

Agenda Date: February 23, 2012  
Item Number: B3

**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**

Dismiss the Complaint and Order Suspending 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, and allow the revised tariff revisions filed on February 17, 2012, to become effective on March 1, 2012.

### **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 proposed filing would generate approximately \$924,600 (8.4 percent) 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. The costs for labor, healthcare, pension, maintenance, fuel and other general operating expenses have also increased since the last general rate increase became effective on October 1, 2008. Kent Meridian provides regulated solid waste collection service to approximately 27,000 residential and commercial customers in King County.

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 additional annual revenue.

On December 29, 2011, the commission entered a Complaint and Order Suspending Tariff Revisions and allowed the revised pages filed on December 2, 2011, and on December 16, 2011, to become effective January 1, 2012, on a temporary basis, subject to refund.

Staff has completed its review of the company's financial information and the analysis shows that the proposed rates result in excessive revenue. Staff and the company agreed to a revised revenue requirement of \$859,000 (7.8 percent) additional annual revenue. On February 17, 2012, Kent Meridian filed revised rates at staff recommended levels.

**Rate Comparison**

<b>Residential Monthly Rates</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Revised Rate</b>	<b>Percent Increase</b>
Mini-Can Weekly Pick-up	\$ 8.14	\$ 8.60	\$ 8.60	5.7%
One 32-Gallon Can Weekly Pick-up	\$ 12.60	\$ 13.32	\$ 13.32	5.7%
60-Gallon Cart Weekly Pick-up	\$ 20.08	\$ 21.22	\$ 21.22	5.7%
Recycling Every-Other-Week Pick-up	\$ 5.36	\$ 6.58	\$ 6.58	22.8%
Yard Waste Every-Other-Week Pick-up	\$ 6.29	\$ 6.70	\$ 6.29	0%
90-Gallon Cart Rental	\$ 1.50	\$ 1.75	\$ 1.50	0%
<b>Commercial Per Pick-up Rates</b>				
1.0-Yard Container	\$ 15.01	\$ 15.86	\$ 15.86	5.7%
2.0-Yard Container	\$ 27.66	\$ 29.23	\$ 29.23	5.7%
40-Yard Drop Box (Non-Compacted)	\$113.00	\$119.45	\$119.45	5.7%

**Customer Comments**

In November 2011, the company notified its customers of the proposed rate increase by mail. Staff found that the customer notice included rates which were lower than the rates the company proposed. The company mailed a notice with corrected rates to all affected customers on December 29, 2011. Twenty-eight comments have been received to date; 26 are opposed to the proposed rate increase and two are 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.

**Filing Documents and Methodology**

- Six customers commented that the proposed rate for mini-can service represents a higher percentage of increase than the increase for larger containers. They believe this is not fair because they work to produce less waste and recycle more.

**Staff Response**

The mini-can rate for garbage service is increasing by the same percentage as rates for all other residential garbage services. The customer notice shows garbage and recycling rates combined. Adding the proposed \$1.22 recycling rate increase to the garbage rate makes it appear that lower cost garbage services are increasing by a higher percentage; however, this is not the case.

- A customer commented that the proposed increase exceeds the amount the Consumer Price Index (CPI) has changed.

**Staff Response**

Staff explained that rates are not based on the CPI; they are based on appropriate costs.

### **Service Quality**

- A customer mentioned several examples of poor customer service, such as, missed pickups, dropped garbage and unresponsiveness to his calls.

#### **Staff Response**

The customer was provided contact information for the commission's Consumer Protection section for help resolving customer service issues.

### **General Comments**

- In the 28 comments to date, economic conditions and the amount of the increase were mentioned seven times each as a reason the company should not be allowed to raise its rates. Four customers said the company should "tighten its belt" rather than raise rates. Two comments mentioned the frequency of company rate increases.

#### **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 filings to ensure that all rates and fees are appropriate.

- One customer commented that the company did not provide adequate time to comment to the commission about the rate proposal.

#### **Staff Response**

Staff explained that the company met the 30-day notice requirement required by commission rules.

### **Conclusion**

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 operation. The customers' comments do not change staff's opinion that the company's financial information supports the revised revenue requirement and the revised proposed rates and charges are fair, just, reasonable and sufficient. Therefore, staff recommends the commission:

Dismiss the Complaint and Order Suspending 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, and allow the revised tariff revisions filed on February 17, 2012, to become effective on March 1, 2012.