Ex \_\_\_\_ (LAS-7)

Agenda Date:

February 9, 1994

Item Number:

31

Docket:

TG-931585

Company Name:

Seattle Disposal Co., Rabanco Ltd., d/b/a Eastside

Disposal and Container Hauling, G-12

Staff:

Layne Demas, Revenue Requirements Specialist

Curt Bjorkheim, Revenue Requirements Specialist Nancy Stanton, Public Involvement Coordinator

## Recommendation:

Approve the filing by Eastside Disposal in Docket TG-931585 with staff recommended rates to become effective February 15, 1994.

## Discussion:

On December 28, 1993, Eastside Disposal filed for increased residential garbage and residential recycle rates in Docket TG-931585. The primary reasons for the filing are to recover wage increases, recycling cost increases, and increased B&O taxes. Rabanco Recycle, an affiliated company, has increased the processing fee for recyclable products. Staff has reviewed the recycling processing fee and is of the opinion that it is fair, just, and reasonable. The company is filing for increased residential garbage and recycle rates.

Eastside Disposal serves approximately 22,000 residential and 1,000 commercial regulated customers in King County on the east side of Lake Washington. It also has service contracts with the cities of Bellevue, Mercer Island and Lake Forest Park.

The Commission received 136 letters opposing the proposed rate increase. Customers believe the proposed rate increase is excessive. Many state that they are living on fixed incomes and believe that the company could better control costs. Customers also state that they feel they are doing their part in recycling and believe their efforts at reducing waste should help lower costs. Customers also express concerns that escalating rates will result in an increase in illegal dumping.

Staff has completed an investigation of Eastside Disposal's separated regulated books and records for the test period ended June 30, 1993. The results of this investigation are shown on Attachments 1, 2, 3, and 4. The company resubmitted the appropriate revised pages at staff recommended levels on February 3, 1994.

The following table represents a sampling of current, proposed, and staff recommended rates:

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	Current	Proposed	Staff Recommended	
Residential	221711	TTOPOSEU	Veconimiended	
Monthly rate for weekly	•			1
pickup. Includes the recycle co	mponent		•	
minican	\$5.64	\$10.15	\$ 9.65	1
One can	9.01	11.52	10.90	1
Two can	12.28	13.60	12.75	1
Three can	15.80	17.00	15.80	
Yardwaste Component	6.00	N/A	N/A	
Recycle Component	4.03	4.15	4.44	-
		-		

There is no proposed increase in commercial rates.

Originally proposed rates would have generated approximately \$344,000. The staff recommended rates will generate additional revenues of approximately \$286,000. The increase in the recycle component will generate approximately \$110,000 (9%) in additional revenues while the rates will generate additional garbage revenues of \$176,000 (6.8%) with anticipated operating ratios of 92.23% and 96.06% respectively. The operating ratio targets were calculated using the modified Lurito/Gallagher operating ratio methodology.

Staff recommends that the filing in Docket TG-931585 be approved with staff recommended rates to become effective February 15, 1994.

Attachments

Pevenues	Per Books	Garbage Restating Adj	Per Books Garb Exp. Restated	Non Regulated Operations	Regulated Operations	Pro forma Adjustments	Pro forma Before Rates
Residential	8,015,664	(182,379)	7,833,285	4,213,398	3,619,888	211,717	3,831,605
Commercial	6,704,263	78,504	6,782,767	5,128,506	1,654,261		1,657,700
Dropbax	1,289,453	16,744	1,306,196	1,052,790	253,406		257,355
Pass-through	2,407,721		2,407,721	1,911,144	496,578		496,578
Late fees	61,638		61,638	41,045	20,592		20,592
Recyclables	492,782	(3,483)	489,299	87,661	401,638		
Container Rent	1,012,183		1,012,183	745,865	266,318		
Common Carrier	49,308		49,308		49,306		49,308
Other	57,607		57,607	56,809	798		798
Storm Cleanup	298,060		298,060	298,060			
City Tax	307,428	84,906	392,334	335,398	56,937		<b>\$</b> 6, <b>93</b> 7
Total Revenue	20,696,108	(5,708)	20,690,399	13,870,676	6,819,723	196,003	7,015,726
Expenses							
Mechanic wages	378,338		378,338	231,755	146,583	7,005	153,588
Oriver & Sup wages	2,122,151		2,122,151	1,298,177	823,973	14,969	838,942
Office Wages	92,237		<b>9</b> 2,237	58,771	33,457	·	33,457
RAM	903,376	(285)	903,092	545,855	357,236		357,236
Texes & Fees	2,885,838	(233,362)	2,652,476	2,212,435	440,041	39,729	479,770
Emp. Benefits	512,123	411	512,535	314,915	197,619		197,619
Fayroli Taxes	433,484		433,484	266,514	166,970	5,748	172,718
Fuel Tires	355,521	(3,202)	352,319	214,397	137,923		137,923
Office Exp	172,435		172,435	109,871	62,565	7,847	70,411
Disposal Fees	8,415,448	4,040	8,419,488	5,869,231	2,550,257		2,550,257
Recycle Proc. Yardwaste Proc	610,087		610,087	104,871	505,216	196,821	702,037
Volvert promo	65,250	(1,047)	64,202	40,908	23,294		23,294
Angint Fee	1,549,434	(289,504)	1,259,930	786,715	473,214		473,214
Misc.	23,331	5,337	28,669	17.687	10.982		10,982
Insurance	301,079	(38,227)	262,851	162,092	100,759		100,759
Professional Serv	52,144	• • •	52,144	33,225	18,919		18,919
<b>Utilities</b>	49,782	(1,463)	48,319	30,787	17.532		17,532
Bad Debts	13,321	26,107	39,429	26,485	12.944		12.944
Regulatory Fees	11,563	2,823	14,387		14,387		14,387
Depreciation	1,112,858	(2,650)	1,110,208	609.886	500,321		500,321
Donation, dues	21,468	(9,419)	12,049	7.678	4,372		4,372
Bullding Rent	126,391	60,000	186,391	118,707	67,685	21,777	89,462
Misc. Income	(202,265)	145,587	(56,678)	(36,114)	(20,565)		(20,565)
Total Operating Expenses	20,005,394	(334,854)	19,570,541	13,024,846	6,645,695	293,896	6,939,590
Net Oper, income BFIT	690,713		1,019,859		174,029		76,136
Operating Ratio	96.66%		95.07%		<b>9</b> 7.45%		98.91%
Avg. Invest	3,195,863		3,195,863	1,358,819	1,837,044		1,837,044
Return on Investment	19.59%		25.39%		11.36%		7.85%

Proposed Rates   Commercial Rates	EASTSIDE DISPOSAL Results of operations		Proposed Rates		Effect		Effect		Effect	Attachment 2
Rates	Year Ended June 30, 1993		Residential	Revised	Of Revised	Dennecad		Da da a		*
1.657.700   1.657.700   1.657.700   1.657.700   1.657.700   1.657.700   1.657.700   1.657.700   1.657.700   1.657.700   1.657.700   1.657.700   1.658.700   1.65	Revenues	Rates	Commercial	Rates	Rates	Rates	Rates	Rates	Rates	
1,857,700   1,85	Residential	308,056	2,696,242	175,981	2,564,167	34,878	1.135.225	109,998	1210345	843.071
### ### ### ### ### ### ### ### ### ##	Commercial			•		,	.,		1210010	<b>5.15</b> /5. 1
### 25.00	Dropbox					•			_	
135,980   135,980   240,793   240,793   240,792.5   250,000   255,000   26							•		•	•
Container Rent							•			•
Common Carrier inter							240,793	•	240792.5	•
#### 798										
tiom Cleanup thy Tax		-								
tity Tax					,,,,			•		
Section   Sect	Ity Tax		<b>5</b> 6, <b>9</b> 37		<b>5</b> 6, <b>93</b> 7					
Sechanic wages   110,176   110,176   30,461   30,461   12,951   173,543   49,369   173,543   173,543   49,369   173,543   173,543   49,369   18,062   18,062   19,062   19,062   111,063	Total Revenue	308,056	5,639,571	175,981	5,507,496	34,878	1,376,018	109,998	1,451,138	343,071
rive & Sup wages	expenses									
## ## ## ## ## ## ## ## ## ## ## ## ##										
A M   212,580   212,580   111,063   111,063   33,594   axes & Fees   6,562   426,804   3,748   423,991   743   47,578   2,343   49,178   12,693 mp. Benefits   149,544   149,544   37,361   37,361   10,715   ayroll Taxes   130,488   130,488   32,420   32,420   9,811   11,786   res   12,119   82,119   34,018   34,018   11,786   res   15,503   16,533   1							173,543		173,543	49,369
Exces & Fees 6,562 426,804 3,748 423,991 743 47,578 2,343 49,178 12,693 mp. Benefits 149,544 149,544 37,361 37,361 10,715 ayroll Taxes 130,488 32,420 32,420 9,811 livel 92,119 92,119 34,018 34,018 11,786 mes 149,544 149,544 37,361 37,361 10,715 ayroll Taxes 130,488 32,420 32,420 9,811 livel 92,119 92,119 34,018 34,018 11,786 mes 149,544 1,183 lisposal Fees 2,533,718 2,533,718 16,539 16,539 ayroll Free 2,1179 221,179 480,858 480,858 ayroll Fees 2,1179 221,179 480,858 480,858 ayroll Fees 384,174 384,174 70,716 70,716 18,3 ayroll Fee 384,174 12,944 12,9			,				444 000		444.555	
mp. Benefits 149,544 149,544 37,361 37,361 10,715 syroll Taxes 130,488 130,488 32,420 32,420 9,811 uel 92,119 92,119 34,018 34,018 11,786 lifes 6 92,119 92,119 34,018 34,018 11,786 lifes 7,665 67,665 67,665 1,554 1,554 1,183 lisposal Fees 2,533,718 2,533,718 16,539 16,539 ecycle Proc. 221,179 221,179 480,858 480,858 erovasts Proc (67,111) (67,111) when promo 23,294 23,294 angent Fee 384,174 384,174 70,716 70,716 70,716 18,3 lisc. 8,453 8,453 1,827 1,827 702 surrance 66,082 66,082 26,807 26,807 7,870 or of essional Serv 18,919 18,919 18,919 libities 17,532 17,532 17,532 17,532 epreciation 172,155 172,155 267,593 267,593 60,574 and Debts 1,232 10,464 704 9,835 140 3,922 440 4,223 1,372 epreciation 172,155 172,155 267,593 267,593 60,574 and Debts 4,372 4,372 4,372 expreciation 172,155 (20,565) 178 178 68 libiting Expenses 7,794 5,293,697 4,452 5,290,356 882 1,336,436 2,783 1,338,336 318,133 at Operating Expenses 7,794 5,293,697 4,452 5,290,356 882 1,336,436 2,783 1,338,336 318,133 at Operating Expenses 7,794 5,293,697 4,452 5,290,356 882 1,336,436 2,783 1,338,336 318,133 at Operating Expenses 7,794 5,293,697 4,452 5,290,356 882 1,336,436 2,783 1,338,336 318,133 at Operating Expenses 7,794 5,293,697 4,452 5,290,356 882 1,336,436 2,783 1,338,336 318,133 at Operating Expenses 7,794 5,293,697 4,452 5,290,356 882 1,336,436 2,783 1,338,336 318,133 at Operating Expenses 7,794 5,293,697 4,452 5,290,356 882 1,336,436 2,783 1,338,336 318,133 at Operating Expenses 7,794 5,293,697 4,452 5,290,356 882 1,336,436 2,783 1,338,336 318,133 at Operating Expenses 7,794 5,293,697 4,452 5,290,356 882 1,336,436 2,783 1,338,336 318,133 at Operating Expenses 655,619 655,619 655,619 791,005 791,005 791,005 390,420		e ees		3 748		7/0		0040		
### 130,488	Emp. Benefits	0,002		G,/40		743		2,343		
Second   S	Payroli Taxes									
fines Exp	ivel									
Isposal Fees   2,533,718   2,533,718   16,539	Tires		·						57,515	,
Sposal Fees   2,533,718   2,533,718   16,539   17,511   17,511   17,511   17,511   17,511   17,512   17,512   17,512   17,532	Office Exp								1,554	1,193
ardwaste Proc (87,111) (87,111	Disposal Fees						16,539		16,539	• • • •
Avert promo 23,294 23,294 23,294 23,294 23,294 23,294 23,294 23,294 23,294 23,294 23,294 23,294 23,294 23,294 23,294 24,277 18,27 70,716 18,2 70,716 1							480,858		480,858	
Agrit Fee 384,174 384,174 70,718 70,716 18.3.  isc. 8,453 8,453 1,827 1,827 702  surance 66,082 66,082 26,807 26,807 7,870  triessional Serv 18,919 18,919  tillies 17,532 17,532  ad Debts 12,944 12,944  egulatory Fees 1,232 10,464 704 9,835 140 3,922 440 4,223 1,372  epreciation 172,155 172,155 267,593 267,593 60,574  conation, dues 4,372 4,372  dilding Rent 89,216 89,216 178 178 68  esc. income (20,565) (20,565)  trial Operating Expenses 7,794 5,293,697 4,452 5,290,356 882 1,336,436 2,783 1,338,336 318,133  et Oper. Income BFIT 345,874 217,140 39,582 112,801 24,838  perating Ratio 93,87% 96,06% 97,12% 92,23% 92,73%  eg. invest 655,619 655,619 791,005 791,005 390,420	· · - <del></del>									87,111
isc. 8,453 8,453 1,827 1,827 702  surance 66,082 66,082 26,807 26,807 7,870  rofessional Serv 18,919 18,919  idities 17,532 17,532  ad Debts 12,944 12,944  spullatory Fees 1,232 10,464 704 9,835 140 3,922 440 4,223 1,372  spreciation 172,155 172,155 267,593 267,593 60,574  conation, dues 4,372 4,372  coliding Rent 89,216 89,216 178 178 68  rotal Operating Expenses 7,794 5,293,697 4,452 5,290,356 882 1,336,436 2,783 1,338,336 318,133  pri Oper, Income BFIT 345,874 217,140 39,582 112,801 24,938  perating Ratio 93,87% 96,08% 97,12% 92,23% 92,73%  rg, Invest 655,619 655,819 791,005 791,005 390,420							<b>70 940</b>		<b>30</b> 346	
surance         66,082         66,082         66,082         26,807         26,807         7,870           rofessional Serv         18,919         18,919         18,919         18,919         18,919         18,919         11,532         17,532         17,532         17,532         17,532         17,532         12,944         12,942         12,742         12,752         12,752         12,752         12,752         12,752         12,752         12,752         12,752         12,752         12,752         12,752         12,752         12,752         12,753         12,753         12,753         12,753         12,753         12,753         12,753         12,753         12	Aisc.									
tofessional Serv         18,919         18,918         20,522         440         4,223         1,372         20,573         20	naurance					•				
tilities 17,532 17,532 17,532 12,944 12,944 12,944 12,944 12,944 12,944 12,944 12,944 12,944 12,944 12,945 140 3,922 440 4,223 1,372 172,155 172,155 267,593 2	rofessional Serv						<i>æ,</i> 00/		Ø,5U/	7,67Ų
12,944 12,945 12,945 14	tilities .									
### ### ##############################	ad Debts		12,944							
### 172,155	legulatory Fees	1,232		704		140		440		1,372
## 178 ##	epreciation		172,155		172,155	• •	267,593			60,574
sc. Income (20,565) (20,565)  tal Operating Expenses 7,794 5,293,697 4,452 5,290,356 882 1,336,436 2,783 1,338,336 318,133  et Oper. Income BFIT 345,874 217,140 39,582 112,801 24,938  perating Ratio 93,87% 96,06% 97,12% 92,23% 92,73%  rg. Invest 655,619 655,619 791,005 791,005 390,420	onation, gues									
tal Operating Expenses 7,794 5,293,697 4,452 5,290,356 882 1,336,436 2,783 1,338,336 318,133 at Oper. Income BFIT 345,874 217,140 39,582 112,801 24,938 perating Ratio 93,87% 96,06% 97,12% 92,23% 92,73% og. Invest 655,619 655,619 791,005 791,005 390,420							178		178	68
perating Ratio 93.87% 96.06% 97.12% 92.23% 92.73% 99.1005 791,005 390,420				<del></del>				· · · · · · · · · · · · · · · · · · ·		
perating Ratio 93.87% 96.06% 97.12% 92.23% 92.73% 92.73% 92.10% 955,619 655,619 791,005 791,005 390,420		7,794		4,452	5,290,356	882	1,336,436	2,783	1,338,336	318,133
rg. Invest 655,619 655,619 791,005 791,005 390,420	let Oper, Income BFIT		345,874		217,140		39,582		112,801	24,938
	Operating Ratio		93.87%		96.06%		97.12%		92.23%	9273%
rium on investment 39.93% 26.97% 9.56% 15.57% 7.00%	lvg. <b>inves</b> t		655,619		655,619		791,005		<b>79</b> 1,005	390,420
	Return on Investment		39.93%		26.97%		9.56%		15.57%	7.00%
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230,362 Restriction Adjustments (1,047) (200,504) 6,337 (3,022) 0 (1,463) 20,107 20,103 (2,634) (6,418) (6,418) (334,884) Affectioners 3 April 2 Peril 90,00 2,623 **28**, 107 **18**,107 Adjet Employee Ŧ Ē Adjust Utility Experies T. 483 (289,804) (1,463) Adjust / Management / Fee E (200,004) Adjust Collection I Experse 6,13 EX. Adjust Depn Expense 7,000 (2,850) Non-allowed Expenses 1.047 (B.419) (10.487) Adjust Disposal Fore 3 4.0 6.0 Adjust Haz weete and Seles Tex (230,382) (9.502) (233,382) (3,202) Actal to Actal to Restate Restate
Reserve to Wages to
Actual Actual (182,378) 78,504 16,744 (3,45) 200 **8**,79 EASTSTDE DISPOSAL Rectating Adjustments Year Ended June 30, 1983 Common Carrier Other Storm Cleanup Recyclables Container Bant Pass-Broud Total Persente faxes & Fees Emp. Benefits Commercial Premies Drapbox in the City Tex

7 5.3

ASTSIDE DISPOSAL	to forms Adjustments	ner Ended Arres 20, 1983
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## Pro forms   Pro	Pro forms Adjustments							•
7,006 14,000 14,000 17,006 17,006 17,006 17,007 190,0021 190,0022	eer Ended June 30, 1983	Pro forms Incresse Wages	Pro forma Part Promose	Pro forma Billing Cost	Proforma Regulated Recycle Program	Proforma Regulated Garbage Program	Pro forma Exclas	Total Ppro forma Adjustmente
7,006 14,006 14,006 17,007 1,0	esidential	-		 	190,463	12,254		211,717
7,006 14,000 6,740 7,047 77,18 190,021 190,021 190,021	ropbox					9,949		3,436
7,006 14,000 8,740 17,047 177,18 8,772 190,001 190,001	ate fees ecyclibles	٠.			(21,865)			(21,865)
7,006 14,000 17,047 1,047 1,146,001 190,021 0 30,723	Container Rent Common Carter Other					(1.237)		(1,237)
7,005 14,000 1,740 7,947 190,021 0 30,728	form Channep Ay Taox							
7,000 14,000 7,047 190,021 190,021 190,022 190,02 19	Total Revenue							186,003
29,728  1,007  1,007  1,007  1,007  1,007  1,00,021  1,007	Expenses Mechanic wages	7,008						200
1,947 1,947 199,621 19,722 27,722 21,724 21,724 21,725 21,725 21,726 21,726 21,726 21,726 21,726 21,726 21,726	river & Sup weges Mce Wages A M	<b>*</b>						14,000
7,047 190,021 77.73 87,72 0 150,021 0 20,720	ares & Fore						87.72	38,726
1,947 190,021 S1,772 E1,772 190,021 0 30,729	syroll Taxes	8,748						8,740
1,047 100,021 177.72 1,722 1,723 1,724 1,047 1,0	<b>.</b>							
81,777 81,777 87,728	ffice Exp Inpowel Fees			7.947				7,947
81,777 87,722 81,777 7,947 199,921 0 39,729	ecycle Proc.				190,621			156,821
81,777 87,722 81,777 7,047 100,021 0 30,720	dvert promo							
81,777 87,722 81,777 7,947 199,821 0 38,729	ec.					•		
\$1,777 \$7,722 \$1,777 7,047 180,021 0 30,720	Office stored Bery							
27,722 21,777 7,047 100,021 0 30,720	ad Debts							
81,777 87,722 81,777 7,047 100,021 0 30,720	eguletory Fees							
27,72 £1,777 7,647 180,021 0 30,720	antibor, dues	-						
87,722 81,777 7,847 186,621 0 38,728	eo. Income							£.
	Aid Operating Expenses	27,72	M.77	7.947	199,621	•	87.88	283,696
	Not Operating Income						•	200