

Agenda Date: July 29, 2021
Item Number: B1

Docket: TG-210449

Company Name: Harold LeMay Enterprises, Inc. d/b/a Harbor Disposal and Eastern Grays Harbor Disposal

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

Recommendation

Take no action allowing the tariff filed by Harold LeMay Enterprises, Inc. d/b/a Harbor Disposal and Eastern Grays Harbor Disposal, Inc. on June 15, 2021, and revised on July 21, 2021, to go into effect by operation of law.

Discussion

On June 15, 2021, Harold LeMay Enterprises, Inc. d/b/a Harbor Disposal and Eastern Grays Harbor Disposal, Inc., (Company) filed tariff revision with the Utilities and Transportation Commission (Commission) that would generate approximately \$267,000 (5.8 percent) additional annual revenue. The proposed increase is prompted by increased expenses for disposal, maintenance, labor, fuel, and other operating and administrative costs. The Company serves approximately 7,000 residential customers, 7,000 residential recycling customers, 1,200 commercial customers, and 50 roll off customers in Grays Harbor County. The Company's last general rate increase became effective June 1, 2018.

With this filing the Company has also proposed to recover one-time COVID-19 costs. The total being asked to be recovered in this filing is \$35,000 (0.8 percent) amortized over two years. These costs consist of one-time special pay raises for drivers and front-line staff during the pandemic, additional paid leave for COVID-19 related care, and materials and cleaning supplies for the Company to adhere to health and safety guidelines for operating through the pandemic.

Commission staff (Staff) has completed their review of the Company's filing and financial records and have come to an agreement on the Company's proposed \$267,000 (5.8 percent) additional annual revenue. Staff's calculation of the revenue requirement was approximately 297,000 (6.5 percent) additional annual revenue. Due to the tariff complexity given additional COVID costs and tariff pages with expiration dates, the Company and Staff have agreed to the rates which the Company originally proposed. The main cost drivers for the agreed on additional annual revenue of approximately \$267,000 is in a large part Union wages and benefits, as well as operational costs like fuel and tires.

The Company filed an updated Lurito-Gallagher (LG-BRG) which was first filed with the Company's Mason County operation in Docket TG-210038. The additional annual revenue Staff and the Company agreed to of \$267,000 was calculated using the updated LG model. When the historical LG has the same inputs, it generates \$195,365 in additional annual revenue. The

Company has previously used the LG-BRG which has been reviewed by Staff and found to be in line with the Commission policy statement issued on this subject. Therefore, Staff believes the rates resulting in this case are fair, just, reasonable, and sufficient.

Rate Comparison				
<i>Service</i>	<i>Current Rate</i>	<i>Agreed Rate</i>	<i>COVID Rate</i>	<i>Percentage</i>
Solid Waste 64 Gallon tote wkly	\$26.56	\$29.01	\$0.11	9.6%
Recycling tote EOW	\$9.00	\$8.72	\$0.03	-2.8%
3-Yard Container Per Pickup First pickup	\$81.13	\$88.61	\$0.35	9.6%
3-Yard Container Per Pickup additional pickup	\$54.28	\$59.29	\$0.23	9.6%
30-Yard Drop Box Per Pickup	\$168.53	\$184.07	\$0.73	9.6%

Customer Comments

On June 30, the Company notified its customers by mail of the proposed rate increase. The printing company mailed the original notice without including the required table showing current and proposed rates. Waste Connections promptly contacted Staff about the error, and corrected copies were sent July 2. Customers were notified that they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns. Staff received nine comments from customers opposed to the rate increase.

General Comments

Several customers had questions about the missing rate tables in the first notice. Seven customers commented against the increase stating they do not believe the Company incurred extra expenses because of the COVID-19 pandemic.

Staff Response

Staff explained the error in the original notice, and that a corrected notice containing the rate tables was being sent right away. Staff also explained that during 2020 the Company provided extra paid leave for family care and COVID recovery. The Company also provided a temporary wage increase to the drivers and frontline staff in recognition of the added health risks. There were other items like personal protective equipment and cleaning supplies that had to be purchased due to health guidelines.

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.

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Conclusion

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