

Agenda Date: August 30, 2012

REVISED August 29, 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**

Take no action, allowing the rates filed June 15, 2012, as revised on August 29, 2012, by Harold Lemay Enterprises, Inc., d/b/a Butlers Cove Refuse Service and Pacific Disposal to become effective on September 1, 2012, by operation of law.

### **Discussion**

On June 15, 2012, Harold LeMay Enterprises, Inc., d/b/a Butlers Cove Refuse Service and Pacific Disposal (LeMay or company), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$944,000 (11.6 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 filed to extend the effective date from August 1, 2012, to September 1, 2012.

Staff's analysis of the company's financial information showed that the company's proposed revenue requirement was excessive. Staff worked with the company to verify that Pacific and Butlers Cove operating expenses were allocated appropriately from total company district costs to determine a reasonable revenue requirement and to complete a cost of service analysis. Staff recommended, and the company agreed, that rates for residential and commercial garbage, and yard waste services should stay at the current tariff rates. Finally, staff and the company agreed to a revised rate design that sets rates at, or below, the original proposed rates and meets the company's revised revenue requirement.

Staff and the company agreed to a revised revenue requirement of \$773,403 (6.02 percent) additional annual revenue. On August 29, 2012, LeMay filed a complete set of substitute pages, including revised rates at staff recommended levels.

**Rate Comparison**

<b><u>Residential Rates</u></b>	<b><u>Current Rates</u></b>	<b><u>Proposed Rates</u></b>	<b><u>Revised Rates</u></b>	<b><u>Percent Increase</u></b>
1-20 Gallon Mini Can Weekly	\$9.32	9.15	9.32	0.0%
1-32 Gallon Can Weekly	13.22	12.98	13.22	0.0%
1-35 Gallon Cart Weekly	13.25	13.01	13.25	0.0%
1-65 Gallon Cart Weekly	19.94	19.57	19.94	0.0%
1-35 Gallon Cart Monthly	6.45	6.33	6.45	0.0%
<b><u>Residential Rates</u></b>	<b><u>Current Rates</u></b>	<b><u>Proposed Rates</u></b>	<b><u>Revised Rates</u></b>	<b><u>Percent Increase</u></b>
Recycling Program Service	6.22	7.28	7.28	17.0%
Multi-Family Recycling with Bins	3.84	4.57	4.57	19.0%
Greenwaste – Yard Waste Service	7.60	7.69	7.60	0.0%
Extra Greenwaste Fee	2.25	2.28	2.25	0.0%
<b><u>Commercial Rates</u></b>	<b><u>Current Rates</u></b>	<b><u>Proposed Rates</u></b>	<b><u>Revised Rates</u></b>	<b><u>Percent Increase</u></b>
1.5-Yard Container Weekly	20.03	19.66	20.03	0.0%
2-Yard Container Weekly	25.41	24.94	25.41	0.0%
<b><u>Drop Box</u></b>	<b><u>Current Rates</u></b>	<b><u>Proposed Rates</u></b>	<b><u>Revised Rates</u></b>	<b><u>Percent Increase</u></b>
20-Yard per Pick-up	80.00	139.30	109.00	36.3%
30-Yard per Pick-up	88.00	153.20	117.00	33.0%

**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.

Staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that the revised expenses are reasonable and required as part of the company's operations, the company's financial information supports the staff's revised revenue requirement and the revised proposed rates and charges are fair, just, reasonable and sufficient. The customers' comments do not change staff's opinion.

### **Conclusion**

Staff recommends that the commission take no action, allowing the rates filed June 30, 2012, and revised on August 29, 2012, by Harold LeMay Enterprises, Inc., d/b/a Butlers Cove Refuse Service and Pacific Disposal to become effective on September 1, 2012, by operation of law.