

Agenda Date: June 26, 2014  
Item Number: B1

**Docket:** TG-140086  
Company Name: Rabanco, Ltd.  
dba Tri-County Disposal, G-12

Staff: Ann LaRue, Regulatory Analyst  
Amy White, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendation**

1. Grant the Petition for Authorization of Free or Reduced Rates for Curbside Recycling Collection Service within Klickitat County.
2. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Rabanco, Ltd. dba Tri County Disposal, on January 15, 2014, and revised on February 25, 2014, and allow revised rates filed on June 17, 2014, to go into effect July 1, 2014.

### **Discussion**

On January 15, 2014, Rabanco, Ltd. dba Tri-County Disposal (Tri-County or company), filed revisions to Tariff No. 8 with the Utilities and Transportation Commission (commission) that would generate approximately \$229,000 (19.1 percent) additional annual revenue. The proposed increase was prompted by the company taking over collection service to 905 residential and commercial customers in the City of White Salmon (city)<sup>1</sup> and increased costs for labor, fuel, maintenance, healthcare, pension, and other general operating expenses. Tri-County Disposal serves approximately 4,800 residential and commercial customers in Klickitat, Skamania, and Yakima Counties. The company's last general rate increase became effective December 1, 2011.

On February 25, 2014, the company filed revised tariff pages at staff recommended levels, which were allowed to go into effect March 1, 2014, on a temporary basis, subject to refund. All of the temporary rates are lower than the company's proposed rates. The commission set rates on a temporary basis because the company had no rates for service within the City of White Salmon and the company had not completed the purchase of the City of White Salmon's assets. The company has since completed the purchase of the City of White Salmon's assets.

During the review, staff discovered that the company provides residential recycling services at no cost to Klickitat County residents and that service was not published in the company's tariff. Residential recycling is a regulated service. Klickitat County is the site of the Roosevelt Landfill, which is owned and operated by Republic Services. Republic Services is also the parent company of Rabanco, Ltd, and Tri-County Disposal. The company stated and substantiated that

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<sup>1</sup> Collection services were provided by the City of White Salmon until March 1, 2014, and are currently provided by Tri-County Disposal following the City of White Salmon relinquishing its territory.

providing the service without charge to Klickitat County residents is a condition of the “host agreement” between Roosevelt Landfill and Klickitat County. In the past, Roosevelt Landfill has reimbursed, at cost, Tri-County Disposal for providing the residential recycling services.

Staff and the company agree that WAC 480-70-336 requires the company to publish this free service in the company’s tariff. On June 13, 2014, the company filed a Petition for the Authorization of Free and Reduced Rates for Curbside Recycling Services in Klickitat County. The Petition cites RCW 81.28.080 and WAC 480-70-336 as the basis for allowing free services under the tariff. Staff finds that the proposed service fits the requirements of this statute and recommends that the commission grant the company’s petition.

Staff’s review found the proposed rates would result in excessive revenue. The company and staff have agreed on a revised revenue requirement of approximately \$158,000 (11 percent) additional annual revenue and on revised rates, which are fair, just, reasonable, and sufficient. Staff allocated expenses to both garbage and residential recycling services, and used only expenses related to garbage collection to set rates for garbage collection. All of the revised rates are greater than the temporary rates, allowed to become effective March 1, 2014, but less than the company’s original proposed rates. On June 17, 2014, the company filed revised rates at staff recommended levels.

### **Rate Comparison**

<b>Residential Monthly Rates</b>	<b>Current Rate</b>	<b>Company Proposed Rate</b>	<b>Temporary Rate</b>	<b>Revised Rate</b>	<b>Revised Increase</b>
1 Can	11.99	14.40	12.69	13.31	11%
2 Cans	15.92	19.12	16.84	17.67	11%
3 Cans	19.63	23.58	20.77	21.79	11%
4 Cans	23.53	28.26	24.89	26.12	11%
<b>City of White Salmon</b>					
35-Gallon Toter	NA	14.40	12.69	13.31	
65-Gallon Toter	NA	20.76	17.76	18.63	
95-Gallon Toter	NA	28.80	25.75	27.02	
<b>Commercial Per Pickup Rates</b>					
32-Gal Can	2.57	3.09	2.70	2.85	10.9%
1.5-Yard Container	15.60	18.74	16.50	17.30	10.9%
2-Yard Container	19.76	23.74	20.90	21.95	11.1%
3-Yard Container	26.13	31.39	27.65	29.00	11.1%
<b>City of White Salmon</b>					
35-Gallon Toter	NA	14.40	2.70	2.85	
65-Gallon Toter	NA	20.76	4.10	4.30	
95-Gallon Toter	NA	28.80	5.95	6.25	
1-Yard Container	NA	13.12	11.00	11.55	
<b>Drop-Box Service</b>					
40-Yard Container	135.10	162.30	142.95	149.95	11%

### **Customer Comments**

On January 28, 2014, the company notified its customers of the proposed rate increase by mail. Staff received 11 consumer comments, all opposed to the 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 jcupp@utc.wa.gov with questions or concerns.

### **General Comments**

- Seven customers stated that the amount of the proposed increase is excessive. Several are senior citizens living on fixed incomes.

### **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 reviews filings to ensure that all rates and fees are appropriate.

### **Conclusion**

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