

Agenda Date: December 29, 2011
Item Number: B7

Docket: **TG-111994**
Company Name: Fiorito Enterprises Inc., & Rabanco Companies
d/b/a Kent Meridian Disposal Company,
d/b/a Kent Disposal
d/b/a Meridian Valley Disposal, G-60

Staff: Nicki Johnson, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Fiorito Enterprises Inc., & Rabanco Companies d/b/a Kent Meridian Disposal Company, d/b/a Kent Disposal, d/b/a Meridian Valley Disposal on November 17, 2011, and the revised pages filed on December 2, 2011, and December 16, 2011.
2. Allow the revised pages filed on December 2, 2011, and December 16, 2011, to become effective on January 1, 2012, on a temporary basis, subject to refund.

Discussion

On November 17, 2011, Fiorito Enterprises d/b/a Kent Meridian Disposal Company, d/b/a Kent Disposal, d/b/a Meridian Valley Disposal (Kent Meridian or company) filed tariff revisions with the Utilities and Transportation Commission (commission). The tariff revisions would generate approximately \$924,600 (8.4 percent) in additional annual revenue. The proposed increases are prompted by the increase in the King County disposal fee from \$95 per ton to \$109 per ton effective January 1, 2012. Also the costs for labor, healthcare, pension, maintenance, fuel and other general operating expenses have increased since that last general rate increase became effective October 1, 2008. Kent Meridian provides regulated solid waste collection service to approximately 34,000 residential and commercial customers in King County.

Commission staff has not completed its review of the company's supporting financial documents, books and records. Therefore, the company has not demonstrated the proposed rates are fair, just, reasonable or sufficient.

However, if the commission suspends a tariff that includes rates to recover disposal fees, RCW 81.77.160 requires the commission to allow the rates related to the disposal fees to become effective on the originally filed effective date on an interim basis, subject to refund, pending the commission's final order. On December 2, 2011, and on December 16, 2011, the company filed revised tariff pages designed to recover just the disposal increase portion of the proposed rates and the increase in the King County Board of Health's hazardous waste fee. The revenue impact of the disposal increase is approximately \$464,000 of additional annual revenue.

Rate Comparison

Residential Monthly Rates	Current Rate	Proposed Rate	Percent Increase	Temporary Disposal-Only Rate
One 32-Gallon Can Weekly Pick-up	\$ 12.60	\$ 13.32	5.7%	\$ 13.22
60-Gallon Cart Weekly Pick-up	\$ 20.08	\$ 21.22	5.7%	\$ 21.22
Recycling Every-Other-Week Pick-up	\$ 5.36	\$ 6.58	22.8%	N/A
Yard Waste Every-Other-Week Pick-up	\$ 6.29	\$ 6.70	6.5%	N/A
Commercial Per Pick-up Rates				
1.0-Yard Container	\$ 15.01	\$ 15.86	5.7%	\$ 15.86
2.0-Yard Container	\$ 27.66	\$ 29.23	5.7%	\$ 29.23
Multi-family Recycling Per Yard	\$ 1.06	\$ 2.83	167.0%	N/A
40-Yard Drop Box (Non-Compacted)	\$113.00	\$119.45	5.7%	N/A

Customer Comments

On December 1, 2011, the company notified its customers of the proposed rate increase by mail. Ten comments have been received to date; nine are opposed to the proposed rate increase and one is undecided. Customers were notified that they may access documents about this rate case on the commission's website, and that they may contact John Cupp at 1-888-333-WUTC (9882) or jcupp@utc.wa.gov with questions or concerns.

General Comments

- Four of the commenters believe the company should not be allowed to raise rates because of the current economic conditions. Four customers said the company should "tighten its belt" rather than raise rates. Two customers believe the company raises its rates too frequently.

Staff Response

Customers were advised 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 investment. Regulatory staff reviews the filing to ensure that all rates and fees are appropriate. The company raised its rates in 2008 and 2006.

Conclusion

Commission staff has not completed its review of the of the company's supporting financial documents, books and records. The company has not demonstrated that the proposed rates are fair, just, reasonable, or sufficient. Therefore, staff recommends the commission issue a Complaint and Order Suspending the Tariff Revisions filed by Fiorito Enterprises Inc., & Rabanco Companies d/b/a Kent Meridian Disposal Company, d/b/a Kent /Disposal, d/b/a

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Meridian Valley Disposal on November 17, 2011, and allow the revised pages filed on December 2, 2011, and December 16, 2011 to become effective on January 1, 2012, on a temporary basis, subject to refund.