UPDATED ATTACHMENT TO AGENDA ITEMS 6a.,b.,&c. (PROVIDED AT 10/26/15 BOARD MEETING) - REVISED CY2016 Solid Waste Rate Adjustment Report (15 PAGES)

R3 CONSULTING GROUP, INC.
RESOURCES. RESPECT. RESPONSIBILITY.

1512 Eureka Road, Suite 220
Roseville, CA 95661
Tel: 916-782-7821
Fax: 916-782-7824
www.r3cgi.com

October 23, 2015

Mr. Sandeep Karkal
Novato Sanitary District
5000 Davidson Street
Novato, CA 94945

Re: Letter Report – Review of Novato Disposal Service's Requested Rate Adjustment for Rate Year 2016

Dear Mr. Karkal:

R3 Consulting Group (R3) was engaged by the Novato Sanitary District (District) to assist with a review of Novato Disposal Service's (Company) requested rate adjustment for Rate Year 2016 (January 1, 2016 – December 31, 2016). Specifically, R3 was asked to confirm that the rate adjustment methodology used by the Company is consistent with the Refuse Rate Index (RRI) Rate Adjustment Methodology set forth in Exhibit 2 of the Amended and Restated Franchise Agreement (Agreement) and that the calculation is mathematically accurate. This Letter Report communicates our findings and recommendations.

Objectives

- To review the Company's requested rate increase to confirm that:
  - It is consistent with applicable terms and conditions of the Agreement;
  - It is mathematically accurate; and
  - It correctly accounts for the required Balancing Account adjustment to the rates.
- To recommend the appropriate Rate Year 2016 rate adjustment based on the results of our review; and
- To confirm the current Balancing Account balance.

Background

The Agreement provides for an annual adjustment to the Company's rates based on the specified Refuse Rate Index (RRI), with the option to conduct a detailed rate review not more frequently than once every three (3) years. A copy of Article 6 of the Agreement (Company's Compensation and Rates) is provided as Attachment 1.

As specified in the Agreement, the RRI adjustment is the sum of the weighted average percentage change in the twelve (12) month annual average of the specified indices for each of the following cost categories:

- Labor;
- Fuel;
- Vehicle Replacement;
- Vehicle Maintenance; and
- All Other.

The RRI also provides for adjusting the Disposal Fee and Organic Waste Processing Fee based on the change in the associated tipping fees. A copy of Exhibit 2 – Refuse Rate Index is provided as Attachment 2.

Section 6.3 of the Agreement (RRI Financial Information) states that: *"On or before September 1, 2011, and annually thereafter during the term of this Agreement, the Company shall deliver to the District information for the specific services performed under this Agreement for the preceding Agreement Year. Such financial information shall be in a format as set forth in Exhibit 2, or as may be further revised by the District from time to time. If the Company fails to submit the financial information in the required format by September 1st, it is agreed that the Company shall be deemed to have waived the RRI adjustment for that year…"*

The Company submitted an electronic copy of its 2016 Rate Adjustment Application to the District on Thursday August 27, 2015.

Recommended Rate Adjustment

The Company's Rate Adjustment Application calculated a 1.94 percent rate increase (Attachment 3) based on the specified RRI methodology. As part of our review, we verified that the Company's financial information, cost category index values, and mathematical formulas were consistent with the RRI methodology included in the Restated Franchise Agreement. Based on our review, we are recommending an RRI rate adjustment of **1.33 percent**, as compared to the rate adjustment amount of 1.94 percent calculated by the Company in their Rate Adjustment Application.

During our review, we identified that the Company's submission included a mathematical error that resulted in the percentage change in the fuel index being miscalculated. Specifically, the error caused the fuel index values for the months of January through June of 2015 to not be included in the calculation of the annual percentage change for the fuel category. By correcting the error, we recalculated the fuel index at -13.50 percent (rather than -4.37 percent as submitted by the Company), and this lowered the overall rate adjustment from 1.94 percent to 1.33 percent.

In addition, we also identified one "Vehicle Maintenance" index value that had been updated by the Bureau of Labor Statistics (BLS) since the Company's submission of their Rate Adjustment Application. The update to this index value was very minor, however, and had no additional impact on the overall calculated rate adjustment.

Balancing Account Calculation

The balancing account was established to account for the change in recycling revenues during years when the RRI is used. When setting the 2008 Base Year rate, recycling revenues were projected at $542,420. The RRI adjustments that are used for adjusting the rates during interim years (i.e., non-Base Years) do not account for any adjustments to the projected recycling revenues. The Balancing Account is intended to reflect the difference between actual recycling revenues received by the Company as compared to the 2008 Base Year projected recycling revenues.

Recycling revenues are calculated for each year, starting with 2008 and using the specified methodology, and each calculated amount is compared to the 2008 projected revenue amount of $542,420.[1] The difference is accounted for in the balancing account as either revenue due to the District (if calculated recycling revenues are higher than the projected amount), or revenue due to the Company (if calculated recycling revenues are lower than the projected amount). Per the rate adjustment methodology in the

---

[1] This amount was established and referenced in R3's Final Report; Review of Novato Disposal Service's Rate Year 2008 Rate Application, December 6, 2007.

Agreement, the cumulative Balancing Account amount for 2008 through 2011 was accounted for in full when setting the rates for Calendar Year 2013. That Balancing Account amount of $1,124,671 due to the District resulted in a net reduction of 2.45 percent to the calculated 2013 rate adjustment. That rate decrease is to remain in effect through 2017 as specified in Exhibit 7.2.b.i of the Agreement. Therefore, as of January 1, 2012 the balancing account balance was zero. Going forward, the Agreement provides for a similar methodology for calculating the balancing account.

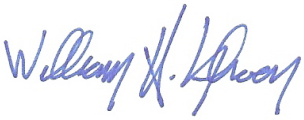
Attachment 4 provides the language in the Agreement related to the balancing account. Attachment 5 provides R3's calculated balancing account balance as of December 31, 2014 based on the currently agreed upon methodology. R3's calculated balancing account balance is based on a CRV adjustment amount of $4.19 per ton, consistent with the agreed upon figure that has been used since 2012. The Company's balancing account calculation used an incorrect CRV adjustment figure, which R3 adjusted in its calculation. The Company reported that it agrees with the balancing account calculation as reflected in Attachment 5.

* * * * * * *

We appreciate the opportunity to be of assistance to the District. If you have any questions regarding this submittal, please feel free to contact me by phone at (916) 782-7821, or by email at wschoen@r3cgi.com.

Sincerely,

R3 CONSULTING GROUP



William Schoen
Principal

Attachments:

Attachment 1	Article 6 – Company's Compensation and Rates
Attachment 2	Exhibit 2 – Refuse Rate Index
Attachment 3	Rate Year 2016 Rate Adjustment Calculation
Attachment 4	Exhibit 7 – Recyclable Materials Balancing Account
Attachment 5	Balancing Account Calculation

R:\Projects\Novato Sanitary District - 2016 RRI - 115043\Report\UPDATED FINAL\FINAL Novato Sanitary District - 2016 RRI - 102315.doc

This page intentionally left blank.

ARTICLE 6 COMPANY'S COMPENSATION AND RATES

6.1 General

The Company's compensation provided for in this article shall be the full, entire, and complete compensation due to the Company for all labor, equipment, materials, and supplies, taxes, insurance, bonds, overhead, disposal, profit, and all other things necessary to perform all the services required by this Agreement in the manner and at the times prescribed.

The Company will not look to the District for payment of any sums under this Agreement. The Company will perform the responsibilities and duties described in this Agreement in consideration of the right to charge and collect from Customers for services rendered at rates fixed by the District from time to time.

6.2 Refuse Rate Index Adjustments to Service Rates

6.2.1 Adjustments to Service Using the Refuse Rate Index (RRI). Beginning on January 1, 2012, and annually thereafter, the Company shall, subject to compliance with all provisions of this Article, shall receive an annual adjustment in of the Service Rates as set forth in Exhibit 1 of this Agreement.

6.2.2 RRI Adjustment. Beginning on January 1, 2012, and annually thereafter during the term of this Agreement, the Service Rates set forth in Section 6.2.1 above shall be adjusted by the RRI adjustment set forth below. In any year that the calculation of the RRI results in a negative number, there shall be no adjustment of the Service Rates. Instead, the negative RRI number shall be added to the result of the subsequent years RRI calculation and the result shall be the RRI adjustment for that subsequent year.

6.2.3 12-Month Annual Average. The RRI adjustment shall be the sum of the weighted percentage change in the twelve (12)month annual average of each RRI index number between the base year, which shall be the prior preceding fiscal year ending June 30th and the preceding fiscal year ending June 30th as contained in the most recent release of the source documents listed in Exhibit 2, ("REFUSE RATE INDEX") which is attached to and included in this Agreement. Therefore, the first Service Rate adjustment will be based on the percentage changes between the twelve (12) month Annual Average of the RRI indices for the fiscal year ending June 30, 2010 and the Annual Average of the RRI indices for the fiscal year ending June 30, 2011. The RRI shall be calculated using the RRI methodology included in Exhibit 2.

6.3 RRI Financial Information

On or before September 1, 2011, and annually thereafter during the term of this Agreement, the Company shall deliver to the District financial information for the specific services performed under this Agreement for the preceding Agreement Year. Such financial information shall be in the format as set forth in Exhibit 2, or as may be further revised by the District from time to time. If the Company fails to submit the

financial information in the required format by September 1st, it is agreed that the Company shall be deemed to have waived the RRI adjustment for that year. The Company's failure to provide the financial information shall not preclude the District from applying the RRI using the prior year's financial data, or pro forma data if no prior year financial data is available, if that application would result in a negative RRI.

6.3.1 Annual Adjustments shall be made only in units of one cent ($0.01). Fractions of less than one cent ($0.01) shall not be considered in making adjustments. The indices shall be truncated at four (4) decimal places for the adjustment calculations.

6.3.2 If the Company's failure to submit the financial information required under Section 6.3 is the result of extraordinary or unusual circumstances as demonstrated by the Company to the satisfaction of the District Manager-Engineer, the District at its sole discretion, may consider the request for the annual RRI rate adjustment.

6.3.3 As of November 15, 2011, and annual thereafter during the term of this Agreement, the District Manager-Engineer shall notify the Company of the RRI adjustment to the affected service rates to take place on the subsequent January 1st.

6.4 Recyclable Materials Balancing Account

Because of the variation of Recyclable Materials commodity prices, the District and the Company agree to use the Recyclable Materials Balancing Account as described in Exhibit 7.

6.5 District or Company Requested Detailed Rate Review

The District or the Company may request a Detailed Rate Review to be conducted following the procedures as specified in Exhibit 8. However, a Detailed Rate Review shall not be conducted more than once every three (3) Agreement years. A request for a Detailed Rate Review shall be made in writing at least six months prior to the January 1st rate adjustment period for the year in which the results for the Detailed Rate Review are to be applied. The Company shall pay the cost for the Detailed Compensation Review, and the cost of such a Detailed Rate Review is an allowable pass-through cost.

EXHIBIT 2
Refuse Rate Index

The "Refuse Rate Index" adjustment shall be calculated in the following manner:

1. The expenses of providing Collection Services in the Service Area for the designated fiscal period (July to June) shall be prepared in the format set forth in the Operating Cost Statement - Description on the following page of this Exhibit.
2. The expenses of providing Collection Services in the Service Area shall be broken down into one of the following seven cost categories: Labor; Fuel; Vehicle Replacement; Maintenance, Disposal Fee, Organic Waste Processing fee, and All Other. Each cost category is assigned a weighted percentage factor on that cost category's proportionate share of the total of the costs shown for all cost categories.
3. The following indices are used to calculate the adjustment for each cost category of the Service Rates. The change in each index is calculated on a twelve-month fiscal period (July to June). The twelve-month average index from July 2010 to June 2011 will serve as the "First Year Index".

Cost Category	Index
Labor	Series ID: ceu6056210008 Production Workers-Waste Collection
Fuel	California No 2 Diesel Ultra Low Sulfur (0-15 ppm) http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp
Vehicle Replacement	Series ID: pcu336211336211 Truck, bus, car and other vehicles bodies, for sale separately.
Vehicle Maintenance	Series ID: pcu333924333924 Parts and attachments for Industrial work trucks.
Disposal Fee	The per ton tip fee charged at the Disposal Facility.
Organic Waste Processing Fee	The per ton tip fee charged at the approved Organic Waste Processing Facility.
All Other	Consumer Price Index, Series ID: CUURA422SA0 CPI-All Urban Consumers, All Items, San Francisco,

4. The percentage weight for each cost category is multiplied by the change in each appropriate index to calculate a weighted percentage for each cost category. The weighted percentage changes for each cost category are added together to calculate the Refuse Rate Index for the Service Rates in Exhibit 1.

EXHIBIT 2 Refuse Rate Index	
Operating Costs	**Operating Cost Statement - Description**
Labor:	List all administrative, officer, operation and maintenance salary accounts. List payroll tax accounts directly related to the above salary accounts.
Fuel:	List all fuel and oil accounts.
Vehicle Replacement:	List all Collection and Collection related vehicle depreciation accounts. List all vehicle lease or rental accounts related to Collection or Collection related vehicles.
Vehicle Maintenance:	List all Collection or Collection related vehicle parts accounts.
Disposal Fee:	List all Landfill Disposal related accounts.
Organic Waste Processing Fee:	List all Organic Waste Processing related accounts.
All Other:	List all other expense accounts related to the services provided under this Contract. This category includes all insurance including general liability, fire, truck damage, extended coverage and employee group medical and life; rent on property, truck licenses and permits; real and personal property taxes; telephone and other utilities; employee uniforms; safety equipment; general yard repairs and maintenance; office supplies; postage; trade association dues and subscription; advertising; employee retirement or profit sharing contributions; and miscellaneous other expenses.

1

Attachment 3

Rate Year 2016 Rate Adjustment Calculation

Cost Category	1-1-15 Rate Rev Base Breakdown	7-01-14 to 6-30-15 Change In Index	Percentage Weight for Each Cost Category	Weighted Percentage Change for Each Cost Category
Labor	$2,441,597	2.640%	23.810%	0.63%
Fuel	$694,271	-13.500%	6.770%	-0.91%
Vehicle Replacement	$468,289	1.870%	4.570%	0.09%
Vehicle Maintenance	$293,443	3.230%	2.860%	0.09%
Disposal Fee	$1,547,536	1.530%	15.090%	0.23%
Organic Waste Processing Fee	$524,219	1.530%	5.110%	0.08%
Other operating costs	$4,285,430	2.680%	41.790%	1.12%
Total allowed operating costs	$10,254,785		100.000%	1.33%
Refuse Rate Index Adjusted for Balancing Account				**1.33%**

Note:
R3 reduced this value from 3.25% based on an updated BLS index value. Because this change was very minor, there was no impact on the overall calculated adjustment.

Note:
R3 reduced this value from -4.370% to -13.500% due to an incorrect formula used by NDS in their index calculations. This resulted in the overall rate adjustment percentage being reduced from 1.94% to 1.33%.

Attachment 3

This page intentionally left blank.

Exhibit 7
Recyclable Materials Balancing Account

1. **Recyclable Material Per Ton Net Revenue Amount.**

   Fair Market Value - For purposes of forecasting recyclable material net revenues for 2008, the Company shall use the calculated fair market value of recyclable material revenues for 2006, which shall equal the annual total of the fair market value for such material for each month times the associated monthly tonnage collected or received by the Company for calendar year 2006, times any applicable growth rate (the 2006 Projected Revenues). A similar methodology will be used for purposes of forecasting recyclable material sales revenues for subsequent years. That fair market value shall be calculated as follows:

   a. The fair market value of net revenue paid by related parties to the Company for recyclable materials net of processing costs, and any and all other costs (the Per Ton Net Revenue Amount), shall initially be set at $44.85 per ton effective July 2005. This initial Per Ton Net Revenue Amount will be adjusted on a monthly basis, as described below.

   b. The prior month Per Ton Net Revenue Amount shall be adjusted for purposes of establishing the Per Ton Net Revenue Amount for the current month based on changes to the Official Board Markets Transacted Paper Stock Prices (OBM Index Prices) as reported for "San Francisco" as follows:

      i. The starting point for the Per Ton Net Revenue Amount shall be $44.85 per ton effective July 2005.

      ii. The Per Ton Net Revenue Amount shall be adjusted monthly based on changes to the OBM Index Prices for Mixed Paper, #8 Newspaper and OCC as reported in the first weekly OBM issue of each month. The OBM Index Prices for each of these commodities shall be set at the average of the high and low prices reported each month, which are $67.50, $87.50 and $87.50 respectively for July 2005.

      iii. The weighted average percentages for Mixed Paper, #8 Newspaper and OCC for purposes of applying the OBM Index Prices shall be 46%, 46% and 8% respectively.

      iv. Every month, one hundred percent (100%) of the weighted average O.B.M. index price adjustment (up or down) compared to the previous month shall be added or subtracted from the prior month Per Ton Revenue Amount for purposes of establishing the Per Ton Revenue Amount for each month.

   c. Example: The OBM Index Price adjustments from July 2005 to August 2005 for Mixed Paper, #8 Newspaper and OCC were -$10/ton, -$5/ton and -$10/ton respectively. Applying the above referenced weighted average by material type, the price change July to August is -$9.00/ton. The Per Ton Net Revenue Amount for July 2005 would decrease from $44.85 to $35.85 which is the Per Ton Net Revenue Amount for August 2005.

Exhibit 7
Recyclable Materials Balancing Account

d. The calculated Per Ton Net Revenue Amount for each month shall be applied to all tonnages collected or received by the Company through the recycling program and delivered to related parties for processing for that month, including any and all processing residue, contaminants, non-processable or other material tonnages.

e. Notwithstanding any provision of this Agreement to the contrary, at no time shall the Per Ton Net Revenue Amount paid by a related party be less than $10 per ton (The Floor Price) nor more than $80 per ton (The Ceiling Price) – The Floor Price and Ceiling Price shall be adjusted for the full impact of any change in the CRV value as provided for below.

f. In the event of any future changes to the California Redemption Value (CRV) paid by the State of California, the Per Ton Net Revenue Amount shall be adjusted to account for that relative impact on the Per Ton Net Revenue Amount. That impact shall be determined by multiplying the total applicable CRV tons for the prior 12 months times the applicable net change in CRV per ton revenue to project the total additional annual CRV revenue. This total additional annual CRV revenue shall then be divided by the total tonnage collected or received by the Company through the recycling program for the prior 12 months to determine the net additional per ton revenue amount that shall be added to the calculated Per Ton Net Revenue Amount going forward. The parties agree that should the CRV value be adjusted on or after July 1, 2007, as provided for in the California Beverage Container Recycling and Litter Reduction Act, allowances will be made to the rates that are set for 2008 and beyond to fully account for this change, notwithstanding any provision of this Agreement to the contrary.

2. Balancing Account Calculation for Recyclable Materials.

Because of the potential volatility of recyclable material prices, the District and the Company agree to establish a Balancing Account for recyclable material sales revenue. The Balancing Account amount will be based on the difference between the projected revenues for each year (as calculated using the above methodology) and the calculated revenues for that year (i.e., the annual total of the actual monthly tonnage times the calculated Per Ton Revenue Amount for each month using the methodology described above).

a. For purposes of tracking the Balancing Account amount, the Company shall provide the District with an annual report that includes:

i. A copy of the OBM Index Prices as reported in the first issue of each month;

ii. The total commingled recyclable tonnage delivered to any related party for processing;

iii. The calculated current month Per Ton Revenue Amount and the calculation used to determine that amount;

iv. The total monthly Calculated Revenue equal to the total tonnage collected or

Exhibit 7
Recyclable Materials Balancing Account

received by the Company through the recycling program and delivered to the related parties for processing times the calculated monthly Per Ton Revenue Amount); and

v. All prior year to date monthly figures for the calendar year for items (ii) through (iv) above.

b. The net cumulative Balancing Account amount for 2008 through 2011 shall be accounted for in full in setting the rates for Calendar Year 2013 as follows:

i. The net cumulative Balancing Account will by dividing by five (to account for rates in 2013, 2014, 2015, 2016 and 2017) (the annualized Balancing Account amount);

ii. The Company's fiscal year 2011 audited financial statement rate revenue will be divided by the annualized Balancing Account amount to calculate the annualized Balancing Account rate adjustment; and

c. The calculated RRI rate adjustment for 2013 will be adjusted up (if the Balancing Account amount is due to the Company) or down (if the Balancing Account amount is due to the District) by the annualized Balancing Account rate adjustment, which shall be carried forward through rate year 2016.

d. The net cumulative Balancing Account amount for 2012 through 2016 shall be accounted for in full in setting the rates for Calendar Year 2018 by dividing that amount by five (to account for rates in 2018, 2019,2020, 2021 and 2022) and applying the same rate adjustment methodology specified for Calendar Year 2013 in Section 6.6.6.2.2 above.

e. The net cumulative Balancing Account amount for 2017 through 2021 shall be accounted for in full in setting the rates for Calendar Year 2023 by dividing that amount by three (to account for rates in 2023, 2024 and 2025) and applying the same rate adjustment methodology specified for Calendar Year 2013 in Section 6.6.6.2.2 above.

f. The cumulative balancing account amount for Calendar Years 2022 through 2025 shall be paid by the applicable party to the other party in no less than equal annual payments over a period of no more than four years starting January 1, 2026, without interest.

g. In the event that a Detailed Rate Review is conducted the impact of the Balancing Account will be factored into the associated rate adjustment for that year in the same manner specified for Calendar Year 2013 in Section 6.6.6.2.2 above.

h. Exit Clause. -The parties agree that the proposed methodology is intended to provide a reasonable projection of the fair market value of revenues paid by third parties to the Company. Recyclable material commodity prices can, however, be extremely volatile and factors other than those accounted for in the proposed methodology may impact the fair market value of revenues. To provide a contingency for such potential

Exhibit 7 **Recyclable Materials Balancing Account**
events, each party shall have the right to terminate the use of the methodology for establishing the monthly Per Ton Revenue Amount described in this Section at any time during the term of this Agreement at either party's sole discretion. The notification shall be in writing and shall be effective thirty calendar days after receipt. The exercising of said option shall not remove either party's obligation to the other party for any Balancing Account balance at the time said option is exercised and becomes effective. i. In the event that either party exercises its option to terminate the methodology for establishing the Per Ton Revenue Amount, the parties agree to negotiate a new methodology that is acceptable to both parties. In the event that the parties cannot agree on acceptable changes to the methodology, the fair market value will be based on a review of actual related recyclable material sales revenues and related processing expenses.

1

Attachment 5

	OBM Per Ton Revenue Amount	Ceiling / Floor Price	CRV Per Ton Adjustment	Per Ton Net Revenue Amount	San Francisco OBM Prices (average of high & low) [1] Mixed Paper	#8 NP	OCC	Variance vs. Prior Month Mixed Paper	#8 NP	OCC	Price Adjustment 100%	Total Tons	Total Revenue
2012													
Jan	$70.50		$4.19	$74.69	$82.50	$120.00	$135.00	$4.60	$55.20	$10.79	$70.60	933	$ 69,685
Feb	$73.60		$4.19	$77.79	$87.50	$120.00	$145.00	$2.30	$0.00	$0.80	$3.10	859	$ 66,820
Mar	$73.60		$4.19	$77.79	$87.50	$120.00	$145.00	$0.00	$0.00	$0.00	$0.00	1,001	$ 77,866
Apr	$73.60		$4.19	$77.79	$87.50	$120.00	$145.00	$0.00	$0.00	$0.00	$0.00	924	$ 71,877
May	$72.80		$4.19	$76.99	$87.50	$120.00	$135.00	$0.00	$0.00	-$0.80	-$0.80	968	$ 74,526
Jun	$71.60		$4.19	$75.79	$87.50	$120.00	$120.00	$0.00	$0.00	-$1.20	-$1.20	1,051	$ 79,655
Jul	$68.90		$4.19	$73.09	$82.50	$120.00	$115.00	-$2.30	$0.00	-$0.40	-$2.70	1,162	$ 84,931
Aug	$52.00		$4.19	$56.19	$67.50	$100.00	$105.00	-$6.90	-$9.20	-$0.80	-$16.90	1,013	$ 56,920
Sep	$38.35		$4.19	$42.54	$52.50	$87.50	$92.50	-$6.90	-$5.75	-$1.00	-$13.65	900	$ 38,286
Oct	$50.85		$4.19	$55.04	$67.50	$97.50	$105.00	$6.90	$4.60	$1.00	$12.50	1,054	$ 58,012
Nov	$60.10		$4.19	$64.29	$77.50	$105.00	$120.00	$4.60	$3.45	$1.20	$9.25	1,096	$ 70,461
Dec	$54.70		$4.19	$58.89	$72.50	$100.00	$110.00	-$2.30	-$2.30	-$0.80	-$5.40	1,052	$ 61,952

2012 Balancing Account Calculated Revenues =	$ 810,991
2012 Projected Recyclable Materials Revenue =	542,420
July 1, 2007 CRV Adjustment =	40,664
Total 2012 Balancing Account Projected Revenues =	583,084
2012 Balancing Account Due to District (Company)	227,907

NET BALANCING ACCOUNT FOR 2012-2012 DUE TO DISTRICT (COMPANY) = 227,907

2013													
Jan	$54.70		$4.19	$58.89	$72.50	$100.00	$110.00	$0.00	$0.00	$0.00	$0.00	1,092	$ 64,307
Feb	$59.70		$4.19	$63.89	$82.50	$100.00	$115.00	$4.60	$0.00	$0.40	$5.00	927	$ 59,226
Mar	$60.50		$4.19	$64.69	$82.50	$100.00	$125.00	$0.00	$0.00	$0.80	$0.80	1,010	$ 65,336
Apr	$60.50		$4.19	$64.69	$82.50	$100.00	$125.00	$0.00	$0.00	$0.00	$0.00	1,054	$ 68,182
May	$52.80		$4.19	$56.99	$72.50	$95.00	$115.00	-$4.60	-$2.30	-$0.80	-$7.70	1,091	$ 62,175
Jun	$49.35		$4.19	$53.54	$72.50	$87.50	$115.00	$0.00	-$3.45	$0.00	-$3.45	1,027	$ 54,985
Jul	$49.75		$4.19	$53.94	$72.50	$87.50	$120.00	$0.00	$0.00	$0.40	$0.40	1,078	$ 58,146
Aug	$45.55		$4.19	$49.74	$67.50	$82.50	$125.00	-$2.30	-$2.30	$0.40	-$4.20	1,020	$ 50,733
Sep	$45.55		$4.19	$49.74	$67.50	$82.50	$125.00	$0.00	$0.00	$0.00	$0.00	960	$ 47,749
Oct	$45.55		$4.19	$49.74	$67.50	$82.50	$125.00	$0.00	$0.00	$0.00	$0.00	1,016	$ 50,534
Nov	$45.55		$4.19	$49.74	$67.50	$82.50	$125.00	$0.00	$0.00	$0.00	$0.00	978	$ 48,644
Dec	$40.15		$4.19	$44.34	$62.50	$77.50	$115.00	-$2.30	-$2.30	-$0.80	-$5.40	1,091	$ 48,373

2013 Balancing Account Calculated Revenues =	$ 678,389
2013 Projected Recyclable Materials Revenue =	542,420
July 1, 2007 CRV Adjustment =	40,664
Total 2013 Balancing Account Projected Revenues =	583,084
2013 Balancing Account Due to District (Company)	95,305

NET BALANCING ACCOUNT FOR 2012-2013 DUE TO DISTRICT (COMPANY) = 323,212

2014													
Jan	$37.85		$4.19	$42.04	$62.50	$72.50	$115.00	$0.00	-$2.30	$0.00	-$2.30	906	$ 38,087
Feb	$38.25		$4.19	$42.44	$62.50	$72.50	$120.00	$0.00	$0.00	$0.40	$0.40	1,089	$ 46,215
Mar	$38.25		$4.19	$42.44	$62.50	$72.50	$120.00	$0.00	$0.00	$0.00	$0.00	1,006	$ 42,693
Apr	$37.45		$4.19	$41.64	$62.50	$72.50	$110.00	$0.00	$0.00	-$0.80	-$0.80	1,042	$ 43,387
May	$37.45		$4.19	$41.64	$62.50	$72.50	$110.00	$0.00	$0.00	$0.00	$0.00	1,068	$ 44,470
Jun	$37.45		$4.19	$41.64	$62.50	$72.50	$110.00	$0.00	$0.00	$0.00	$0.00	1,052	$ 43,804
Jul	$37.45		$4.19	$41.64	$62.50	$72.50	$110.00	$0.00	$0.00	$0.00	$0.00	1,089	$ 45,344
Aug	$37.45		$4.19	$41.64	$62.50	$72.50	$110.00	$0.00	$0.00	$0.00	$0.00	1,009	$ 42,013
Sep	$36.65		$4.19	$40.84	$62.50	$72.50	$100.00	$0.00	$0.00	-$0.80	-$0.80	983	$ 40,145
Oct	$36.25		$4.19	$40.44	$62.50	$72.50	$95.00	$0.00	$0.00	-$0.40	-$0.40	1,093	$ 44,200
Nov	$36.25		$4.19	$40.44	$62.50	$72.50	$95.00	$0.00	$0.00	$0.00	$0.00	968	$ 39,145
Dec	$36.05		$4.19	$40.24	$62.50	$72.50	$92.50	$0.00	$0.00	-$0.20	-$0.20	1,292	$ 51,990

2014 Balancing Account Calculated Revenues =	$ 521,493
2014 Projected Recyclable Materials Revenue =	542,420
July 1, 2007 CRV Adjustment =	40,664
Total 2014 Balancing Account Projected Revenues =	583,084
2014 Balancing Account Due to District (Company)	(61,591)

NET BALANCING ACCOUNT FOR 2012-2014 DUE TO DISTRICT (COMPANY) = 261,621

[1] First weekly OBM issue of each month
Floor per ton = $10.00 Max = $80.00 (to be adjusted for any change in CRV)