

SIERRA DISPOSAL SERVICE

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

March 29, 2011

Gerri Silva, M.S., REHS
Director of Environmental Management
County of El Dorado
2850 Fair Lane Ct., Building C
Placerville, CA 95667

VIA: Email

Re: Sierra Disposal Service (SDS) Rate Increase Request

Dear Ms. Silva:

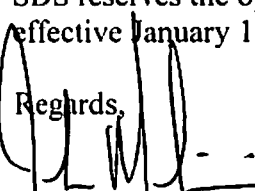
SDS is requesting a 5.6% rate increase to become effective May 1, 2011. In accordance with the terms of our franchise agreement, below is a table showing our projected operating costs and the profit/(loss) for our fiscal years ended June 30, 2011 and June 30, 2012, resulting from this rate adjustment. Additionally, we have provided a calculation showing what this calculated profit/(loss) will be as a percentage of our revenues.

	<u>2011</u>	<u>2012</u>
Operating costs	\$1,967,034	\$2,024,318
Profit/(Loss)	\$(22,363)	\$53,255
Profit as a % of Revenue	N/A	2.43%

In the past, SDS's entitlement to a reasonable profit under Section 19 (F) of its Franchise Agreement has been set using industry standards. The industry standard formula for determining a reasonable profit allowance has been, and continues to be, a sum equal to 10% of revenue. This request is significantly lower than that in recognition of the financial challenges facing our customers, the County and SDS and should not be construed as establishing the formula for determining reasonable profits under Section 19 (F) of the Franchise Agreement.

SDS reserves the option to apply for an additional rate request, if warranted, to be effective January 1, 2012.

Regards,


John D. Marchini
Secretary, Sierra Disposal Service