

July 17, 2009

David Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

RE: Sanitary Service Co, Inc., G-14 – General rate increase request

Dear Mr. Danner:

With this transmittal letter, in accordance with WAC 480-07-520 we are submitting a general rate increase request for Sanitary Service Company, Inc., D/B/A Sanitary Service Company and Recycling Services, Inc., operating under authority of Certificate of Public Convenience and Necessity No. G-14. For this filing, we are requesting an Effective Date of September 1, 2009.

The history leading up to this filing is relevant. On June 12, 2009, SSC submitted revised tariff pages and work papers requesting an effective date of August 1 for increases to solid waste collection rates. On June 17, the company was informed that its filing was complete. However, more recently, on July 13 of this week – a full 26 days after the filing was deemed to comport with the Commission's rules – staff informed the company of their position that SSC's filing failed to satisfy WAC 480-07-520(4)(a) because it did not include separate pro forma income statements for all of its operations. Staff rejected the company's offer to supplement the filing with the missing data, taking the position that the filing had to either be withdrawn or rejected. Only a completely new filing would address staff's concern.

SSC therefore withdrew its filing and immediately prepared a new filing containing the analysis required to make the filing comport with staff's requirements. SSC disagreed with staff's interpretation of the regulatory requirements, but saw no point in disputing it further in the context of its rate request.

Other than correcting the perceived deficiencies, and moving the effective date forward one month to September 1, **the rates requested and the analysis supporting the filing are identical to the withdrawn filing (TG-090904)**. For that reason, and because our customer notice mailed prior to June 30 provided more than thirty-days' notice as required by WAC 480-70-271, the Consumer Protection and Communications Division of the WUTC has concluded that a new customer notice is not required. It would result in unnecessary costs and would not enhance public involvement, but in fact could potentially lead to undue confusion among customers. Therefore, a copy of this

letter is being mailed only to the Chair of the Whatcom County Council, and required by WAC 480-70-326.

If approved by the Commission as filed, residential rates will increase approximately \$131,000 (4.95%) and commercial can and container rates will increase approximately \$342,000 (4.92%). Drop box rates are not proposed to increase because the last cost of service study showed the current rates are cost based. With drop box revenues included in the calculation, this filing would result in a general rate increase of approximately 3.6% based on total revenue.

As before, the reason for the proposed rate adjustment is higher operating costs since the last general rate filing, most significant of which are increases to employee wages and fringe benefits. Along with this transmittal letter and tariff pages, customer notices and supporting staff work papers are being hand delivered to the commission today, with a summary of how the filing complies with WAC 480-07-520. An electronic copy of all supporting work papers in Excel with an electronic form of the proposed tariff sheets in Word is also being filed today.

If you have any questions about this letter please call me at (360) 734-3490 or contact me at ed@ssc-inc.com.

Sincerely,

Edward Nikula
Vice President

Enclosures:

Revised tariff pages
Compliance Memo
Work Papers