

Agenda Date: March 28, 2007
Item Number: B1

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. Dismiss the 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 the staff recommended revised temporary rates to become effective April 1, 2007, on a permanent basis.

Background

On January 12, 2007, Harold Lemay Enterprises, Inc., d/b/a Pacific Disposal and Butlers Cove Refuse Service (Pacific Disposal or company) filed proposed residential recycling rates for a new modified single-stream recycling program that would have increased its revenue by approximately \$1,405,800 (9.20 percent). Staff's review of the company's books and records found the proposed rates were excessive. On February 22, 2007, the company filed revised rates at the staff recommended level. The revised rates generate approximately \$1,194,900 (7.82 percent).

The commission received calls, letters, and e-mails from 143 customers concerning the originally proposed rates from Pacific Disposal customers.

On February 28, 2007, the commission entered a Complaint and Order Suspending Tariff Revisions to allow customers the opportunity to comment on the revised rates before determining whether the revisions were fair, just, reasonable, and sufficient. The commission allowed the revised rates to go into effect on a temporary basis March 1, 2007, subject to refund.

Discussion

The filing increases residential recycling rates. At staff recommended revised rates, the recycling rate increases from \$3.67 to \$6.22 per month. The company originally proposed a rate of \$6.67 per month. The company serves approximately 39,000 customers in northern Thurston County including the cities of Lacey and Tumwater.

On March 6, 2007, Consumer Affairs staff sent each customer who had commented on the Pacific Disposal filing a letter or an e-mail advising them of staff's recommended revised rates. The commission has continued to receive comments about the changes to the recycling program and the recycling rate increase. To date, out of 153 total comments, 128 are opposed to changes to the program and to rates. Fourteen Pacific Disposal customers wrote in support, and eleven had general questions but no comments. Staff provided information about the new program to many customers. Ten customers commented on the revised rates. All of them say the increase is still too drastic. The

second round of comments provided no additional information for staff to consider. Staff continues to believe the company has demonstrated that it needs the additional revenue and that the rates currently in effect on a temporary basis are fair, just, reasonable and sufficient.

The table below provides a sample of 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 dismiss the 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 revised temporary rates at staff recommended levels, to become effective April 1, 2007, on a permanent basis.