

DENNIS LOPACH  
DENNIS R. LOPACH, PC  
4 CARRIAGE LANE  
HELENA, MT 59601  
(406) 459-0211  
DENNIS.LOPACH@GMAIL.COM

ALISON P. GARAB  
WESTERN ROOTS LAW PLLC  
PO BOX 1432  
BELGRADE, MT 59714  
TELEPHONE: (406) 579-9584  
GARAB@WESTROOTSLAW.COM

*Attorneys for L&L Site Services, Inc.*

**DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MONTANA**

IN THE MATTER OF THE CLASS D  
APPLICATION OF L&L SITE SERVICES, INC.  
FOR ALL POINTS AND PLACES IN MISSOULA  
COUNTY, MONTANA

**Docket No. T-18.6.PCN**

**L&L'S RESPONSES TO PSC'S  
DATA REQUESTS**

L&L hereby responds to the Public Service Commission's ("PSC") Data Requests as follows:

**PSC-001**

**Regarding: Markets**  
**Witness: Applicable**  
**Request:**

Please describe all of the separate garbage hauling markets L & L Site Services, Inc. ("L&L") plans to serve within Missoula County. For instance, if L&L views the Seeley Lake market distinct from the City of Missoula market, please explain the distinction between these markets. Describe the unique operating characteristics of each and provide the anticipated number of customers within each market. Please provide any supporting or explanatory documentation, including any mapping documentation. Please provide supporting documentation, including excel files with formulas used to arrive at your calculations, as applicable.

**L&L Response to PSC-001:**

L&L has not analyzed the Missoula market (either City or County) in terms of distinct markets. Obviously, there are a large number of residential and commercial areas that could be served. But, L&L has not performed an analysis of the numbers or customer characteristics in each such market. Some of these are fairly obvious, such as the commercial sectors along Reserve Street and in the Downtown Area. L&L has specialized equipment to provide service to remote areas in Missoula County that existing carriers cannot provide.

**PSC-002**

**Regarding: Routes**

**Witness: Lance Johnson**

**Request:**

- a. Please provide a map of all proposed routes L&L plans to operate its garbage hauling service if this Application is granted.

**L&L Response to PSC-002:**

L&L has not made a final decision on proposed routes and plans to decide on its initial routes after analyzing customer interest, as well as the revenue and probable operating characteristics of particular neighborhoods.

**PSC-003**

**Regarding: Market Share**

**Witness: As Appropriate**

- a. Please indicate, to the best of your knowledge, other parties that provide Class D garbage hauling service in Missoula County who have not protested in this docket.
- b. To the best of your knowledge, please calculate and share the volume market share of existing garbage carriers in Missoula County and for markets identified in PSC-001.
- c. To the best of your knowledge, please calculate and share the value market share of existing garbage carriers in Missoula County and for the markets identified in PSC-001.
- d. Please conduct an appropriate Herfindahl-Hirschman Index analysis for garbage hauling service in Missoula County and for the markets identified in PSC-001.

**L&L Response to PSC-003:**

- a. To the best of L&L's knowledge, there are no other carriers in Missoula County that have not protested this action.
- b. To the best of L&L's knowledge, Republic Services has 100% of the market for trash collection service in Missoula County.
- c. See response to b.
- d. L&L is not familiar with the referenced analysis, but based on preliminary research of the Herfindahl-Hirschman Index the existing Missoula County market share is wholly owned by Republic. See response to b.

**PSC-004**

**Regarding: Customer Complaints**

**Witness: Lance Johnson**

**Request:**

- a. Please provide a list of customer complaints L&L has received in the last two years for its currently authorized operating area.
- b. Please explain the policies that L&L has implemented to address customer complaints for its currently authorized operating area.
- c. Please state whether this same policy will be adopted if L&L's Application is granted. If this same policy will not be adopted if this application is granted, please explain why.

**L&L Response to PSC-004:**

- a. For competitive reasons, L&L is unwilling to provide a detailed list of customer complaints received in the last two years in its Gallatin and Madison County market areas. A general response follows: L&L has received a limited number of complaints regarding trash blowing out of its truck on the highway, billing errors, missed pick-ups or containers placed in the wrong location following dumping. Our policy is to address any complaints within 24 hours and to follow up with customers to ensure concerns have been met to the customers' satisfaction.
- b. Complaints are received on our main phone line and our dispatcher takes information from the customers and decides the most immediate means of addressing a customer's concerns. The complaints and the resolutions are reviewed by Lance Johnson on a daily basis.
- c. Yes, our existing complaint procedures have contributed to our very high approval rate from customers and we will follow the same procedures in Missoula if the Commission sees fit to approve this application.



**PSC-005**

**Regarding: Proposed Rates**

**Witness: Lance Johnson**

**Request:**

- a. Please provide L&L's existing rate schedules for its currently authorized operating area.
- b. Please provide L&L's proposed rate schedule for Missoula County if L&L Application is granted including any potential geographic variations based off of the markets identified in PSC-001 or other variations.

**L&L Response to PSC-005:**

- a. L&L declines to provide its existing rates for competitive reasons. Our experience is that Republic Services, when it becomes aware of our rates, approaches our customers and seeks to undercut our offering. Republic's practice is to offer "one off" rates. In other words, a customer that may be pursuing a competitive choice will receive a reduced price, but other customers' rates are maintained at their existing, higher level.

Our rates are determined after analysis of the degree of customer interest in a particular area; the type of equipment (and related operating costs) we will require to serve a particular area; customer density and our projection of the number of customers we expect to acquire; the "turnaround" time for a truck to reach the landfill and return to a given route; and a profit margin.

- b. L&L has not reached any conclusions regarding rate schedules in Missoula County. However, our initial analysis leads us to believe that the rates currently offered by Republic Services in Missoula County are among the highest, if not the highest, in the

state. We believe there is a significant opportunity to charge less than Republic and earn a sufficient profit to support a competitive carrier.

It should be noted that the only landfill in Missoula is owned and operated by Republic Services. It is our understanding the landfill charges, like those for Republic's trash collection, are among the highest in the state. An important factor in L&L's pricing will be Republic's willingness to accept the trash we collect for disposal at its landfill. We have explored alternatives to use of the Republic Missoula landfill. If Republic chooses to foreclose our opportunity to use its Missoula landfill, further exploiting this portion of its vertically-integrated monopoly in order to hinder competition, we will find other means of competing and will explore our other options to address any anti-competitive actions.

In short, our research leads us to conclude that Missoula residents are being price-gouged by Republic and, with the approval of the Commission, we will undertake to rectify that situation.

DATED this 9<sup>th</sup> day of May, 2018.

  
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Alison Garab

**CERTIFICATE OF SERVICE**

I hereby certify that on this 9<sup>th</sup> day of May, 2018, a true and correct copy of the foregoing document was served upon the following parties in the manner set forth below:

<p>Wm. Mercer Hannah Tokerud Holland and Hart 401 North 31<sup>st</sup> Street, Ste 1500 Billings, MT 59101 <a href="mailto:WWmercercer@hollandhart.com">WWmercercer@hollandhart.com</a> <a href="mailto:hetokerud@hollandhart.com">hetokerud@hollandhart.com</a></p>	<p><input checked="" type="checkbox"/> U.S. First-Class Mail, Postage Prepaid <input checked="" type="checkbox"/> Email: Hand Delivery: Other:</p>
<p>Zachary Rogala Jeremiah Langston Montana Public Service Commission P.O. Box 202601 Helena MT 59620 <a href="mailto:zachary.rogala@mt.gov">zachary.rogala@mt.gov</a>; <a href="mailto:jlangston@mt.gov">jlangston@mt.gov</a></p>	<p><input checked="" type="checkbox"/> U.S. First-Class Mail, Postage Prepaid <input checked="" type="checkbox"/> Email: Hand Delivery: Other:</p>



Alison Garab