

Agenda Date: September 29, 2022
Item Number: B1

Docket: TG- 220548
Company Name: Harold Lemay Enterprises, Inc. d/b/a Pierce County Refuse

Staff: Jaclynn Simmons, Regulatory Analyst
Benjamin Sharbono, Regulatory Analyst
John Cupp, Regulatory Analyst

Recommendation:

Take no action, thereby allowing tariff pages filed by Harold Lemay Enterprises, Inc. d/b/a Pierce County Refuse on July 18, 2022, in Docket TG-220548 as revised on September 22, 2022, to become effective October 1, 2022, by operation of law.

Discussion

On July 18, 2022, Harold Lemay Enterprises, Inc. (Lemay or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$2.8 Million (7 percent) in additional annual revenue for the collection of garbage, recycling, and yard waste in Pierce County. The Company serves approximately 67,000 garbage customers and 61,000 recycling customers and 32,000-yard waste customers in Pierce County. The Company's last general rate increase took effect May 1, 2020.

The Company filed for this general rate increase to recover asset additions, an expansion of the weld shop and increases to overall general operating expenses.

After review of the filing, Commission staff (Staff) made a few adjustments to the Company's payroll calculations and adjusted to the current payroll and normalized hours from partial year to a full year for fulltime employees. Staff reviewed the Company's asset additions and removed assets that are fully depreciating by the end of 2022. Staff adjusted the Company's weld shop expenses as it is shared with another operation. Staff allocated the expenses by 52 percent.

During review Staff requested the Company extend the effective date from September 1, 2022, to October 1, 2022, to allow for additional time to address some of Staff's questions regarding expenses surrounding a transfer station where the Company reloads waste collected into long haul trailers and sends to the landfill. The Company agreed to the request and filed a letter requesting an extension of the effective date.

After the extension of the effective date the Company requested Staff to make a fuel adjustment based on a change in contracted fuel price that is set to increase January 1, 2023. The Company provided copies of the Master Agreement contract for fuel lock pricing and the 2023 per gallon agreed upon rates. The per gallon rate is significantly lower than current market prices. Staff agreed to make an adjustment to fuel expense by increasing the per gallon rate to what the Company's fuel lock rate will be in 2023.

Staff and the Company also agreed to include the remaining COVID costs that were put into rates in Docket TG-210437. The portion of the expense that had not yet been recovered in rates was amortized over three years and included in the calculation for revenue requirement. This alleviates the need of having two different sets of rates going forward as the tariff currently reflects.

Staff has reviewed all the documents and books provided by the Company and believes that the rates agreed upon are fair, just, reasonable, and sufficient.

After Staff's review and adjustments, the Company and Staff agreed to an amount of \$2.9 Million (7.4 percent) of additional annual revenue. This additional annual revenue amount is slightly higher than the Company requested due to the fuel adjustment which added \$183,763 to Staff's calculated revenue requirement. The Company filed replacement pages for rates at Staff's recommended levels on September 22, 2022.

Pierce MSW Rates

Type	Covid Current Rate	Proposed Rate	Revised Rate	Percent Increase	Dollar increase
1 35-gal w/recycling	\$19.28	\$20.59	\$20.56	6.31%	\$1.28
1 35-gal w/o recycling	\$20.28	\$21.66	\$21.56	6.31%	\$1.28
1 YD -1x wk	\$93.99	\$100.38	\$99.92	6.31%	\$5.93
95-gal yard waste	\$6.28	\$6.76	\$6.79	8.18%	\$0.51

JBLM

Type	Current Rate	Proposed Rate	Revised Rate	Percent Increase	Dollar Increase
65-gal w/ recycling	\$22.47	\$23.84	\$23.89	6.31%	\$1.42
95-gal w/ recycling	\$29.43	\$31.22	\$31.29	6.31%	\$1.86
40 yd drop box	\$164.50	\$174.51	\$174.89	6.31%	\$9.57

Customer Comments

On July 29, 2022, the Company notified its customers by mail of the proposed rate increase. Customers were notified that they may access relevant documents about this rate increase on the Commission's website, and that they may contact Staff with questions or concerns. Staff received 15 consumer comments, all opposed to the rate increase.

General Comments

Seventeen customers commented that the increase for services is not fair to consumers, citing increased inflation and/or corporate greed as the reasoning for their opposition. One commenter states the increase should be denied because their service is poor. One commenter believes their specific neighborhood should be exempted from the increase, since it is primarily elderly and retired people on fixed incomes. One commenter believes any increase in rates will result in an increase in illegal dumping if customers can no longer afford the service.

Staff Response

Consumer Protection staff reached out to the one customer that expressed concerns about poor service, but the customer has not responded.

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. Commission Staff performs a thorough review of rate filings to ensure that all rates and fees are appropriate.

Conclusions

Staff has completed its review of the Company's documentation. Staff's review shows that the tariff pages filed are reasonable and required as part of the Company's operations.

Recommendations:

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