

Agenda Date: September 25, 2008
Item Number: B2

Docket: **TG-081071**
Fiorito Enterprises, Inc., & Rabanco Companies d/b/a Kent Meridian
Disposal Co., G-60

Staff: Layne Demas, Transportation Program Staff
Dennis Shutler, Consumer Protection Staff

Recommendation

1. Continue the Complaint and Order Suspending the Tariff Revisions filed by Fiorito Enterprises, Inc., & Rabanco Companies d/b/a Kent Meridian; and
2. Allow temporary rates at the staff recommended revised rates to become effective October 1, 2008, subject to refund.

Discussion

On June 16, 2008, Fiorito Enterprises, Inc., & Rabanco Companies d/b/a Kent Meridian Disposal Co. (Kent Meridian or company) filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate approximately \$2,960,000 (22.6 percent) in additional revenue per year. The tariff revisions propose to increase rates for collecting solid waste, curbside recycling, and yardwaste. The proposed rate revisions are prompted by increases in labor, fuel, medical insurance, pension, other operating expenses, and additional investment in operating equipment. Kent Meridian serves approximately 34,000 residential and commercial regulated customers in southern King County between North Bend, Issaquah and Auburn. Kent Meridian's last rate increase was a pass-through disposal fee increase which became effective on January 1, 2008.

At the July 31, 2008, open meeting, the commission suspended the filing because the company had not yet demonstrated that the proposed rates were fair, just, reasonable and sufficient.

Staff's analysis showed Kent Meridian's proposed rates were excessive. Staff and the company negotiated revised rates that would generate approximately \$1,159,000 (9.63 percent) in additional revenue. On September 17, 2008, the company filed substitute pages with the commission at staff's revised rates.

Customer Comments

Kent Meridian notified its customers of the proposed rate increase by mail on June 30, 2008. The commission received 17 customer comments prior to the July 31, 2008, open meeting. Staff summarized those comments and responded to them in its July 31, 2008, memorandum. The commission has since received six additional comments that did not raise any new issues.

Rate Comparison

<u>Residential - Monthly Rates</u>	<u>Present</u>	<u>Proposed</u>	<u>Revised</u>
One Mini Can – Weekly	\$ 7.36	\$8.45	\$8.14
One 32 Gallon Container per week - Weekly	\$11.40	\$13.03	\$12.60
One 64 Gallon Cart per week – Weekly	\$18.91	\$20.08	\$20.08
Curbside Recycling – Every Other Week	\$5.14	\$7.71	\$5.36
Recycling Commodity Credit	(\$1.40)	(\$1.40)	(\$1.40)
Yardwaste – Every Other Week	\$6.29	\$8.37	\$6.29

Commercial - Per Pick-up

One Yard Container	\$12.06	\$16.63	\$15.01
Two Yard Containers	\$22.22	\$30.61	\$27.66
20 Yard Drop Box	\$113.00	\$134.35	\$113.00

Average Customer Charge Comparison – One 32 Gallon Customer

<u>Monthly Service</u>	<u>Present</u>	<u>Proposed</u>	<u>Revised</u>
Garbage Component	\$11.40	\$13.03	\$12.60
Mandatory Recycling (Net of Commodity Credit)	<u>\$3.74</u>	<u>\$6.31</u>	<u>\$3.96</u>
Total Garbage and Recycling	\$15.14	\$19.34	\$16.56
Voluntary Yardwaste	<u>\$6.29</u>	<u>\$8.37</u>	<u>\$6.29</u>
Total: Garbage, Recycling and Yardwaste	<u><u>\$21.43</u></u>	<u><u>\$27.71</u></u>	<u><u>\$22.85</u></u>
Percent increase		29.3 %	6.63%

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

Conclusion

1. Continue the Complaint and Order Suspending the Tariff Revisions filed by Fiorito Enterprises, Inc., & Rabanco Companies d/b/a Kent Meridian’; and.
2. Allow temporary rates at the staff recommended revised rates to become effective October 1, 2008, subject to refund.