

Agenda Date: August 30, 2012
Item Number: B6

Docket: TG-121044

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

Staff: Amy White, Regulatory Analyst (Lead)
Melissa Cheesman, Regulatory Analyst (Team)

Recommendation

Issue a Complaint and Order Suspending the tariff revisions filed by Harold LeMay Enterprises, Inc., d/b/a Butlers Cove Refuse Service and Pacific Disposal on June 15, 2012, and extended on July 17, 2012.

Discussion

On June 15, 2012, Harold LeMay Enterprises, Inc., d/b/a Butlers Cove Refuse Service and Pacific Disposal (LeMay or the company), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$944,000 (11.57 percent) additional annual revenue. LeMay serves 43,587 residential and 1,486 commercial customers in Thurston County. The filing is prompted by increases in labor, employee benefits, fuel, parts, and equipment. The company's last general rate increase became effective on June 1, 2008.

On July 17, 2012, the company extended the effective date from August 1, 2012, to September 1, 2012.

Commission staff has not completed its review of the company's supporting financial documents, books, and records and we continue to work with the company to resolve specific issues. Staff's current analysis shows the proposed revenue requirement is excessive. Therefore, the company has not demonstrated the proposed rates are fair, just, reasonable, and sufficient.

Rate Comparison

<u>Residential Rates</u>	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
1-20 gal Mini Can Weekly	\$9.32	\$9.15	-1.8%
1-32 gal Can Weekly	\$13.22	\$12.98	-1.8%
1-35 gal Cart Weekly	\$13.25	\$13.01	-1.8%
1-65 gal Cart Weekly	\$19.94	\$19.57	-1.8%
1-35 gal Cart Monthly	\$6.45	\$6.33	-1.8%
Recycling Program Service	\$6.22	\$7.28	17.0%
Multi-Family Recycling with Bins	\$3.84	\$4.57	19.0%

<u>Residential Rates</u>	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
Greenwaste – Yard Waste Service	\$7.60	\$7.69	1.2%
Extra Greenwaste Fee	\$2.25	\$2.28	1.2%
<u>Commercial Rates</u>	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
1.5-Yard Container Weekly	\$20.03	\$19.66	-1.8%
2-Yard Container Weekly	\$25.41	\$24.94	-1.8%
<u>Drop Box</u>	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
20-Yard per Pick-up	\$80.00	\$139.30	74.1%
30-Yard per Pick-up	\$88.00	\$153.20	74.1%

Customer Comments

On June 30, 2012, the company notified its customers of the proposed rate increase by mail. Twenty two comments have been received to date; 17 are opposed, three undecided, and two commented in favor of the proposed rate increase. Customers were notified that they may access documents about this filing 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.

Service Quality

- Two commenters stated that the company should not get an increase due to poor customer service.

Staff Response

Staff is working with these consumers to understand the service issues, and will work with the company to resolve their concerns.

Business Practices

- Three customers said they believe the company should provide every-other-week service.

Staff Response

Staff has asked the company to respond to the customers' concerns.

General Comments

- Seven commenters believe the amount of the requested increase is too high. Four customers said the company should cut its costs to keep rates down. Four customers said the company's costs have declined and rates should do the same. Several customers said they cannot afford the increase, four because they are on fixed incomes, and one who is a low-income customer.

Staff Response

The 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 for the company to earn a reasonable return on investment. Regulatory staff review filings to ensure that all rates and fees are appropriate.

- Two commenters said they are pleased with the company's service and that they support the company's rate request.

Staff Response

Staff acknowledged the customers' comments.

Conclusion

Staff recommends that the commission issue a Complaint and Order to Suspend the tariff revisions filed by Harold LeMay Enterprises, Inc., d/b/a Butlers Cove Refuse Service and Pacific Disposal on June 15, 2012, and extended on July 17, 2012.