

Agenda Date: June 27, 2019
Item Number: B3

Docket: TG-190407
Company Name: Rabanco Ltd, d/b/a Lynnwood Disposal

Staff: Tiffany Van Meter, Regulatory Analyst, Water and Transportation
John Cupp, Consumer Protection Staff

Recommendation:

Take no action, thereby allowing the tariff pages filed on May 16, 2019, by Rabanco Ltd, d/b/a Lynnwood Disposal as revised on June 20, 2019, to take effect July 1, 2019 by operation of law.

Discussion

On May 16, 2019, Rabanco Ltd, d/b/a Lynnwood Disposal, (Lynnwood Disposal or company) filed a proposal for a general rate increase to Tariff No. 4, generating approximately \$1.2 Million (11.24 percent) in additional annual revenue, to become effective July 1, 2019. The proposed increases are prompted by increased disposal fees, employee wages and benefits, fuel, recovery of newly purchased operating assets and other general operating expenses. The company provides service to approximately 27,000 garbage and recycling customers in Snohomish County. The company's last general rate filing was for \$339,160 additional annual revenue and became effective June 1, 2017.

Commission staff (staff) has completed its review of the filing and found that the proposed rates were excessive. Staff made minor adjustments to payroll, disallowed food and entertainment costs and adjusted the allocation factor used to allocate costs between regulated and non-regulated operations. As filed, the company used customer count to allocate general and administrative costs; staff proposed using the ratio of previously allocated costs to allocate general and administrative costs, which had been utilized in previous filings. These adjustments resulted in \$957,500 (8.9 percent) additional annual revenue. The company agreed with staff's changes and filed revised tariff pages on June 20, 2019, at the agreed upon rates.

Residential Rate Comparison

Monthly Rate	Current Rate	Proposed Rate	Increase
1-Can Weekly Garbage	\$11.97	\$11.89	-0.7%
Recycling – Every Other Week	\$7.60	\$9.98	31%
Yard waste – Every Other Week	\$7.98	\$9.39	17.6%

Commercial Rate Comparison

Per Pickup Rate	Current Rate	Proposed Rate	Increase
2-Yard per Pick-up	\$25.46	\$25.28	-0.7%
6-Yard per Pick-up	\$71.82	\$71.33	-0.7%
30-Yard Drop Box	\$137.54	\$123.13	-10.4%
40-Yard Drop Box	\$137.54	\$123.13	-10.4%

Staff has completed its review of the company's financial books and records and finds the revised rates filed by the company on June 20, 2019, to be fair, just, reasonable, and sufficient.

Customer Comments

The company notified its customers by mail of the proposed rate increase on May 31, 2019. Customers were notified that they may access relevant documents about this rate increase on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns. Staff received 32 consumer comments, all opposed to the proposed rate increase.

General Comments

The amount of the requested increase is the primary concern for 28 of the 32 customers who commented on this case. Another concern is that recycling is getting too expensive to be a viable option. Several seniors on retirement incomes are concerned that rates are increasing much faster than their income.

Staff Response

Staff informed customers that state law requires rates to be fair, just, reasonable, and sufficient to allow the company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. Customers were also told that commission staff performs a thorough review of rate filings to ensure all rates and fees are appropriate.

Recommendations:

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