

Agenda Date: May 28, 2009  
Item Number: B2

**Docket:** TG-090087  
Company Name: Rubatino Refuse Removal, Inc., G-58

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

### **Recommendation**

1. Dismiss the Complaint and Order Suspending the Tariff revisions filed by Rubatino Refuse Removal, Inc.; and
2. Allow the temporary rates to become effective June 1, 2009, on a permanent basis.

### **Discussion**

On January 14, 2009, Rubatino Refuse Removal, Inc., (Rubatino or company), filed with the Utilities and Transportation Commission (commission) tariff revisions for garbage, recycling, and yard waste collection services that would generate \$1,834,000 (11.7 percent) in additional annual revenue. The proposed rates are prompted by increases in disposal fees, labor, and other operating costs. Snohomish County is increasing disposal fees from \$89 to \$105 per ton. The company serves approximately 19,000 customers in Snohomish County. Rubatino's last general rate increase became effective in July 2004.

Staff's analysis showed that the proposed rates generated excessive annual revenue. Staff and the company negotiated revised rates for residential garbage, recycling and yard waste. The revised tariff leaves residential garbage rates at their present levels and increases the recycling rate to an amount higher than the proposed rate. Thus, the total amount for garbage and recycling collection is less than what the company originally proposed.

The revised yard waste rate is \$8.90 per month for 12 months of the year. In addition, during the winter months the company will increase the collection frequency to every-other-week service. Revised rates increase yard waste revenues by approximately \$219,000 (33.3 percent). The company is adding food waste to its yard waste program and the yard waste processing fees will increase from \$8.50 per yard to \$39.50 per ton or about \$205,000 on an annual basis.

The total revised revenue increase is \$1,650,000 (10.5 percent) on an annual basis. On February 20, 2009, the company filed substitute pages with the commission at staff's revised rates.

At the February 26, 2009, open meeting, the commission suspended the filing and allowed the revised rates filed on February 20, 2009, to become effective March 1, 2009, on a temporary basis, subject to refund.

### **Customer Comments**

A total of five customer comments have been received to date; one in favor, three opposed and two undecided. Please note: Customers often address several issues of concern within one comment. Therefore, subtotals may not equal the total number of comments submitted.

Consumer Protection staff advised customers that they may access company documents pertinent to this rate case at [www.utc.wa.gov](http://www.utc.wa.gov), and that they may contact Dennis Shutler at 1-888-333-9882 with questions or concerns.

### **Filing Documents and Methodology Comments**

- One customer mentioned that the cost of fuel and other business expenses are down, yet the company lists these as reasons for needing a rate increase.

#### **Staff Response**

The company's fuel surcharge expired on February 28, 2009. With the current price of fuel, commission staff found that the company does not require a fuel surcharge at this time. The surcharge was removed from customer billings effective February 28, 2009, and no credits are due.

- One customer wants the company to consider electronic mailing to conserve mailing costs.

#### **Staff Response**

At this time the company does not have the capability to electronically bill its customers. The company will look into providing electronic bills, if customers continue to show interest in this service.

### **General Comments**

- Two customers simply stated that they are against the proposed increase. Two customers oppose the rate increase due to the condition of the economy.

#### **Staff Response**

Consumer Protection staff advised customers that state law requires rates to be fair and reasonable for customers, but sufficient to allow the company the opportunity to recover reasonable operating expenses and earn a reasonable return on investment.

**Rate Comparison**

|                                       | <b>Present</b> | <b>Proposed</b> | <b>Revised</b> |
|---------------------------------------|----------------|-----------------|----------------|
| <b>Residential Monthly Rates</b>      |                |                 |                |
| One Can Weekly Service                | \$13.15        | \$14.32         | \$13.15        |
| 48 Gallon Cart Weekly Service         | \$17.50        | \$19.05         | \$17.50        |
| Mandatory Recycling – Weekly Service  | \$5.80         | \$6.32          | \$6.68         |
| Voluntary Yard Waste – Weekly Service | \$8.90         | \$9.00          | \$8.90         |
| <b>Commercial</b>                     |                |                 |                |
| One Yard Container Service Per Month  | \$64.26        | \$70.08         | \$70.08        |
| 20 Yard Drop Box Service Per Pick-up  | \$69.36        | \$73.52         | \$73.52        |

**Average Customer Charge Comparison – One Can Garbage**

| <b>Monthly Garbage</b>                                      | <b>Present</b> | <b>Proposed</b> | <b>Revised</b> |
|---|----------------|-----------------|----------------|
| Garbage Component   | \$13.15        | \$14.32         | \$13.15        |
| Mandatory Recycling – Weekly Service                        | \$5.80         | \$6.32          | \$6.68         |
| Recycle Commodity Credit                                    | \$2.25         | \$2.25          | \$2.25         |
| Total Garbage and Mandatory Recycling                       | \$16.70        | \$18.39         | \$17.58        |
|   |                | 10.1%           | 5.3%           |
| Total Garbage and Mandatory Recycling                       | \$16.70        | \$18.39         | \$17.58        |
| Voluntary Yard Waste Weekly Service                         | \$8.90         | \$9.00          | \$8.90         |
| Total Garbage, Mandatory Recycling and Voluntary Yard Waste | \$25.60        | \$27.39         | \$26.48        |
|   |                | 7.0%            | 3.4%           |

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

**Conclusion**

1. Dismiss the Complaint and Order Suspending the Tariff revisions filed by Rubatino Refuse Removal, Inc.; and
2. Allow the temporary rates to become effective June 1, 2009, on a permanent basis.