

Agenda Date: January 28, 2016
Item Numbers: B2, B3, B4 and B5
Dockets: TG-152369, TG-152371, TG-152374 and TG-152383
Company Names: Rabanco Ltd, G-12, doing business as: Eastside Disposal, Rabanco Companies and Rabanco Connections; SeaTac Disposal, Republic Services; Lynnwood Disposal and
Fiorito Enterprises, Inc. & Rabanco Companies, G-60, doing business as: Kent-Meridian Disposal, Allied Waste Services of Kent, Republic Services of Kent.
Staff: Scott Sevall, Regulatory Analyst

Recommendation

1. Issue orders exempting each of the following dockets, TG-152369, TG-152371, TG-152374 and TG-152383, from portions of the work paper requirements of WAC 480-07-520(4).
2. Allow the revision to the filed affiliate agreement with Rabanco, Ltd., to process residential recycling from \$68.39 per ton to \$72.31 per ton.
3. Allow the recovery of an increase in processing fees reflected in revised residential recycling tariffs filed on December 17, 2015, revised on January 20, 2016, to become effective February 1, 2016, by operation of law.

Discussion

On December 17, 2015, Rabanco LTD filed revisions with the Utilities and Transportation Commission (commission) to its effective tariffs on behalf of its operating units:

- 1) Eastside Disposal, et. al., (Eastside), filed revisions to its Tariff No. 11 (*TG-152369*);
- 2) SeaTac Disposal, et. al., (SeaTac), filed revisions to its Tariff No. 26 (*TG-152371*);
- 3) Lynnwood Disposal et. al., (Lynnwood), filed revisions to Tariff No. 4 (*TG-152374*);
- 4) Fiorito Enterprises, Inc. & Rabanco Companies dba Kent-Meridian Disposal Company, et. al., filed revisions to its Tariff No. 27 (*TG-152383*).

The tariff revisions represent a passthrough of a \$3.92 (5.7 percent) increase in the per-ton recycling processing fee charged to Rabanco by its materials recovery facility (MRF). The increased recycling processing fees increase residential recycling rates from \$0.10 to \$0.13 (1.4 to 1.7 percent) per month across the companies.

The proposed increase will result in approximately \$78,000 (0.27 percent) additional annual revenue across the four companies which serve 56,000 residential recycling customers in King County. The date of each company's most recent general rate case is shown in the table below, along with the monthly rate impact for customers of the respective companies.

This recycling rate increase is a direct result of the City of Seattle’s city council passing a minimum wage ordinance (ordinance 124490) phasing in a minimum wage increase effective on April 1, 2015.¹ The parent company, Rabanco, Ltd., also owns the Material Recovery Facility (MRF) that provides recycling service to its affiliates, since the facility is located in Seattle it has been impacted by the ordinance. Currently, the four companies has an affiliate agreement with the facility to process their residential recycling at \$68.39 per ton. Rabanco, Ltd. has filed a revised agreement reflecting \$72.31 per ton. Staff has reviewed the agreement and related supporting material and recommends the commission take no action and allow the revision to become effective.²

In separate filings, listed above, each company is requesting an increase to its residential recycling rates to recover the increased labor costs that have been mandated by the city of Seattle. Since the approval of the ordinance, a contract addendum with the new hourly rate has been executed between the companies and the MRF, increasing operating costs.

After the examination of the submitted work papers, staff concludes that the “line sorters,” those MRF employees who pull non-recyclable material from the recycle stream, are the only workers receiving mandated wage increases.

Staff Analysis of Costs and Rate Effects

MRF Processing November, 2014 - October, 2015			
Annual MRF Tonnage	Regular Wage Hours	Overtime Hours	Processing Fee Per Ton
209,710	149,033	18,611	\$ 68.39
MRF Contract Hourly Costs			
	January 1, 2015	January 1, 2016	Difference
Regular Wage	\$ 14.03	\$ 18.76	\$ 4.73
Overtime Wage	\$ 20.66	\$ 26.94	\$ 6.28
Cost Increase			
Regular Hours			\$ 704,926
Overtime Hours			\$ 116,877
Total Cost Increase			\$ 821,803
Annual MRF Tonnage			209,710
Per Ton Increase			\$ 3.92

¹ Seattle Municipal Code, “[Chapter 14.19](#) – Minimum Wage and Minimum Compensation Rates for Employees Performing Work in Seattle.” December 17, 2015.

² [RCW 81.16.020](#) Dealings with affiliated interests – Prior filing with Commission required – Commission may disapprove.

Docket	TG-152369	TG-152371	TG-152374	TG-152383
DBA	Eastside	SeaTac	Lynnwood	Fiorito
Residential Tons	4,103	2,033	5,996	7,794
Residential Customers	10,418	6,485	16,845	22,516
Annual Revenue Increase	\$ 16,078	\$ 7,965	\$ 23,495	\$ 30,541
Per Customer Annual Increase	\$ 1.54	\$ 1.23	\$ 1.39	\$ 1.36
Monthly Rate Increase	\$ 0.13	\$ 0.10	\$ 0.12	\$ 0.11
Current Tariff Rate	\$ 9.10	\$ 6.96	\$ 6.90	\$ 7.79
Revised Tariff Rate	\$ 9.23	\$ 7.06	\$ 7.02	\$ 7.90
Rate Increase Percentage	1.4%	1.5%	1.7%	1.5%
Effective Date of Last Increase	4/1/2015	9/1/2015	8/1/2012	7/1/2015

As part of each of the filings, the companies are also asking for an exemption from portions of WAC 480-07-520(4), the workpaper filing requirements for solid waste collection companies.

These filings are intended to provide temporary economic relief while the minimum wage increases are being phased in. Once the final increase is phased in, on January 1, 2017, the companies have agreed to file general rate cases for recovery of further cost increases related to the MRF processing fee, along with other rising costs as applicable.

Upon completion of its audit of the companies' supporting data, staff concludes the proposed increase in recycling rates, as revised, are fair, just, reasonable, and sufficient.

Customer Comments

Customers will be notified of the changes in the recycling rate on the next customer billing after the February 1, 2016, effective date. No comments have been received regarding this filing.

Conclusion

Staff recommends the commission:

1. Issue orders exempting each of the following dockets, TG-152369, TG-152371, TG-152374 and TG-152383, from portions of the workpaper requirements of WAC 480-07-520(4).
2. Allow the revision to the filed affiliate agreement with Rabanco, Ltd., to process residential recycling from \$68.39 per ton to \$72.31 per ton.
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