One Can Garbage

Monthly Garbage	Present	Proposed	Revised
Garbage Component	\$13.15	\$14.32	\$13.15
Mandatory Recycling – Weekly Service	\$5.80	\$6.32	\$6.68
Recycle Commodity Credit	\$2.25	\$2.25	\$2.25
Total Garbage and Mandatory Recycling	\$16.70	\$18.39	\$17.58
		10.1%	5.3%
Total Garbage and Mandatory Recycling	\$16.70	\$18.39	\$17.58
Voluntary Yardwaste Weekly Service	\$8.90	\$9.00	\$8.90
Total Garbage, Mandatory Recycling and Voluntary Yardwaste	\$25.60	\$27.39	\$26.48
		7.0%	3.4%

Commission staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that the expenses are reasonable and required as part of the company's operations. The company's financial information supports the revised revenue requirement and the revised rates and charges 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. 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.

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