

Agenda Date: February 23, 2005
Item Number: B1 and B2

Dockets: TG-050075 & TG-050076

Company Names: Murrey's Disposal Co., Inc., G-9 and American Disposal Co., Inc.,
G-87

Staff: Bob Colbo, Transportation Program Staff

Recommendation:

Issue a Complaint and Order Suspending the curbside recycling rates, curbside commodity credits, and multi-family commodity credits filed by Murrey's Disposal Co., Inc., in Docket TG-050075, and filed by American Disposal Co., Inc., in Docket TG-050076; allowing the suspended rates and commodity credits to become effective March 1, 2005, on a temporary basis, subject to refund; and, requiring recycle reporting for both companies. Allow all other rates to become effective by operation of law.

Discussion:

On January 14, 2005, each of the above-named companies, both under common rates and ownership, filed a new Tariff 25 proposed to become effective March 1, 2005. The new rates are designed to accomplish four things: 1) recover increased tipping fees of \$89.24 to \$90.15 per ton charged by Pierce County Recycling, Composting and Disposal, LLC, d/b/a Land Recovery, Inc., (LRI); 2) increase the residential recycle rate from \$2.56 to \$4.23 in response to a new single-stream residential curbside recycle program pursuant to Pierce County Code Chapter 8.29; 3) implement up to a 30 percent commodity revenue sharing (depending on whether certain reporting and performance goals established by the county are met) per the provisions of RCW 81.77.185; and 4) adjust the annual deferred recycle commodity credit. Subsequent revised pages were received February 11, 2005, from Murrey's Disposal in Docket TG-050075 implementing the city of Edgewood five percent utility tax and a new hourly hauling rate for transfer trailers per Item 160 – Time Rates.

Overall the combined filings will annually generate \$860,124 (3.61 percent.) Both companies serve in suburban/rural areas of Pierce County excluding major cities, and present rates have been in effect since 1998 except for annual tip fee pass throughs. Consumer Affairs received 16 letters with 12 customers opposed, two because of the new recycle provisions excluding glass. These two filings are concurrent with the filing received from Harold LeMay Enterprises, Inc., d/b/a Pierce County Refuse, Inc. (LeMay), the other major regulated hauler in Pierce County.

The proposed rates attributable to the tip fee increase are straight forward, and the Commission is required to pass through the increases per RCW 81.77.160. Residential rates will increase about \$0.07 per can per month, and commercial increases average about \$0.08 per yard per pickup.

New Pierce County Code Chapter 8.29 represents the first major update of the Pierce County residential curbside recycle program since its inception in 1990, and is designed to increase the diversion of recyclables from the waste stream. The present system utilizes a 3-bin, source-separated commodities approach (picked up every-other-week on the same day as the standard garbage pickup) and includes cardboard, newspaper, mixed paper, glass, aluminum, and tin. The current collection method is manual. The driver gets out of the truck and lifts/throws the separated recyclables into various compartments within the truck. There is currently little or no processing of the collected material. The monthly collection cost of the present system is \$2.56 per customer per month.

Under the new Chapter, service will still be every-other-week, but the commodities picked up will include cardboard, newspaper, mixed-waste paper, tin and aluminum cans, and PET and HDPE plastics. They will be picked up co-mingled in either 96 or 64 gallon wheeled totes. Glass will no longer be picked up at the curb, and instead can be dropped off by customers at various stations located throughout the county. It will no longer be part of the regulated, residential recycling program. All new totes, trucks and service vehicles will be required. With the new semi-automated equipment the driver will position the tote for pickup, but a hoist will lift the can and empty the combined material into the single-compartment, packer truck. The new recycling collection rate for Murrey/American is proposed to be \$4.23, an increase of \$1.67 per customer per month from the present \$2.56. That \$1.67 is the same proposed increase for the same program filed by LeMay, but LeMay's present recycle collection rate is \$2.68. All carriers will report results of the new program to Pierce County, and all should report to the Commission as well since a significant element of the program is the impact of the new thirty percent revenue sharing program that the Commission must include in its report the Legislature per RCW 81.77.185. Staff has reviewed the company's anticipated equipment and operational costs of the new recycle program and finds the \$1.67 increase to be reasonable, possibly even less than what is actually needed.

Staff questions the value Murrey and American receive from their affiliated recycle center, Tacoma Recycling, Inc., for the commodities they collect. Those values for 2004 and into 2005 appear to be significantly less than comparable amounts reported by LeMay from customers in the same geographic area for the same commodities. A comparison of Murrey and American's and LeMay/Pierce County's present rates, proposed rates, and deferred credits is shown on the attachment. We will continue working with the companies to address the differences in commodity values.

Staff therefore recommends that the Commission issue a Complaint and Order Suspending the curbside recycling rates, curbside commodity credits, and multi-family commodity credits filed by Murrey's Disposal Co., Inc., in Docket TG-050075, and filed by American Disposal Co., Inc., in Docket TG-050076; allowing the suspended rates and commodity credits to become effective March 1, 2005, on a temporary basis, subject to refund; and, requiring recycle reporting for both companies. Allow all other rates to become effective by operation of law.

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February 23, 2005
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Attachment