

Agenda Date: July 26, 2019
Item Number: B3

Docket: TG-190516

Company Name: Harold Lemay Enterprises, Inc. d/b/a Pacific Disposal and Butlers Cove Refuse Service (G-98)
Harold Lemay Enterprises, Inc. d/b/a Rural Garbage Service (G-98)

Staff: Greg Hammond, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Take no action, thereby allowing the tariff pages filed on June 14, 2019, and revised on July 18, 2019, to go into effect by operation of law.

Discussion

On June 14, 2019, Harold Lemay Enterprises, Inc. d/b/a Pacific Disposal and Butlers Cove Refuse Service and Harold Lemay Enterprises, Inc. d/b/a Rural Garbage Service (Pacific and Rural or companies), filed original Tariff No. 9 with the Utilities and Transportation Commission (commission) that would generate approximately \$855,000 (3.1 percent) additional annual revenue in total for the two entities. This filing also includes the merging of the Pacific and Rural operations under a single tariff. Both operations serve Thurston County and share facilities, equipment, and employees. The rate increase is proposed with an effective date of August 1, 2019, and is prompted by additional investment in capital assets and payroll increases, along with increases in other general operating expenses.

Pacific currently serves approximately 135,000 residential, multi-family, and commercial customers in Thurston County. Rural currently serves approximately 10,000 residential and commercial customers in Thurston County. Pacific's last general rate case took effect August 1, 2012, generating \$773,000 (6.0 percent) in additional annual revenue. Rural's last general rate case, which generated \$381,000 (14.3 percent) in additional annual revenue, took effect November 1, 2010.

Commission staff's (staff) review found the proposed rates would result in excessive revenue. Staff made adjustments to the company's depreciation schedule, removing assets that have been transferred to other business units. Staff also removed certain non-allowable bonuses and non-allowable meals and entertainment expenses, among other adjustments. The company and staff have agreed on a revised revenue requirement of approximately \$740,000 (2.7 percent) additional annual revenue, and on revised rates, which are fair, just, reasonable, and sufficient. On July 18, 2019, the company filed revised rates at staff recommended levels.

Rate Comparison

Pacific Disposal

Residential Rates (Monthly)	Current Rates	Proposed Rates	Revised Rates	Increase
20 Gal. Cart Weekly Garbage	\$ 9.32	\$ 9.58	\$ 9.53	2.3%
35 Gal. Cart Weekly Garbage	\$ 13.25	\$ 13.62	\$ 13.55	2.3%
65 Gal. Cart Weekly Garbage	\$ 19.94	\$ 20.49	\$ 20.40	2.3%
95 Gal. Cart Weekly Garbage	\$ 27.89	\$ 28.66	\$ 28.53	2.3%
Every-Other-Week Recycling	\$ 6.25	\$ 6.68	\$ 6.67	6.7%
Every-Other-Week Yardwaste	\$ 7.60	\$ 7.70	\$ 7.60	0.0%
Commercial Rates (Per Pickup)				
1 Yard Container First Pickup	\$ 29.01	\$ 29.81	\$ 29.68	2.3%
2 Yard Container First Pickup	\$ 49.90	\$ 51.28	\$ 51.05	2.3%

Rural Garbage Service

Residential Rates (Monthly)	Current Rates	Proposed Rates	Revised Rates	Increase
20 Gal. Cart Weekly Garbage	\$ 9.76	\$ 9.58	\$ 9.53	-2.4%
35 Gal. Cart Weekly Garbage	\$ 13.14	\$ 13.62	\$ 13.55	3.1%
65 Gal. Cart Weekly Garbage	\$ 20.10	\$ 20.49	\$ 20.40	1.5%
95 Gal. Cart Weekly Garbage	\$ 27.66	\$ 28.66	\$ 28.53	3.1%
Every-Other-Week Recycling	\$ 6.55	\$ 6.68	\$ 6.67	1.8%
Every-Other-Week Yardwaste	\$ 11.01	\$ 7.70	\$ 7.60	-31.0%
Commercial Rates (Per Pickup)				
1 Yard Container First Pickup	\$ 24.05	\$ 29.81	\$ 29.68	23.4%
2 Yard Container First Pickup	\$ 44.50	\$ 51.28	\$ 51.05	14.7%

Customer Comments

On July 01, 2019, the company notified its customers by mail of the proposed rate increase. Customers were notified that they may access relevant documents about this rate increase on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns. Staff received five comments opposed to the rate increase and one in favor.

General Comments

The primary customer concern is the frequency of rate increases. Several customers would like to see more flexibility in how often their garbage is picked up.

Staff Response

Staff informed customers that 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. Customers were also told that commission staff perform a thorough review of rate filings to ensure all rates and fees are appropriate.

Staff helped customers understand their service options and how to contact the company.

Conclusion

Take no action, thereby allowing the tariff pages filed on June 14, 2019, and revised on July 18, 2019, to go into effect by operation of law.