

Agenda Date: August 28, 2014
Item Number: B1

Docket: TG-141091
Company Name: Rubatino Refuse Removal, Inc.

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

Recommendation

Take no action, thereby allowing the proposed rates filed on May 15, 2014, as revised on August 15, 2014, to become effective September 1, 2014, by operation of law.

Discussion

On May 15, 2014, Rubatino Refuse Removal, Inc. (Rubatino or company), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$844,516 (4.9 percent) additional annual revenue. The proposed increase was prompted by increases in wages, postage, fuel, insurance, and other operating expenses. Rubatino currently serves approximately 20,000 residential, commercial, and drop box customers in Snohomish County. The company's last general rate increase became effective June 1, 2009.

Staff sent multiple data requests and investigated several issues. The primary issue is the company's capital structure. The company's actual capital structure shows negative equity, but the company filed its case using a hypothetical capital structure of 40 percent debt and 60 percent equity. The company acquired debt and loaned funds to two affiliate companies, which the company stated had been paid back in full. Staff requested, but the company did not provide, the supporting transactions. Staff disallowed the hypothetical capital structure and used the company's actual capital structure in accordance with TG-900657 Fourth Supplemental Order and TG-900658 Fifth Supplemental Order. Other staff adjustments included affiliate transactions, unsupported expenses, and payroll increases.

Commission staff has completed its review of the company's supporting financial documents and data request responses and concludes the company's proposed rates would result in excessive revenue. The company and staff have agreed to a revised revenue requirement of approximately \$169,000 (1.1 percent) additional annual revenue and on lower revised rates, which are fair, just, reasonable, and sufficient. On August 15, 2014, the company filed revised pages at staff recommended levels.

Rate Comparison

Residential Monthly Rates (weekly service)	Current Rate	Company Proposed Rate	Staff Revised Rate	Increase
1 Can	\$13.15	\$14.00	\$13.29	1.07%
2 Cans	\$18.90	\$20.13	\$19.10	1.07%
3 Cans	\$24.15	\$25.72	\$24.41	1.07%
Recycle Only	\$7.95	\$8.75	\$8.04	1.07%
Yardwaste	\$8.90	\$9.85	\$9.00	1.07%
Multi Family Recycle				
1-Yard Container	\$73.14	\$77.67	\$73.92	1.07%
2-Yard Container	\$126.11	\$134.01	\$127.46	1.07%
Commercial Per Pickup Rates				
32-Gal Can	\$2.56	\$2.71	\$2.59	1.07%
1-Yard Container	\$32.22	\$34.09	\$32.57	1.07%
2-Yard Container	\$44.59	\$47.18	\$45.07	1.07%
3-Yard Container	\$58.83	\$62.24	\$59.46	1.07%
Drop-Box Service				
35-Yard Container	\$186.95	201.91	\$188.95	1.07%

Customer Comments

On May 31, 2014, the company notified its customers of the proposed rate increase by mail. Staff received two consumer comments regarding the proposed rate increase; one from a customer opposed to it and one in favor. 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.

Business Practices

- One customer believes the company should not be allowed to charge customers for recycling unless they use the service.

Staff Response

Staff explained that the recycling fee is required to be charged to garbage customers by county ordinance.

Conclusion

Take no action, thereby allowing the proposed rates filed on May 15, 2014, as revised on August 15, 2014, to become effective September 1, 2014, by operation of law.