

Agenda Date: November 13, 2008  
Item Number: B1

**Docket:** **TG-081886**  
Company Name: Harold LeMay Enterprises, Inc., G-98  
d/b/a City Sanitary, Joe's Refuse and White Pass Garbage

Staff: Nicki Johnson, Regulatory Analyst  
Dennis Shutler, Consumer Protection Staff

### **Recommendation**

Take no action on this filing at this time to allow for customer comments.

### **Discussion**

On October 17, 2008, Harold LeMay Enterprises, Inc., d/b/a City Sanitary, Joe's Refuse and White Pass Garbage (LeMay or company), filed with the Utilities and Transportation Commission (commission) tariff revisions for garbage collection that would generate \$124,000 (2.8 percent) in additional revenue per year. The company serves approximately 12,000 customers in Lewis County. The proposed rates are prompted by increases in labor, fuel, and insurance costs. The company's last general rate increase became effective in August 2006.

Today's presentation allows customers or other parties to make comments to the commission concerning the company's proposed rates. No action is required by the commission. Staff will make its recommendation to the commission at the open meeting scheduled for November 26, 2008.

### **Customer comments**

On October 24, 2008, the company notified its customers of the rate increase by mail. The commission has received seven customer comments on this filing. Most customers believe the rate increase is excessive. The following is a summary of the comments received and staff's response:

- **Customer Comment** – Opposed to the amount of the rate increase because:
  - The company should reduce expenses rather than increase rates.
  - The customer cannot afford an increase.
  - With the recent drop in fuel costs, increasing rates for fuel costs is not a legitimate reason for a rate increase.
  - The company is already charging a fuel surcharge.

**Staff's response** – Although staff understands the customers' concerns regarding the amount of the increase, we do not explicitly consider the amount of the increase in preparing recommendations. The company is entitled to recover reasonable, prudent expenses and the opportunity to earn a reasonable return. Staff audits the company's

financial records to ensure the company's costs are accurate and reasonable. We use a cost of service analysis to recommend rates for the various customer classes and service options. Staff's goal is to recommend the "right" rates that will allow the company to recover reasonable operating expenses and provide an opportunity to earn a reasonable return on investment.

Current rates include average fuel costs for the twelve-month period ending April 30, 2006. The fuel surcharge allows the company to recover fuel expenses that exceeded the average cost of fuel included in the current rates. The proposed rates include the average cost of fuel for the most recent twelve-month period, which will reduce or eliminate the fuel surcharge going forward.

- **Customer Comment** – Garbage rates are too high, now, for the service received. On occasion, our can is not emptied completely and there is no recourse.

**Staff's response** – Consumer Protection staff contacted the customer and explained that a customer should first try to resolve service quality complaints with the company. If unable to resolve the issue, the customer should contact the commission's Consumer Protection and Communications Section.

- **Customer Comment** – The customers do not receive any money from the sale of the recyclable materials.

**Staff's response** – Consumer Protection staff contacted the customer and explained that customers are credited each month for the value of the recyclable commodities sold. Currently the credit is \$1.09 per month.

- **Customer Comment** – The customer believes that she should not pay the same as those customers who fill their can weekly, since she rarely fills hers.

**Staff's response** – If the customer does not need weekly collection service, the company provides both every-other-week and monthly service. Consumer Protection staff advised the customer to contact the company if she wished to change her service level.

### **Rate Comparison**

<b>Monthly Rates</b>	<b>Present</b>	<b>Proposed</b>
<b>Residential</b>		
65 Gallon Cart Monthly Garbage Service	\$8.30	\$8.50
65 Gallon Cart Every-Other-Week Garbage Service	\$12.80	\$13.30
65 Gallon Cart Weekly Garbage Service	\$18.85	\$19.60

<b>Monthly Rates</b>	<b>Present</b>	<b>Proposed</b>
<b>Commercial</b>		
One Yard Container Service Per Month	\$75.02	\$75.98
20 Yard Drop Box Service Per Pick-up	\$88.00	\$95.00

**Average Customer Charge Comparison – 65 Gallon Cart Every-Other-Week Garbage**

**Lewis County Designated RSA-1**

<b>Monthly Garbage and Mandatory Recycling</b>	<b>Present</b>	<b>Proposed</b>
Garbage Component	\$12.80	\$13.30
Mandatory Recycling EOW	\$5.46	\$5.46
Commodity Credit	(\$1.09)	(\$1.09)
Total Garbage and Recycling	\$17.17	\$17.67
		2.9%

<b>Monthly Garbage, Mandatory Recycling and Voluntary Yard Waste</b>	<b>Present</b>	<b>Proposed</b>
Garbage Component	\$12.80	\$13.30
Mandatory Recycling EOW	\$5.46	\$5.46
Commodity Credit	(\$1.09)	(\$1.09)
Total Garbage and Recycling	\$17.17	\$17.67
Voluntary Yard Waste EOW Service	\$7.50	\$7.50
Total Garbage, Recycling, Yard waste	\$24.67	\$25.17
		2.0%

**Lewis County - Other**

<b>Monthly Service</b>	<b>Present</b>	<b>Proposed</b>
Garbage Component	\$12.80	\$13.30
		3.9%

Commission staff has not yet completed its review of the company's supporting financial documents, books and records.

**Conclusion**

Take no action on this filing at this time to allow for customer comments.