

Agenda Date: March 10, 2022  
Item Number: B2

**Docket:** TG-220040  
Company Name: Fiorito Enterprises, Inc. & Rabanco Companies d/b/a Kent-Meridian Disposal Company

Staff: Scott Sevall, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendation**

Take no action allowing the tariff revisions filed by Fiorito Enterprises, Inc. & Rabanco Companies d/b/a Kent-Meridian Disposal Company on January 14, 2022, and revised on March 2, and March 3, 2022, to go into effect March 15, 2022.

### **Discussion**

On January 14, 2022, Fiorito Enterprises, Inc. & Rabanco Companies d/b/a. Kent-Meridian Disposal Company (Fiorito or Company), filed tariff revisions with the Utilities and Transportation Commission (Commission) that would generate \$761,707 (6.71 percent) additional annual revenue. The proposed increase is prompted by increased expenses for labor, fuel, and other operating and administrative costs. The Company serves approximately 22,000 customers in King County. The Company's last general rate increase became effective July 1, 2019.

Labor cost increases are the main reasons for this rate case. The Company's drivers are represented as Teamsters. The contracts which have been negotiated and ratified determine driver wages, pensions, and benefits. These contracts have annual and semi-annual increases for labor related expenses that have not been adjusted in the rates for this business unit for three years. The maintenance shop employees are also represented employees. Historically the recycling and yard waste drivers were not paid at the same rates as the municipal solid waste drivers. The contract signed in 2017 started to address this issue. The pay per hour took four years to catch up the recycling and yard waste drivers to the hourly rate of the garbage drivers. As of 2021, it appears all drivers have similar wages. This hourly change in pay is a large reason the recycling and yard waste services make up the majority of the proposed increase.

Commission staff (Staff) has completed their review of the Company's filing and financial records and have come to an agreement on an additional annual revenue amount that is higher than what the Company proposed and agreed to \$942,728 (8.3 percent) additional annual revenue. The difference between the Company's original proposal and the agreed-upon amount is because of an error in the container counts. This error caused the container count allocation percentage to understate the regulated percentage of costs. Correcting this error caused the allocation factor related to container count to increase by approximately 25 percent; thus, regulated expenses were higher. Staff did make other adjustments which help offset the error in the allocation. Staff adjusted payroll and benefits as the company model over calculated the

payroll and benefits for part-time employees. Also, tax credits for compressed natural gas (CNG) clean fuel were recognized in Staff’s calculation as this credit has existed since 2006 and is extended yearly.

The largest increase in rates is for service cost increases to recycling and yard waste/organics collection. The largest part of this is attributed to the labor cost increases for those lines of service. The multi-family recycling rate is increasing 500 percent. This is needed to recover a cost that has been historically subsidized by other lines of service. The current rate per yard is \$1.85, and the proposed rate is \$11.23. This new multi-family rate is more in line with the rate residential customers pay for approximately the same volume of recycling as there is 173 gallons per cubic yard and the residential recycling totes currently available are 96 gallons, picked up every other week.

The rate design Staff calculated removes the container rental charge for residential service and wraps the costs into the service rates. Another item Staff is addressing, but will not occur in this filing, is the addition of smaller tote rates for residential and yard waste services. Staff has already started discussion with the Company and King County about adding these lines of service. While the new smaller tote sizes are not being implemented in this current docket, Staff believes these services will be available this summer (most likely in conjunction with the Company commodity adjustment filing). The table below compares current, company proposed, and agreed upon rates.

	Current Tariff	Company Proposed	Revised Rate	Percentage Increase
<b>Residential MSW</b>				
<i>64 Gallon Tote</i>	\$26.57	\$27.15	\$26.59	0.001%
<i>64 Tote Rent</i>	\$1.36	\$1.39	\$0.00	
<b>Residential Recycling</b>				
<i>96 Gallon Tote</i>	\$8.49	\$9.28	\$10.54	24.1%
<i>96 Gallon Rent</i>	\$1.39	\$1.39	\$0.00	
<b>Residential Yard waste</b>				
<i>96 Gallon Tote</i>	\$10.99	\$13.07	\$14.91	35.6%
<i>96 Gallon Rent</i>	\$2.00	\$2.38	\$0.00	

**Customer Comments**

On January 28, the Company notified its customers by mail of the proposed rate increase. Customers were notified that they may contact John Cupp at john.cupp@utc.wa.gov with questions or concerns. Staff received 66 consumer comments; 65 opposed to the rate increase, and one in favor of the proposed increase.

**Customer Comments**

Nearly all the customers opposed to the increase cite missed pickups due to inclement weather and a wildcat strike as the reason. Most believe they should be credited for the lack of service.

Others oppose the increase because they feel the rates are already too high, economic conditions are poor, and the requested increase amount is excessive.

Several commercial customers contacted Staff concerning the increase in container rental fees. The notice showed rental fees increasing by approximately 400 percent. Staff determined this was an error and informed those customers that the actual increase in container rental fees is 1.83 percent.

**Staff Response**

Staff informed customers 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 its investment. Customers were also told that Commission Staff performs a thorough review of rate filings to ensure all rates and fees are appropriate.

**Conclusion**

Take no action allowing the tariff revisions filed by Fiorito Enterprises, Inc. & Rabanco Companies d/b/a Kent-Meridian Disposal Company on January 14, 2022, and revised on March 2, and March 3, 2022, to go into effect March 15, 2022.