



WASTE CONNECTIONS INC.
Connect with the Future®

Waste Connections of California, Inc. d/b/a
Amador/Calaveras Disposal
6500 Buena Vista Road
Ione, CA 95642

Ms. Gerri Silva
Director, Environmental Services
County of El Dorado
2850 Fairlane Court, Bldg. C
Placerville, CA 95667

Re: 2009 Amador Disposal Rate Request – Response

May 18, 2009

Dear Ms. Silva,

Thank you for taking the time to discuss Amador Disposal Inc.'s financial reports. Per our discussion, please review the following explanations for each line item below:

1. Decrease in Revenue: Due primarily to roll off business down 25% year over year. 276 hauls in 2007 vs. 206 in 2008.
2. Increase in Allocations: Allocation based on route time specific to El Dorado County. Allocation expense did go up over 2007 due to additional support for the following items included in the definition: Shared Controller salary, shared Shop Manager salary and additional shop support, Corporate and Regional staff support such as Payroll, Engineering, inside Legal, Accounting and IT.
3. Increase in Health Insurance: Premiums up 16% year over year. \$590 per person per month in 2007, \$685 per person per month in 2008. Number of employees subscribing and their elections for coverage went up in 2008 over 2007.
4. Salaries flat year over year. Salaries at the District Manager and Controller level were frozen in 2008.
5. Wage Increases: Overall wages increased by an average of 3%. Wages are allocated on route hours staying predominately flat year over year. The change to wages was in customer service: allocation changed from per route equivalent to per customer count. This is a more accurate reflection of how the customer service representatives spend their time. Additionally, \$5200 in wages overtime and contract labor under 2007 need to be "netted out" against the wage increase.
6. Fuel Increase: Fuel increased in the market an average of 27% year over year, 2007 to 2008. The average fuel price in 2007 was \$3.094 per gallon, while the average in 2008 was \$3.925. I am attaching external reporting data for your review. The height of the market price increase happened from May to August of 2008, our busiest months, driving costs even higher.
7. Interest Expense: In 2007, Interest Expense was left out of the Amador Disposal financial report all together. This was an over sight on our part. Interest expense for 2007 should have been \$12,330. Interest expense is that cost incurred on borrowed money to operate on a daily basis. (The CARB

retrofits are being done currently and cost approximately \$20,000 per truck and would be one such item included here where the costs have gone up year over year).

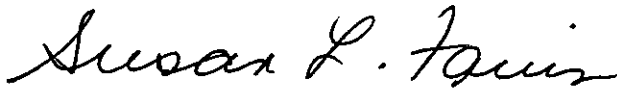
Amador Disposal has taken many steps to control expenses in 2008. Due to improving our allocation methodology, not all of those cost reductions are evident in the 2008 income statement. We are confident on a go-forward basis that they will be. Even with the allocation change, forty percent of the line items on the income statement dropped in cost. Some of the larger costs reductions that are evident are:

- Accident and Injury reductions
- Wages overtime and contract labor
- Bad Debt Expense
- Truck parts and materials
- Building and property maintenance

New Point Group reviewed our allocation methodology for El Dorado last year, but after Amador Disposal's income statement was completed and submitted to the County, and they like it so we have adopted that methodology for Amador Disposal as well for 2008 and forward. The primary "miss" regarding the 2008 Forecast was in Revenue line item. No one could have anticipated revenue dropping as much as it has. The biggest driver, however, in our miss regarding revenue was due postponing the rate increase requested in 2008. This rate increase didn't go into effect until January 2009. This would have been approximately forty seven thousand dollars in 2008.

We appreciate your co-operation and look forward to hearing from you. If you have any further questions or need further information, please feel free to contact me at (530) 295 2816.

Sincerely,



Susan L. Farris
District Manager
Waste Connections of California, Inc. d/b/a
Amador Disposal Service

Cc: Ron Mittelstaedt
Rob Nielsen
Rob Cloninger

AMADOR DISPOSAL, INC.
(A WHOLLY-OWNED SUBSIDIARY OF WASTE CONNECTIONS, INC.)
EL DORADO COUNTY COLLECTION OPERATIONS
SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDING December 31, 2008

	YEAR ENDING December 31, 2008	YEAR ENDING December 31, 2009	
REVENUES:			
Hauling	625,300	739,417	18.25%
PT	-	-	0.00%
MRF	1,022	1,022	0.00%
Other Revenue	1,049	1,049	0.00%
	<u>627,371</u>	<u>741,488</u>	
EXPENSES:			
Amortization	4,677	4,677	0.00%
Allocations	35,719	36,790	3.00%
Brokerage Cost	1,210	1,246	3.00%
Franchise Taxes	30,885	30,885	0.00%
Depletion	-	-	3.00%
Depreciation	36,598	40,258	10.00%
Disposal Landfill	253,926	261,544	3.00%
Equipment/Vehicle Rental	7	7	3.00%
Licenses	3,368	3,469	3.00%
Property Taxes	2,102	2,165	3.00%
Bad Debt Provision	9,469	9,753	3.00%
Bank Fees	1,185	1,220	3.00%
Contributions	162	167	3.00%
Coffee Bar	-	-	3.00%
Computer Software	38	39	3.00%
Computer Supplies	267	275	3.00%
Credit and Collection	751	773	3.00%
Data Processing	4,888	5,034	3.00%
Gifts to Customers	-	-	3.00%
Invoice Printing Costs	-	-	3.00%
MRF Processing Fees	-	-	3.00%
Legal	-	-	3.00%
Lodging	176	181	3.00%
Outside Storages	-	-	3.00%
Political Contributions	-	-	3.00%
Registration Fees	-	-	3.00%
Other Taxes	-	-	3.00%
Training	-	-	3.00%
Bonuses and Commissions	2,030	2,091	3.00%
Capitalized Costs	-	-	3.00%
Contract Labor	455	468	3.00%
Drug Testing	61	63	3.00%
Health Insurance	16,737	17,742	6.00%
Miscellaneous	88	91	3.00%
Wages O.T.	17,884	18,421	3.00%

Payroll Taxes	12,297	12,666	3.00%
Pension and Profit Sharing	808	832	3.00%
Safety and Training	1,396	1,437	3.00%
Salaries	18,386	18,937	3.00%
Uniforms	1,994	2,054	3.00%
Vacation Sick Pay	7,452	7,675	3.00%
Wages	94,848	97,693	3.00%
Bldg & Property	3,676	3,786	3.00%
Bonds Expense	-	-	3.00%
Cover Cost	-	-	3.00%
Engineering Fees	-	-	3.00%
Insurance	8,741	9,178	5.00%
Laboratory Fees	-	-	3.00%
Leachate Treatment	-	-	3.00%
Monitoring and Maint	-	-	3.00%
Other Taxes	-	-	3.00%
Penalties and Violations	-	-	3.00%
Permits	4	4	3.00%
Postage	953	981	3.00%
Professional Fees	-	-	3.00%
Royalties	-	-	3.00%
Security Services	447	460	3.00%
Subcontract Expense	-	-	3.00%
Gain/Loss on Sale of Asset	-	-	3.00%
Advertising and Promotions	1,298	1,337	3.00%
Dues and Subscriptions	1,482	1,526	3.00%
Entertainment	-	-	3.00%
O/S Sales Exp	-	-	3.00%
Empl & Commun Activity	1,022	1,053	3.00%
Meals	476	491	3.00%
Communications	4,868	5,014	3.00%
Equipment and Maint Repair	4,123	4,247	3.00%
Freight	345	355	3.00%
Fuel Expense	47,090	54,154	15.00%
Office Supply and Equip	2,020	2,081	3.00%
Oil and Grease	1,572	1,808	15.00%
Operating Supplies	6,509	6,705	3.00%
Parts and Materials	9,225	9,501	3.00%
Real Estate Rentals	3,727	3,838	3.00%
Tires	5,996	6,175	3.00%
Towing Expense	919	947	3.00%
Travel	3,316	3,415	3.00%
Utilities	2,810	2,894	3.00%
Extraordinary Gain/Loss	-	-	3.00%
Minority Interests	-	-	3.00%
Interest expense	14,688	15,129	3.00%
NSF Fees	(337)	(347)	3.00%
Other Income expense	-	-	3.00%
Recycling Materials	0	0	3.00%
	<u>684,829</u>	<u>713,385</u>	

Income from operations	(57,458)	28,103	3.79%
Income Tax Provision	(23,357)	11,424	
Net Income (After Tax)	(34,101)	16,679	

**YEAR ENDING
December 31,
2010**

789,328	6.75%
-	0.00%
1,022	0.00%
1,049	0.00%
<u>791,399</u>	

4,677	0.00%
37,894	3.00%
1,284	3.00%
30,885	0.00%
-	3.00%
44,283	10.00%
269,390	3.00%
7	3.00%
3,573	3.00%
2,230	3.00%
10,046	3.00%
1,257	3.00%
172	3.00%
-	3.00%
40	3.00%
283	3.00%
797	3.00%
5,185	3.00%
-	3.00%
-	3.00%
-	3.00%
-	3.00%
186	3.00%
-	3.00%
-	3.00%
-	3.00%
-	3.00%
-	3.00%
2,153	3.00%
-	3.00%
483	3.00%
65	3.00%
18,806	6.00%
94	3.00%
18,973	3.00%

13,046	3.00%
857	3.00%
1,481	3.00%
19,505	3.00%
2,115	3.00%
7,906	3.00%
100,624	3.00%
3,900	3.00%
-	3.00%
-	3.00%
-	3.00%
9,637	5.00%
-	3.00%
-	3.00%
-	3.00%
-	3.00%
4	3.00%
1,011	3.00%
-	3.00%
-	3.00%
474	3.00%
-	3.00%
-	3.00%
1,377	3.00%
1,572	3.00%
-	3.00%
-	3.00%
1,084	3.00%
505	3.00%
5,165	3.00%
4,374	3.00%
366	3.00%
62,277	15.00%
2,143	3.00%
2,079	15.00%
6,906	3.00%
9,786	3.00%
3,954	3.00%
6,361	3.00%
975	3.00%
3,517	3.00%
2,981	3.00%
-	3.00%
-	3.00%
15,583	3.00%
(357)	3.00%
-	3.00%
0	3.00%

743,969

47,429 5.99%

19,280

28,149