



WASTE CONNECTIONS INC.  
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**Waste Connections of California, Inc. d/b/a  
Amador Disposal Service  
6500 Buena Vista Road  
Ione, CA 95640**

September 21, 2009

Gerri Silva  
County of El Dorado  
2850 Fairlane Ct., Bldg "C"  
Placerville, CA 95667

RE: Amador Disposal Cost Recovery

Dear Gerri,

This letter serves as Amador Disposal's formal written request to the El Dorado County Board of Supervisors for a rehearing of Amador Disposal's request for a rate adjustment at the earliest opportunity.

I want to be clear about my intent in writing this letter: the Board of Supervisors' postponement of last year's rate adjustment for cost recovery means we are losing money in El Dorado County. The present economic conditions under which Amador Disposal is operating are unsustainable at current levels.

In my letter dated June 22, 2009 (a copy of which is attached hereto), I had requested, based on your specific request for an annual audited 2008 financial statement, a postponement of Amador Disposal's hearing until the audit was completed. You indicated that you could not remove the hearing item from the Board of Supervisors' agenda. At that hearing, Amador Disposal requested the opportunity to appear before the Board once the financial statements for 2008 were audited. The audit is now complete and a copy submitted to your office on August 31, 2009, as promised.

Attached please find the audited financial statements for Amador Disposal for the year ending December 31, 2008 (prepared on a calendar year, our fiscal year), as requested. In addition, included with the 2008 financial statements, please find our updated revenue, operating costs, and pass-through projections for 2009 and 2010. As you can clearly see from even a cursory review of the attached statements Amador Disposal is losing money on this contract.

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09-1288.F.1

In Amador Disposal's letter dated April 23, 2008 (a copy of which is attached hereto), the company informed you that we would need a rate adjustment in 2009 similar to the one approved by the Board of Supervisors in 2008 based on actual operating results at that time.

You asked that the company postpone our 2008 request until January of 2009, and as a courtesy Amador Disposal agreed to continue to operate at a loss with the understanding that a future review of the contract would take into consideration the company's agreement to defer any adjustment. If you recall, then-Supervisor Bauman was concerned about the timing and effect of a potential increase, as our cost recovery would primarily affect our customers in her District.

Furthermore, Supervisor Sweeney was concerned about de-railing the relocation of the Material Recovery Facility (MRF) to Industrial Avenue, which was a project that he was championing and had specifically requested that our company pursue. In the spirit of cooperation and good faith dealing, we agreed to postpone any discussion of Amador Disposal's cost recovery. Unfortunately, almost 18 months later, the BOS still has not acted on our original request.

As you are aware, Section 19.F. of the franchise agreement provides that Amador Disposal is "entitled to a reasonable profit on its operating costs...." However, as you will see from the attached audited financial statements, Amador Disposal is now operating at a significant loss. We respectfully request that the board of supervisors honor the terms of the contract between the County of El Dorado and Amador Disposal.

Amador Disposal is committed to efficiently delivering great service at a fair price, but the company cannot afford to indefinitely absorb cost increases driven by events out of our control.

Please see the attached updated rate schedules. If you have any additional questions or want to discuss this letter and attached documentation further, please feel free to contact me.

Regards,



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

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	YEAR ENDING December 31, 2010
<b>REVENUES:</b>			
Hauling	623,257	735,443 *	785,086 **
PT	-	-	-
MRF	1,022	1,022	1,022
Other Revenue	1,049	1,049	1,049
	<u>625,328</u>	<u>737,514</u>	<u>787,156</u>
<b>EXPENSES:</b>			
Amortization	4,677	4,677	4,677
Allocations	35,719	36,790	37,894
Brokerage Cost	1,210	1,246	1,284
Depletion	-	-	-
Depreciation	36,598	40,258	44,283
Disposal Landfill	253,926	261,544	269,390
Equipment/Vehicle Rental	7	7	7
Licenses	3,368	3,469	3,573
Property Taxes	2,102	2,165	2,230
Bad Debt Provision	9,469	9,753	10,046
Bank Fees	1,185	1,220	1,257
Franchise Taxes	30,885	36,876	39,358
Coffee Bar	-	-	-
Computer Software	38	39	40
Computer Supplies	267	275	283
Credit and Collection	751	773	797
Data Processing	4,888	5,034	5,185
Gifts to Customers	-	-	-
Invoice Printing Costs	-	-	-
MRF Processing Fees	-	-	-
Legal	-	-	-
Outside Storages	-	-	-
Political Contributions	-	-	-
Registration Fees	-	-	-
Other Taxes	-	-	-
Training	-	-	-
Bonuses and Commissions	2,030	2,091	2,153
Capitalized Costs	-	-	-
Contract Labor	455	468	483
Drug Testing	61	63	65
Health Insurance	16,737	17,742	18,806
Miscellaneous	88	91	94
Wages O.T.	17,884	18,421	18,973
Payroll Taxes	12,297	12,666	13,046
Pension and Profit Sharing	808	832	857
Safety and Training	1,396	1,437	1,481
Salaries	18,386	18,937	19,505
Uniforms	1,994	2,054	2,115
Vacation Sick Pay	7,452	7,675	7,906
Wages	94,848	97,693	100,624
Bldg & Property	3,676	3,786	3,900
Bonds Expense	-	-	-
Cover Cost	-	-	-
Engineering Fees	-	-	-
Insurance	8,741	9,178	9,637
Laboratory Fees	-	-	-
Leachate Treatment	-	-	-
Monitoring and Maint	-	-	-
Other Taxes	-	-	-
Permits	4	4	4
Postage	953	981	1,011
Professional Fees	-	-	-

Royalties	-	-	-
Security Services	447	460	474
Subcontract Expense	-	-	-
Gain/Loss on Sale of Asset	-	-	-
Advertising and Promotions	1,298	1,337	1,377
Dues and Subscriptions	1,482	1,526	1,572
Entertainment	-	-	-
O/S Sales Exp	-	-	-
Empl & Commun Activity	1,022	1,053	1,084
Communications	4,868	5,014	5,165
Equipment and Maint Repair	4,123	4,247	4,374
Freight	345	355	366
Fuel Expense	47,090	54,154	62,277
Office Supply and Equip	2,020	2,081	2,143
Oil and Grease	1,572	1,808	2,079
Operating Supplies	6,509	6,705	6,906
Parts and Materials	9,225	9,501	9,786
Real Estate Rentals	3,727	3,838	3,954
Tires	5,996	6,175	6,361
Towing Expense	919	947	975
Travel	3,316	3,415	3,517
Utilities	2,810	2,894	2,981
Extraordinary Gain/Loss	-	-	-
Minority Interests	-	-	-
NSF Fees	(337)	(347)	(357)
Other Income expense	-	-	-
Recycling Materials	0	0	0

	<u>669,326</u>	<u>703,408</u>	<u>735,995</u>
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<b>Income from operations</b>	<b>(43,999)</b>	<b>34,106</b>	<b>51,161</b>
<b>Income Tax Provision</b>	<b>(17,885)</b>	<b>13,864</b>	<b>20,797</b>
<b>Net Income (After Tax)</b>	<b>(26,113)</b>	<b>20,242</b>	<b>30,364</b>

Items disallowed in determining profit margin

Interest expense	14,688	14,688	14,688
Meals	476	476	476
Penalties and Violations	-	-	-
Lodging	176	176	176
Contributions	162	162	162
Total	15,502	15,502	15,502

\* Assumes a 12.5% rate increase

\*\* Assumes a 6.5% rate increase

**WCI of California / Amador Disposal Inc.**  
**EI Dorado County Rates**

Pulled out	
Fuel Surcharge	CPI
3.24%	12.50%

<u>Service</u>	<u>Current Rate w/CPI &amp; Fuel (Effective 1/1/09)</u>	<u>Rate Net of Adjustment for '08 FS</u>	<u>Rate w/CPI</u>
<b><u>Resi</u></b>			
32 gal	\$ 16.25	\$ 15.74	\$ 17.71
45 gal	\$ 19.52	\$ 18.91	\$ 21.27
(2) 32 gal	\$ 24.03	\$ 23.28	\$ 26.19
96 gal	\$ 29.54	\$ 28.61	\$ 32.19
Additional 45 gal	\$ 7.78	\$ 7.53	\$ 8.47
<b><u>Comm</u></b>			
1 Yard	\$ 62.34	\$ 60.39	\$ 67.93
1.5 Yard	\$ 93.54	\$ 90.61	\$ 101.93
2 Yard	\$ 124.75	\$ 120.83	\$ 135.93
6 Yard	\$ 187.11	\$ 181.24	\$ 203.90
<b><u>R/O</u></b>			
6 yd	\$ 240.36	\$ 232.82	\$ 261.92
10yd	\$ 316.61	\$ 306.67	\$ 345.00
20 yd	\$ 381.23	\$ 369.27	\$ 415.42
(30yd	\$ 562.13	\$ 544.49	\$ 612.55



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Amador/Calaveras Disposal  
6500 Buena Vista Road  
Ione, CA 95640

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

Re: Rate Request Postponement

June 22, 2009

Dear Gerri,

Per our discussion, we are hiring a third party CPA firm to conduct an independent audit of Amador Disposal's financial statement as it relates to the El Dorado County Franchise Agreement for 2008. As you are aware, Section 19.F. of the franchise agreement provides that Amador Disposal is entitled to a reasonable profit on its operating costs. It is our opinion that the Board cannot make an informed decision on our rates until the audit has been completed. Accordingly, we will postpone our rate hearing until the audit is completed. We are hopeful to have this audit completed in August.

Sincerely,

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

Cc: Ron Mittelstaedt  
Rob Nielsen  
Rob Cloninger



WASTE CONNECTIONS INC.  
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**Amador Disposal Service Inc.**  
6500 Buena Vista Road  
Ione, CA 95640

April 23, 2008

Gerri Silva  
County of El Dorado  
2850 Fairlane Ct., Bldg "C"  
Placerville, CA 95667

RE: Request for annual rate adjustment

Dear Gerri,

This letter is in response to your letter dated April 3, 2008 regarding Amador Disposal's request for our annual rate adjustment;

1. Attached please find the financial statements for Amador Disposal for both 2006 and 2007 (prepared on a calendar year, our fiscal year) as requested.
  - a. In addition, included with the 2006 and 2007 financial statements, please find our updated revenue, operating costs, and pass-through projections for 2008 and 2009. We have updated the projections to coincide with the calendar year financial statements, and to include the disposal cost at WERS, of which was erroneously omitted in the original submission of our projections.
2. Due to the time constraints of waiting for the PPI index for May of 2008 to be published (to coincide with our original index point of May 2006); along with direction we have received from El Dorado County staff, we have agreed to use January as our new basis. The original fuel surcharge was set at 3.24%; therefore this number is the basis for all future modifications. To avoid the compounding impact of increases or decreases in the PPI for diesel (since the fuel surcharge is not rolled into the base rates) we agreed to measure back to the 2006 starting point. (Due to seasonal pricing fluctuations, we must always use the same month going forward in order to accurately gauge the impact of changes in fuel prices. Going forward, each year we will begin with January 2006, and calculate the change in the index until January of the year in which a change is requested. The change in the index will be applied to the base 3.24% fuel surcharge.)

Based on the change in the PPI from Jan-06 to Jan-08, we are requesting an increase in our fuel surcharge of 1.37% to 4.61%. (Please see attached calculations.)

3. Our original rate increase request was based on the change in CPI over the last two years equivalent to a 7.3% change. The email correspondence that was received last year from Kevin Malone to remove Amador Disposal's request for an annual rate adjustment was based on the fact that we did not submit the request in time per our franchise agreement,

and therefore, we would remove our annual rate adjustment request from consideration for 2007. It was not meant as our forfeiture of the ability to recover increased costs long term. We have already paid the penance of not having the ability to offset increased costs last year with additional revenue. (\$22,236, 2007 revenue x 3.5% CPI) After finalizing our 2006 and 2007 financial statements, we would like to amend our original proposed annual adjustment from the 7.3% to 15.0%. As detailed on the 2006 and 2007 financial statements, our income from operations for both of these years is negative. While the impact of the rate increase implemented in October 2006 is notable on the 2007 financial statements, we still end the year at a loss. Please note that a 35% rate increase would be necessary to bring our income from operations to a 10% margin.

In addition to this, we also propose an increase of this magnitude next year (2009), actual metrics to be determined based on actual operating results for 2008, to bring our business to a sustainable level of return.

(The upcoming two year projections include a 15% rate adjustment effective July 1, 2008, and then a 12.5% rate adjustment effective July 1, 2009, along with an increase in our fuel surcharge of 1.37% effective July 1, 2008.)

Please see the attached updated rate schedules with the FS at 4.61% and rate adjustment at 15.0%.

If you have any additional questions or want to discuss further please feel free to contact me.

Regards,



Jason Craft

District Manager  
Waste Connections Inc.  
Amador/Calaveras Disposal

cc: Kevin Malone, WCN





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**6500 Buena Vista Road**  
**Ione, CA 95640**

May 19, 2008

Gerri Silva  
County of El Dorado  
2850 Fairlane Ct., Bldg "C"  
Placerville, CA 95667

RE: Request for annual rate adjustment

Dear Gerri,

As a follow-up to our conversation today, Amador Disposal will agree to postpone our requested rate increase originally requested to be effective July 1, 2008 until after the solid waste survey currently being done is complete.

Once the solid waste survey is complete we will ask that our proposed rate adjustment be reviewed.

Regards,

Jason Craft

District Manager  
Waste Connections Inc.  
Amador/Calaveras Disposal

cc: Kevin Malone, WCN