

SIERRA DISPOSAL SERVICE

541-6414 . 2140 Ruth Ave. . South Lake Tahoe, California 96150-4357

July 22, 2008

Gerri Silva
Director, Environmental Management
El Dorado County
2850 Fairlane Ct., Building C
Placerville CA 95667

Re: Sierra Disposal Service

Dear Ms. Silva:

Pursuant to Section 19 – Compensation, Paragraph B of the Franchise Agreement between El Dorado County and South Tahoe Refuse Co., dba Sierra Disposal Service (SDS), SDS is requesting a rate adjustment of 4.03% to become effective on August 1, 2008 for certain pass-through cost adjustments and other extraordinary items which are beyond SDS's control for which the company requests reimbursement through a rate adjustment targeted specifically at these items which are allowed for in the Agreement

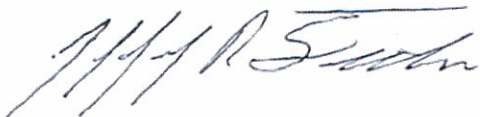
These two items are:

- Disposal cost increases due to a rate increase at the transfer station (EDSI) used by SDS and,
- Extraordinary increases in the cost of fuel which has materially affected SDS's costs under the Agreement

SDS has been assessed two rate adjustments from EDSI in the amounts of 3.30% and 3.75% in 2008. Over this same approximate time period, the cost of fuel has increased 15.14% (since the period used in this fuel calculation, fuel costs have increased an additional 32% which is not included in this rate adjustment calculation). Including the applicable franchise fees, a rate adjustment of 4.03% would be required to reimburse the company for the pass-through increases from EDSI and the fuel increases. The components of the 4.03% rate increase are: 2.44% for pass-through from EDSI, 1.39% for fuel increases and 0.20% for applicable pass-through franchise fees.

Please call me at (530) 542-8300 if you have any questions or require any additional information.

Sincerely,



Jeffery R. Tillman
President