

Agenda Date: June 26, 2008
Item Number: B3

Docket: TG-080868
Company Name: Rabanco LTD, G-12
d/b/a Eastside Disposal and Allied Waste Services of Bellevue

Staff: Nicki Johnson, Regulatory Analyst
Dennis Shutler, Consumer Affairs Specialist

Recommendation

Issue a Complaint and Order Suspending the Tariff Revisions filed by Rabanco LTD, d/b/a Eastside Disposal and Allied Waste Services of Bellevue.

Discussion

On May 16, 2008, Rabanco LTD, d/b/a Eastside Disposal and Allied Waste Services of Bellevue (Rabanco or company), filed with the Utilities and Transportation Commission (commission) tariff revisions for garbage, recycling and yard waste collection that would generate \$637,500 (7.05 percent) in additional revenue per year. Rabanco serves approximately 21,200 customers in Eastern King County in the areas around Bellevue and Issaquah. The proposed rate revisions are prompted by increases in labor, fuel, equipment, healthcare, pension and other operating costs. The company's last general rate increase became effective in May 2006.

Customer comments

On May 30, 2008, the company notified its customers of the rate increase by mail. The commission has received 10 customer comments on this filing. The following is staff's summary of the comments received and staff's response:

- **Customer Comment** – Opposed to the amount of the rate increase because:
 - A six to 27 percent increase with 30-days' notice is wrong.
 - The charge for recycling is too high.
 - Customers are struggling to keep up with other cost-of-living increases. The company should improve its service and not raise rates.
 - The company had a rate increase two years ago.
 - The company's rates are already too high when compared to neighboring service areas.
 - The rate for renting the company's carts is absurd.

Staff's response – Although staff understands the customers' concerns regarding the amount of the increase, we do not explicitly consider the amount of the increase in preparing recommendations. The company is entitled to recover reasonable, prudent expenses and the opportunity to earn a reasonable return. Staff audits the company's financial records to ensure the company's costs are accurate and reasonable. Staff then uses a cost of service analysis to recommend rates. Staff's goal is to recommend the "right" rates that will allow the company to recover reasonable operating expenses and provide an opportunity to earn a reasonable return on investment.

- Customer Comment – The company provides a poor quality of service.

Staff's response – A customer should first try to resolve service quality complaints with the company. Many disputes can be resolved by asking for a supervisor. If unable to resolve the issue, the customer should contact the commission's Consumer Protection and Communication Section. Consumer Affairs staff has contacted each customer and offered assistance. The commission has received no customer complaints on either company since 2005.

- Customer Comment – The proposed rate design does not encourage recycling. The one can rate increases by \$.56. And although the four can rate increases \$1.56, the increase is only \$.39 per can.

Staff's response – Staff recommends rates using a cost of service methodology that determines the spread between service levels. The rates using the cost of service methodology are not linear rates; four cans of garbage do not weigh, or cost, four times as much as one can of garbage.

- Customer Comment – The company is still operating under the cumbersome three-bin recycling system. The company should make the additional investment to convert to single-cart recycling.

Staff's response – The companies' recycling collection systems comply with the King County service level ordinances. The county controls minimum service levels, including the type of recycling collection and materials collected, through its comprehensive solid waste management plan. Both Pierce and Thurston counties recently changed from multi-bin collection systems to a "single-stream" collection system.

Rate Comparison

	Present	Proposed
Residential Monthly Rates		
1 can weekly garbage service	\$9.64	\$10.20
60 gallon cart weekly garbage service	\$16.17	\$17.25
60 gallon cart rental	\$1.50	\$1.75
Residential recycling every-other-week (EOW)	\$7.50	\$8.35
Residential recycling weekly	\$9.31	\$10.43
Residential yard waste every-other-week (EOW)	\$5.29	\$6.14
Residential yard waste weekly	\$7.93	\$9.19
Commercial		
One yard container service per month	\$61.29	\$63.93
20 yard drop box service per pick-up	\$111.00	\$114.87

Average Customer Charge Comparison – One Can Customer Bellevue Area

Monthly Service	Present	Proposed
Garbage Component	\$9.64	\$10.20
Mandatory Recycling EOW	\$7.50	\$8.35
Commodity Credit	(\$2.49)	(\$2.49)
Total Garbage and Recycling	\$14.65	\$16.06 (9.6%)
Voluntary Yard waste EOW Service	\$5.29	\$6.14
Total Garbage, Recycling, Yard waste	\$19.94	\$22.20 (11.3%)

Average Customer Charge Comparison – One Can Customer Issaquah Area

Monthly Service	Present	Proposed
Garbage Component	\$9.64	\$10.20
Mandatory Recycling Weekly Service	\$9.31	\$10.43
Commodity Credit	(\$2.53)	(\$2.53)
Total Garbage and Recycling	\$16.42	\$18.10 (10.2%)
Voluntary Yard waste Weekly Service	\$7.93	\$9.19
Total Garbage, Recycling, Yard waste	\$24.35	\$27.29 (12.1%)

Commission staff has not yet completed its review of Rabanco's supporting financial documents, books and records. Because the proposed increases in rates might injuriously affect the rights and interest of the public and Rabanco has not demonstrated that the increases would result in rates that are fair, just, reasonable and sufficient, staff recommends that the commission suspend the proposed filing.

Conclusion

Issue a Complaint and Order Suspending the Tariff Revisions filed by Rabanco LTD, d/b/a Eastside Disposal and Allied Waste Services of Bellevue.