

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	)	DOCKET TG-101536
)	
HAROLD LEMAY ENTERPRISES	)	ORDER 01
INC., D/B/A CITY SANITARY CO.,)	
JOE’S REFUSE SERVICE, WHITE)	
PASS GARBAGE CO., G-98,)	
)	
Petitioner)	
)	
Seeking Partial Exemption from the)	
Provisions of WAC 480-07-520 (4)	)	GRANT PARTIAL EXEMPTION
Relating to Supporting Work Papers;	)	FROM THE WORK PAPER RULE;
Seeking Exemption from the	)	GRANT EXEMPTION FROM
Provisions of WAC 480-70-266	)	TARIFF AND CUSTOMER
Relating to Tariffs and WAC 480-70-	)	NOTICE RULES; AND ALLOW
271 Relating to Customer Notice	)	REVISED TARIFF REVISIONS
	)	ON LESS THAN STATUTORY
Respondent	)	NOTICE
.....)	

BACKGROUND

- 1 On September 15, 2010, Harold LeMay Enterprises, Inc., d/b/a City Sanitary Co., Joe’s Refuse Service, White Pass Garbage Co., (LeMay or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff No. 9.3, designated as 13th revised page No. 1, 1st revised page No. 14, 2nd revised page No. 15, 3rd revised page No. 16, 2nd revised page No. 17, 1st revised page No. 19, 1st revised page No. 20, 2nd revised page No. 21, 1st revised page No. 22, 5th revised page No. 23, 2nd revised page No. 24, 2nd revised page No. 30, 2nd revised page No. 31, 1st revised page No. 32, 1st revised page No. 34, 1st revised page No. 36, 2nd revised page No. 38, 2nd revised page No. 40, 2nd revised page No. 42 and 2nd revised page No. 43. The purpose of the filing is to increase rates due to increases in labor, employee benefits, fuel and new investment. The stated effective date is November 1, 2010. LeMay’s last general rate increase became effective on December 1, 2008.
- 2 On September 15, 2010, LeMay also filed a petition requesting an exemption from the work paper filing requirements set out in Washington Administrative Code (WAC) 480-07-520(4).

- 3 WAC 480-07-520(4) requires LeMay to file work papers that contain detailed financial data for the Company, its affiliated interests, and its business units. The plain language of the rule requires work papers to address Company-wide finances as a whole, not a limited subset of one or more business units.
- 4 LeMay claims that preparing some components of the work paper requirements for LeMay, as a whole, would impose a significant hardship on the Company because each business unit maintains its own general ledger, and the analysis would require manually consolidating data into one master ledger, a time-consuming and unproductive process without any commensurate benefit to the ratepayers.
- 5 LeMay requested the Commission to grant an exemption from WAC 480-07-520(4) consistent with the following:
- (a) *WAC 480-07-520(4)(a) (detailed pro forma income statement)* – The required proforma income statement shows revenues and expenses for each district in Pierce, Grays Harbor, Thurston and Lewis Counties and the total of all columns equal total company revenues and expenses, as reported in the company’s 2009 Annual Report to the Commission; and (2) for City Sanitary Co., Joe’s Refuse Service and White Pass Garbage Co. the income statement is separated into solid waste, residential recycling, multi-family recycling, and yard waste, showing restating and pro forma adjustments.
 - (b) *WAC 480-07-520(4)(b) (revenue impact calculation for proposed tariff revisions)* – LeMay sought no exemption for this filing requirement.
 - (c) *WAC 480-07-520(4)(c) (income statement listing all revenue and expense accounts by month)* –The required income statement is limited to City Sanitary Co., Joe’s Refuse Service and White Pass Garbage Co., the business unit providing services under the tariff that LeMay is seeking to amend.
 - (d) *WAC 480-07-520(4)(d) (detailed separation of all revenue and expenses between regulated/nonregulated operations if nonregulated revenue exceeds ten percent of total company test period revenue)* – The filing provides a detailed separation of all revenue and expenses between (1) LeMay’s regulated operations in Lewis County and LeMay’s unregulated operations in

Lewis County; and (2) other business units within LeMay with which City Sanitary Co., Joe's Refuse Service and White Pass Garbage Co. have intra-company transactions or arrangements that, but for the fact that the business units are not separate corporations, would be affiliated interest transactions.

- (e) *WAC 480-07-520(4)(e) (detailed list of all nonregulated operations, including the rates charged for the services rendered)* – The filing includes a list of all the rates for City Sanitary Co., Joe's Refuse Service, White Pass Garbage Co., except that the Company did not file rates for its long-haul trucking operations.
- (f) *WAC 480-07-520(4)(f) (detailed price-out information)* – The revenue reported is limited to services provided by City Sanitary Co., Joe's Refuse Service, White Pass Garbage Co. the business unit providing service under the tariff that LeMay is seeking to amend.
- (g) *WAC 480-07-520(4)(g) (consolidated balance sheet)* – LeMay sought no exemption for this filing requirement.
- (h) *WAC 480-07-520(4)(h) (detailed depreciation schedule)* – LeMay sought no exemption for this filing requirement.
- (i) *WAC 480-07-520(4)(i) (computed average investment)* – LeMay sought no exemption for this filing requirement.
- (j) *WAC 480-07-520(4)(j) (information about every transaction with affiliated interests or subsidiaries)* – LeMay sought no exemption for this filing requirement.

6 In this filing, LeMay proposes to increase charges and rates for service it provides by approximately \$429,000 (9.0 percent). LeMay provides regulated solid waste collection service to approximately 11,800 customers in Lewis County.

7 Staff's analysis showed a higher revenue requirement for drop-box hauling and a lower revenue requirement for residential and commercial garbage collection than what the Company proposed.

- 8 Staff and the Company agreed to a revised revenue requirement of approximately \$421,000 (8.9 percent) in additional annual revenue and revised rates. On October 19, 2010, the Company filed revised rates at Staff recommended levels. The revised rates for residential and commercial garbage collection are less than the proposed rates, the revised rate for residential recycling is the same as the proposed rate, and the revised rate for yard waste is the same as the current yard waste rate.
- 9 The revised rates for drop box service are greater than the proposed rates. The Company serves 37 permanent drop box customers and averages 22 temporary drop box hauls per month. The revised drop box rates would increase rates by about 65 percent compared to the proposed rates that would increase rates by about 54 percent. The Company's notice to drop box customers states "The Commission has the authority to set final rates that may be either lower or higher from the company's request, depending on the results of its investigation". The Commission did not receive any comments addressing the proposed drop box rates.
- 10 The Company requests an exemption from WAC 480-70-266, Tariffs, to allow the revised rates to become effective on November 1, 2010, on less than statutory notice, and an exemption from WAC 480-70-271, Customer Notice, to allow the Company to notify customers affected by the increased revised rates in the next billing cycle.
- 11 RCW 81.28.050 and WAC 480-70-266 require forty-five days' notice to the Commission prior to the effective date of the tariff. The Company requests, however, less than statutory notice as permitted by WAC 480-70-276, so that the tariff revisions become effective on November 1, 2010. The Company must request less than statutory notice because the revised rates result in some increases compared to the rates the Company originally proposed.
- 12 WAC 480-70-271 requires solid waste companies to provide each affected customer a notice at least thirty days before the requested effective date of the proposed rate increase. For the same reason(s) listed in seeking less than statutory notice to the Commission, the Company seeks such an exemption from customer notice requirements. The Company originally notified customers of the proposed rates on September 30, 2010, and requests an exemption from the customer notice rule to allow the Company to notify customers by bill insert in the next billing cycle.

- 13 Because the Company notified drop box customers that the Commission may set rates that are higher than the rates contained in the customer notice and the revised rates result in increases of about 65 percent instead of about 54 percent for the proposed rates, Staff believes the Company's request for exemptions from rules to allow the higher revised rates to become effective on November 1, 2010, on less than statutory notice, and allow the Company to notify drop box customers affected by the higher rates in the next billing cycle are reasonable and should be granted.
- 14 Staff has completed its audit and determined that the Company's financial information supports the revised rates for drop box, residential and commercial garbage collection, residential recycling, and residential yard waste services. Staff recommended that the Commission allow the revised rates to become effective November 1, 2010, on a permanent basis, on less than statutory notice, and that the Commission grant the Company's request for an exemption from WAC 480-70-271, regarding notice to customers.

FINDINGS AND CONCLUSIONS

- 15 (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.
- 16 (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.
- 17 (3) LeMay is subject to WAC 480-07-520(4), which requires the Company to file work papers that contain detailed financial data for the Company, its affiliated interests, and its business units. The plain language of the rule requires these work papers to address Company-wide finances as a whole, not a limited subset of one or more business units.
- 18 (4) Harold LeMay Enterprises, Inc., d/b/a City Sanitary Co., Joe's Refuse Service and White Pass Garbage Co., is a business unit of Harold LeMay Enterprises, Inc. and collects solid waste under one of LeMay's tariffs.

- 19 (5) In support of its proposed tariff revisions, LeMay filed work papers containing financial information for City Sanitary Co., Joe's Refuse Service and White Pass Garbage Co. and for all of the business units for LeMay operations.
- 20 (6) Under WAC 480-70-051, 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 480-07-110.*
- 21 (7) This matter came before the Commission at its regularly scheduled meeting on October 28, 2010.
- 22 (8) Harold LeMay Enterprises, Inc., d/b/a City Sanitary Co., Joe's Refuse Service and White Pass Garbage Co. filed proposed tariff revisions on September 15, 2010, seeking to increase LeMay's rates in its for City Sanitary Co., Joe's Refuse Service and White Pass Garbage Co. business unit by approximately \$429,000 or 9.0 percent. Staff's analysis showed a higher revenue requirement for drop-box hauling, and a lower revenue requirement for residential and commercial garbage collection than what the Company proposed. Staff and the Company agreed to a revised revenue requirement of \$421,000 (8.9 percent) in additional annual revenue and revised rates. On October 19, 2010, the Company filed revised rates at Staff recommended levels.
- 23 (9) The revised tariff revisions are fair, just, reasonable and sufficient because LeMay has demonstrated that it requires additional revenues and has filed revised rates at Staff's recommended levels.
- 24 (10) The Company requests an exemption from WAC 480-70-266, Tariffs, to allow the revised rates to become effective on November 1, 2010, on less than statutory notice, and an exemption from WAC 480-70-271, Customer Notice, to allow the Company to notify customers affected by the increased revised rates in the next billing cycle.
- 25 (11) RCW 81.28.050 and WAC 480-70-266 require forty-five days' notice to the Commission prior to the effective date of the tariff. The Company requests, however, less than statutory notice as permitted by WAC 480-70-276, so that the tariff revisions become effective on November 1, 2010. The Company requests

less than statutory notice because the revised rates result in some increases compared to the rates the Company originally proposed and sent notice to customers.

- 26 (12) Under WAC 480-70-271, solid waste companies must provide each affected customer a notice at least thirty days before the requested effective date of the proposed rate increase. For the same reason(s) listed in seeking less than statutory notice to the Commission, the Company seeks such an exemption from customer notice requirements. The Company originally notified customers of the proposed rates filed on September 15, 2010, and requests an exemption from the customer notice rule to allow the Company to notify customers by bill insert in the next billing cycle.
- 27 (13) After review of the tariff revisions filed in Docket TG-101536 by LeMay on September 15, 2010, and revised on October 19, 2010, and giving due consideration, the Commission finds that the exemptions are in the public interest and are consistent with the purposes underlying the regulation and applicable statutes and should be granted.

ORDER

THE COMMISSION ORDERS:

- 28 (1) Harold LeMay Enterprises, Inc.'s Petition for Exemption from WAC 480-07-520(4) is granted consistent with the terms of this Order.
- 29 (2) The exemption granted to Harold LeMay Enterprises, Inc., d/b/a City Sanitary Co., Joe's Refuse Service, White Pass Garbage Co., in this Order applies only to the general rate proceeding in Docket TG-101536.
- 30 (3) The revised tariff revisions Harold LeMay Enterprises, Inc., d/b/a City Sanitary Co., Joe's Refuse Service, White Pass Garbage Co., filed in this Docket on October 19, 2010, shall become effective on November 1, 2010, on a permanent basis.

- 31 (4) After the effective date of this Order, Harold LeMay Enterprises, Inc., d/b/a City Sanitary Co., Joe's Refuse Service, White Pass Garbage Co., is granted an exemption from WAC 480-70-266, to allow the revised rates to become effective on November 1, 2010, on less than statutory notice.
- 32 (5) After the effective date of this Order, Harold LeMay Enterprises, Inc., d/b/a City Sanitary Co., Joe's Refuse Service, White Pass Garbage Co., is granted an exemption from WAC 480-70-271, concerning customer notice requirements and shall notify customers on the next billing.

DATED at Olympia, Washington, and effective October 28, 2010.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner