

Agenda Date: June 26, 2008  
Item Number: B1

**Docket:** TG-080671  
Company Name: Harold LeMay Enterprises, Inc., G-98  
d/b/a Pacific Disposal and Butlers Cove Refuse Service

Staff: Nicki Johnson, Regulatory Analyst  
Dennis Shutler, Consumer Program Specialist

### **Recommendations**

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Harold LeMay Enterprises, Inc., d/b/a Pacific Disposal and Butlers Cove Refuse Service.
2. Allow the staff recommended revised temporary rates to become effective July 1, 2008, on a permanent basis.

### **Discussion**

On April 17, 2008, Harold LeMay Enterprises, Inc., d/b/a Pacific Disposal and Butlers Cove Refuse Service (Pacific Disposal or company) filed with the Utilities and Transportation Commission (commission) revisions to its tariff for solid waste collection rates that would generate \$400,000 (3.0 percent) in additional annual revenue. Pacific Disposal serves approximately 42,000 customers in Thurston County. The proposed increase in rates is due to increases in the costs of labor, fuel, equipment, executive pay and medical insurance.

Staff's analysis showed Pacific Disposal's proposed rates were excessive. On May 22, 2008, the company filed revised rates at the staff recommended level. The revised rates generate approximately \$353,000 (2.7 percent) of additional revenue per year.

On May 28, 2008, the commission entered a Complaint and Order Suspending Tariff Revisions to allow customers the opportunity to comment on the revised rates before determining whether the revisions were fair, just, reasonable, and sufficient. The commission allowed the revised rates to go into effect on a temporary basis June 1, 2008, subject to refund.

### **Customer Comments**

The company notified its customers of the proposed rate increase by mail on April 25, 2008. Customers were not advised that the commission would take public comments on the filing at the May 15, and May 28, open meetings. At the commission's request, the company re-notified the customers informing them of the opportunity to comment at the May 28 open meeting. The commission received 50 customer comments on the original filing.

On June 2, 2008, the Consumer Protection and Communication staff sent every customer who had commented on Pacific Disposal's filing a letter advising them of staff's recommended revised rates. No customer has yet responded to staff's letter.

**Rate Comparison**

|                                       | <b>Present</b> | <b>Proposed</b> | <b>Revised</b> |
|---------------------------------------|----------------|-----------------|----------------|
| <b>Residential Monthly Rates</b>      |                |                 |                |
| 35 gallon cart weekly garbage service | \$10.39        | \$10.95         | \$10.85        |
| 65 gallon cart weekly garbage service | \$16.09        | \$16.80         | \$16.65        |
| Residential recycling                 | \$6.22         | \$6.22          | \$6.22         |
| <b>Commercial</b>                     |                |                 |                |
| Two yard container service per month  | \$110.59       | \$111.96        | \$111.96       |
| 20 yard drop box service per pick-up  | \$74.00        | \$80.00         | \$80.00        |

**Average Customer Charge Comparison – 35 Gallon Cart Customer**

| <b>Monthly Service</b>             | <b>Present</b> | <b>Proposed</b> | <b>Revised</b>        |
|------------------------------------|----------------|-----------------|-----------------------|
| Garbage Component                  | \$10.39        | \$10.95         | \$10.85               |
| Mandatory Recycling                | \$6.22         | \$6.22          | \$6.22                |
| Commodity Credit                   | (\$2.09)       | (\$2.09)        | (\$2.09)              |
| <b>Total Garbage and Recycling</b> | <b>\$14.52</b> | <b>\$15.08</b>  | <b>\$14.98 (3.2%)</b> |

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

**Conclusion**

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Harold LeMay Enterprises, Inc., d/b/a Pacific Disposal and Butlers Cove Refuse Service.
2. Allow the staff recommended revised temporary rates to become effective July 1, 2008, on a permanent basis.