

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of a Tariff to Increase Rates	)	DOCKET TG-120699
Due to a Disposal Fee Increase Filed By	)	ORDER 01
)	
)	
	)	ORDER GRANTING EXEMPTION
	)	FROM RULE; REQUIRING
HAROLD LEMAY ENTERPRISES, INC.,	)	DEFERRED ACCOUNTING
D/B/A PIERCE COUNTY REFUSE, G-98	)	TREATMENT FOR RECYCLABLE
	)	COMMODITIES REVENUE; AND
	)	ALLOWING TARIFF TO BECOME
	)	EFFECTIVE BY OPERATION OF
	)	LAW
.....)	

BACKGROUND

1 On May 15, 2012, (LeMay or Company), filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff No. 9 (Revised Page Nos. 1, 24, 25 and 32, and New Page Nos. 24-A, 24-B and 24-C) to increase rates for solid waste collection for Joint Base Lewis-McChord's (JBLM) Base Housing. LeMay's customer is the housing contractor: Equity Residential Management, LLC and Lewis McChord Communities, LLC (Fort Lewis Communities). On June 27, 2012, the Company filed replacement pages 24-A and 24-C. The Company's annual revenues are expected to increase by \$657,806 (2.5 percent). JBLM has approximately 4,000 single-family homes and duplexes and about 550 multi-family apartment units. LeMay serves approximately 112,500 residential and commercial customers throughout Pierce County (County).

2 The Company's last rate increase for Fort Lewis Communities became effective on November 11, 2007, and was based on a disposal fee of \$33 per ton. These rates resulted in revenues of \$963,058 for the year 2011. The projected revenue resulting from proposed rates would be \$1,620,864, an increase of \$657,806 (68.3 percent), of which \$425,402 is due to an increase in disposal fees and the remaining portion of the increase, \$232,404, is from restructuring the service offerings provided to Fort Lewis Communities so that they mirror those provided to end users served by LeMay in the rest of its service area. The Company's proposed rates for Fort Lewis Communities exclude County fees

and result in a disposal fee of \$90.60 per ton.¹ A disposal fee increase falls within the definition of a general rate increase pursuant to WAC 480-07-505.

- 3 The Company's revised tariff also includes expanded service options for JBLM as specified by the Customer, Fort Lewis Communities. JBLM single-family residents can choose between a 65 and 95 gallon container for their curbside garbage collection and will be provided with curbside recycling collection services. In addition, voluntary yard waste collection will also be offered. Fort Lewis Communities can also choose from a wider range of container size options for its apartment homes and will receive recycling collection services as well.
- 4 To encourage recycling on JBLM, LeMay is proposing a recyclable commodity revenue adjustment in the form of a credit. The Company filed revised rates on June 27, 2012, that establish a credit of \$1.90 per month for each house or duplex property and a \$0.20 per dwelling unit credit for each apartment home. The Company will use a deferred accounting mechanism to annually update the adjustment for projected commodity prices and include a true-up to correct any over- or under -payment from the previous period's commodity price and tonnage forecasts. The recyclable commodity revenue adjustment reflects one-hundred percent of the value of recyclable materials generated at JBLM and is not part of the County's revenue sharing plans or deferred accounting calculations.
- 5 WAC 480-07-520 lists the minimum required information the Company must provide in a general rate increase filing. The Company provided information pertinent to the disposal fee increase and service level expansions but did not provide the remainder of the information required by the rule.
- 6 WAC 480-07-110 allows the Commission to grant an exemption from or modify the application of its rules if consistent with the public interest, the purposes underlying regulation, and applicable statutes. See also WAC 480-70-051.

\$130.35	County Per Ton Disposal Fee
- \$29.00	County Yard Waste Program (Diversion)
- \$0.84	Solid Waste Reduction and Support Program
- \$9.91	County Administrative Fee
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\$90.60	JBLM Disposal Fee

- 7 Staff recommends that the Commission require LeMay to implement deferred accounting treatment for the revenue received from the sale, or the cost paid for the disposal, of the recyclable commodities collected in the Company's residential recycling service at JBLM using the most recent twelve-month test period to true-up the estimated revenue to actual revenue, and to estimate revenue for the next twelve-month period. Staff also recommends that the Commission condition its approval on LeMay making its next commodity adjustment effective March 1, 2013, and each March 1 thereafter, and that LeMay make all future commodity adjustment filings forty-five days prior to the proposed effective date to give Staff sufficient time to review the filing.
- 8 Commission Staff reviewed the tariff request together with other factors and recommends the Commission allow the tariff to become effective by operation of law, and on its own motion, grant an exemption from the rule for this filing for the following reasons:
- (a) There have not been any significant changes since the last rate case that became effective March 1, 2012;
 - (b) The increased disposal fees are set by the county and are required as a part of the company's operations;
 - (c) The company's financial information supports the proposed rates; and
 - (d) Staff concluded the proposed rate increase, by reason of the increase in disposal fees, is fair, just, and reasonable.

FINDINGS AND CONCLUSIONS

- 9 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts and affiliated interests of public service companies, including solid waste companies. RCW 80.01.040, RCW 81.01, RCW 81.04, RCW 81.16, RCW 81.28 and RCW 81.77.
- 10 (2) LeMay is engaged in the business of providing solid waste services within the state of Washington and is a public service company subject to Commission jurisdiction.
- 11 (3) LeMay is subject to the filing requirements of WAC 480-07-520, for general rate increase proposals.

- 12 (4) Under WAC 480-07-110, the Commission may grant an exemption from the provisions of any rule in WAC 480-70, if consistent with the public interest, the purposes underlying regulation and applicable statutes. See also WAC 480-70-051.
- 13 (5) This matter came before the Commission at its regularly scheduled meeting on June 28, 2012.
- 14 (6) After reviewing the tariff revisions LeMay filed in Docket TG-120699 on May 15, 2012, and as revised on June 27, 2012, and giving due consideration, the Commission finds:
- (a) An exemption from the general rate increase filing requirements set forth in WAC 480-07-520 is in the public interest and consistent with the purposes underlying regulation, and applicable statutes and should be granted; and
 - (b) It is in the public interest to allow the tariff revisions to Tariff No. 9 filed on May 15, 2012, as revised on June 27, 2012, to become effective on July 1, 2012, by operation of law.
 - (c) The Commission also finds it reasonable to require LeMay to implement deferred accounting treatment of the revenue received from the sale, or the cost paid for the disposal of recyclable commodities.

ORDER

THE COMMISSION ORDERS:

- 15 (1) The Commission takes no action on the tariff implementing increased rates for Equity Residential Management, LLC and Lewis McChord Communities, LLC and allows it to become effective on July 1, 2012, by operation of law.
- 16 (2) On the effective date of this Order, Harold LeMay Enterprises, Inc., d/b/a Pierce County Refuse is granted an exemption from WAC 480-07-520 for purposes of the tariff filed in Docket TG-120699 on May 15, 2012, and as revised on June 27, 2012.

- 17 (3) Harold LeMay Enterprises, Inc., d/b/a Pierce County Refuse, is required to use deferred accounting treatment of the recycling commodity revenues and costs related to its residential recycling services. Harold LeMay Enterprises, Inc., d/b/a Pierce County Refuse, shall make its next commodity adjustment effective March 1, 2013, and each March 1 thereafter, and shall make all future commodity adjustment filings forty-five days prior to the proposed effective date.
- 18 (4) The Commission delegates to the Executive Director and Secretary the authority to approve by letter all compliance filings required by this Order.
- 19 (5) The Commission retains jurisdiction over the subject matter and Harold LeMay Enterprises, Inc., d/b/a Pierce County Refuse to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective June 28, 2012.

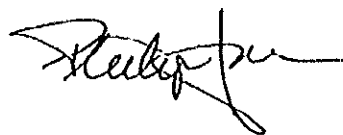
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



JEFFREY D. GOLTZ, Chairman



PATRICK J. OSHIE, Commissioner



PHILIP B. JONES, Commissioner