

Agenda Date: December 11, 2008
Item Number: B7

Docket: **TG-081886**
Company Name: Harold LeMay Enterprises, Inc., G-98
d/b/a City Sanitary, Joe's Refuse and White Pass Garbage

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

Recommendations

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Harold LeMay Enterprises, Inc.; and
2. Allow the temporary rates to become effective December 12, 2008, on a permanent basis.

Discussion

On October 17, 2008, Harold LeMay Enterprises, Inc., d/b/a City Sanitary, Joe's Refuse and White Pass Garbage (LeMay or company) filed with the Utilities and Transportation Commission (commission) tariff revisions for garbage collection service that would generate \$124,000 (2.8 percent) in additional annual revenue. The company serves approximately 12,000 residential and commercial customers in Lewis County. The proposed rates are prompted by increases in labor, fuel and insurance costs. The company's last general rate increase became effective in August 2006.

Staff's analysis showed LeMay's proposed rates were excessive. Staff and the company negotiated revised rates that would generate approximately \$109,000 (2.5 percent) in additional annual revenue. On November 14, 2008, the company filed substitute pages with the commission at staff's revised rates. On November 26, 2008, the commission suspended the proposed filing and allowed the revised rates to become effective December 1, 2008, on a temporary basis, subject to refund, to allow customers an opportunity to comment on the revised rates.

Customer comments

LeMay notified its customers of the rate increase by mail on October 24, 2008. The commission has received 11 customer comments on this filing. Most customers believe the rate increase is excessive. Staff's open meeting memoranda, dated November 13, 2008, and November 26, 2008, summarized and responded to 10 of the customers' comments. The commission received one additional comment that raised the following new issue:

The following is a summary of the comment and staff's response:

- **Customer Comment** – The customer suggested that the company could save money if the customers all put their garbage carts on one side of the street. The garbage truck would

then only have to make one trip on a street rather than going up one side and down the other to collect the carts.

Staff's response – Staff contacted the customer and explained that from a consumer safety standpoint, it is unwise to require customers to cross roadways to place and retrieve their garbage carts.

On November 26, 2008, the Consumer Protection staff sent every customer who had commented on LeMay's filing a letter advising them of staff's recommended revised rates. No customer has yet responded to staff's letter.

Rate Comparison

	Present	Proposed	Revised
Residential Monthly Rates			
65 Gallon Cart Monthly Garbage Service	\$8.30	\$8.50	\$8.50
65 Gallon Cart Every-Other-Week Garbage Service	\$12.80	\$13.30	\$13.13
65 Gallon Cart Weekly Garbage Service	\$18.85	\$19.60	\$19.55
Mandatory Recycling – Every-Other-Week – net of \$1.09 commodity credit.	\$4.37	\$4.37	\$4.37
Commercial			
One Yard Container Service Per Month	\$75.02	\$75.98	\$75.98
20 Yard Drop Box Service Per Pick-up	\$88.00	\$95.00	\$95.00

Average Customer Charge Comparison – 65 Gallon Cart Every-Other-Week Garbage

Lewis County – Outside Recycling Service Area 1 (RSA-1)

Monthly Service	Present	Proposed	Revised
Garbage Component	\$12.80	\$13.30	\$13.13
		3.9%	2.6%

Lewis County Designated RSA-1

Monthly Garbage and Mandatory Recycling	Present	Proposed	Revised
Garbage Component	\$12.80	\$13.30	\$13.13
Mandatory Recycling – Every-Other-Week	\$5.46	\$5.46	\$5.46
Commodity Credit	(\$1.09)	(\$1.09)	(\$1.09)
Total Garbage and Mandatory Recycling	\$17.17	\$17.67	\$17.50
		2.9%	1.9%

Monthly Garbage, Mandatory Recycling and Voluntary Yard Waste	Present	Proposed	Revised
Garbage Component	\$12.80	\$13.30	\$13.13
Mandatory Recycling – Every-Other-Week	\$5.46	\$5.46	\$5.46
Commodity Credit	<u>(\$1.09)</u>	<u>(\$1.09)</u>	<u>(\$1.09)</u>
Voluntary Yard Waste Every-Other-Week	<u>\$7.50</u>	<u>\$7.50</u>	<u>\$7.50</u>
Total Garbage, Mandatory Recycling and Voluntary Yard Waste	\$24.67	\$25.17	\$25.00
		2.0%	1.3%

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

Conclusion

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Harold LeMay Enterprises, Inc.; and
2. Allow the temporary rates to become effective December 12, 2008, on a permanent basis.