

SERVICE CONTRACT  
FOR  
MUNICIPAL SOLID WASTE MANAGEMENT,  
TRANSPORTATION AND DISPOSAL  
(NORTH SHORE MARINE TRANSFER STATION  
AND  
EAST 91<sup>ST</sup> STREET MARINE TRANSFER STATION)

between

THE CITY OF NEW YORK,  
NEW YORK

and

COVANTA 4RECOVERY, L.P.

Dated

July 3, 2013

(PROCUREMENT IDENTIFICATION NUMBER 82704RR00031)

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- B. Form of Letter of Credit

## APPENDICES

- 1. Description of the Marine Transfer Stations
  - a. MTS-1 (North Shore Marine Transfer Station)
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- 2. Tugboat, Barge, Railcar, Container, Reach Stacker, Yard Jockey, Chassis, and Railcar Mover Specifications
- 3. Intermodal Facilities and Authorized Disposal Sites
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    - 3. Lee County Landfill
- 4. WCAL Tables
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- 11. Forms of Twice Monthly and Monthly Billing Statements
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13. Preliminary Company Development Plan
14. Description of Facilities for Company Personnel at the MTS (Section 7.2); Areas of Company Control; Company Maintenance and Security Responsibilities
15. Schedule of Convenience Termination Payments
16. Semiannual and Annual Reconciliations

SERVICE CONTRACT  
FOR  
MUNICIPAL SOLID WASTE MANAGEMENT,  
TRANSPORTATION AND DISPOSAL  
(NORTH SHORE MARINE TRANSFER STATION  
AND  
EAST 91<sup>ST</sup> STREET MARINE TRANSFER STATION)

THIS SERVICE CONTRACT FOR MUNICIPAL SOLID WASTE MANAGEMENT, TRANSPORTATION AND DISPOSAL (NORTH SHORE MARINE TRANSFER STATION AND EAST 91<sup>ST</sup> STREET MARINE TRANSFER STATION) is dated as of this 3rd day of July, 2013 in the City of New York, New York between the City of New York, New York, a municipal corporation organized and existing under the laws of the State of New York (the "City"), acting by and through the Department of Sanitation ("DSNY"), and Covanta 4Recovery, L.P., a limited partnership organized and existing under the laws of the State of Delaware (the "Company").

RECITALS

(A) The City is responsible for the collection, transport and disposal of municipal solid waste generated in the City.

(B) The City has proposed to construct up to two marine transfer stations to receive and containerize certain municipal solid waste generated in the City, to be located at the sites described in Appendix 1.

(C) The City intends to load solid waste delivered to the Marine Transfer Stations into containers and to provide for the transfer of containerized municipal solid waste to barges at the Marine Transfer Stations, so that such containerized waste may be transported from the Marine Transfer Stations by barge.

(D) The City has determined that it is in the City's best interests to contract with a private company on a long-term basis to manage, transport and dispose of municipal solid waste received at MTS-1 and MTS-2.

(E) The City issued a Request for Proposals to Transport and Dispose of Containerized Waste From One or More Marine Transfer Stations (PIN 82704RR00031) (together with all supplements thereto, the "RFP") on December 22, 2003 seeking firms interested in providing municipal solid waste management, transfer, transport and disposal services, and set forth in the RFP the criteria for selection of the preferred proposer. Requests for Best and Final Offers were issued on December 29, 2004, September 25, 2006, October 16, 2008, and October 16, 2009. A Request for Pricing Best and Final Offer was issued on December 2, 2011.

(F) Based on evaluation by its selection committee utilizing the evaluation factors and selection criteria and following the review and selection process identified in the RFP, the City selected the proposal submitted by or on behalf of the Company for further negotiation.

(G) In January 2011, the City initiated contract negotiations with the Company which have concluded with this Service Contract.

(H) Covanta Holding Corporation has guaranteed the performance of the obligations of the Company under this Service Contract pursuant to a separate Guaranty Agreement executed concurrently herewith.

(I) The Company has provided a letter of credit to further secure the performance of its obligations hereunder.

(J) MTS-1 and MTS-2 shall be owned by the City throughout the term of this Service Contract.

(K) The Company shall be responsible for obtaining, financing, maintaining, repairing, replacing and managing certain equipment and other assets necessary to perform its obligations pursuant to this Service Contract.

(L) The Company shall be responsible for itself performing, or shall cause to be performed through subcontract, lease or other contractual arrangement, all of its obligations pursuant to this Service Contract.

(M) Each party has made certain representations and warranties and the other party relies upon such representations and warranties in the execution hereof.

(N) The City desires to receive, and the Company desires to provide, municipal solid waste transportation and disposal services under the terms of this Service Contract.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound, agree as follows:

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

SECTION 1.1. DEFINITIONS. As used in this Service Contract, the following terms shall have the meanings set forth below:

“\$100 Million Material Adverse Change” has the meaning specified in subsection 14.1(B).

“\$200 Million Material Adverse Change” has the meaning specified in subsection 14.1(B).

“Additional Barge” means additional Barges that the Company is required to obtain in connection with a Designated Transportation Equipment Adjustment Effective Date, and may include Company Owned Barges.

“Additional Chassis” means additional Chassis that the Company is required to obtain in connection with a Designated Transportation Equipment Adjustment Effective Date.

“Additional Container” means additional Containers that the Company is required to obtain in connection with a Designated Transportation Equipment Adjustment Effective Date.

“Additional Railcar” means additional Railcars that the Company is required to obtain in connection with a Designated Transportation Equipment Adjustment Effective Date.

“Additional Railcar Mover” means additional Railcar Movers that the Company is required to obtain in connection with a Designated Transportation Equipment Adjustment Effective Date.

“Additional Reach Stacker” means additional Reach Stackers that the Company is required to obtain in connection with a Designated Transportation Equipment Adjustment Effective Date.

“Additional Renewal Term” has the meaning set forth in subsection 3.2(B).

“Additional Transportation Equipment” means Additional Barges, Additional Containers, Additional Railcars, Additional Reach Stackers, Additional Yard Jockeys, Additional Chassis and Additional Railcar Movers.

“Additional Transportation Equipment Monthly Unit Cost” has the meaning set forth in subsection 6.2(I).



“Additional Yard Jockey” means additional Yard Jockeys that the Company is required to obtain in connection with a Designated Transportation Equipment Adjustment Effective Date.

“Affiliate” means any Person directly or indirectly controlling or controlled by another person, corporation or other entity or under direct or indirect common control with such person, corporation or other entity.”

“All-in Variable Cost” means, with respect to Loaded Containers delivered to: (1) the Niagara Resource Recovery Facility, the Niagara Resource Recovery Facility VOC, (2) the Delaware Valley Resource Recovery Facility, the Delaware Valley Resource Recovery Facility VOC, (3) the Lee County Landfill, the Lee County Landfill VOC and (4) any other disposal facility, the Other Disposal Facility VOC. For purposes of the semiannual and annual reconciliations to be performed pursuant to Section 11.27 and Appendix 16 only, the term “All-in Variable Cost” shall include the Fixed UCC Cost Per Container calculated pursuant to subsection 11.21(C) and Appendix 16.

“All-in Variable Rate” has the meaning set forth in subsection 11.28(C).

“Annual Settlement Statement” has the meaning set forth in subsection 11.27(B).

“Annual Threshold Amount” has the meaning set forth in subsection 13.4(C).

“Appendix” means any of the Appendices attached to this Service Contract, as the same may be amended or modified from time to time in accordance with the terms hereof.

“Applicable Law” means any: (1) federal, state or local law, or admiralty or maritime law, or any code, or regulation; (2) formally adopted and generally applicable rule, requirement, determination, standard, policy, implementation schedule, or other order of any Governmental Body having appropriate jurisdiction; (3) established interpretation of law or regulation utilized by an appropriate Governmental Body if such interpretation is documented in writing by such Governmental Body and generally applicable; (4) Governmental Approval; and (5) consent order or decree, settlement agreement or other similar agreement with any Governmental Body, in each case having the force of law and applicable from time to time: (a) to the siting, permitting, design, acquisition, construction, equipping, financing, ownership, possession, start up, testing, operation, maintenance, repair, replacement or management of solid waste facilities, including the assets comprising the Contract Services System; (b) to the transfer, hauling, transportation (including by barge on offshore, coastal and inland waterways), handling, processing, containerizing or disposal of solid waste, including any activity relating to the Contract Services; and (c) to any other transaction or matter

contemplated hereby (including any of the foregoing which pertain to procurement, contracting, health, safety, fire, environmental protection, labor relations, building codes, the payment of prevailing or minimum wages and non-discrimination).

“Authorized Disposal Sites” means a disposal site that meets the requirements of subsection 8.7(A) and that has been proposed by the Company and approved by the City to be an Authorized Disposal Site. The sites initially approved by the City are listed in Appendix 3 under the heading “Authorized Disposal Sites”.

“Average Annual Per-Railcar Linehaul Carrier Turntime” has the meaning set forth in Section 9.5.

“Bankruptcy Code” means the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq., as amended from time to time, and any successor statute thereto. “Bankruptcy Code” shall also include any similar state law relating to bankruptcy, insolvency, the rights and remedies of creditors, the appointment of receivers or the liquidation of companies and estates that are unable to pay their debts when due.

“Barge” means a barge conforming to the Barge Specifications and used by the Company in the performance of the Contract Services.

“Barge Capital Cost Component” has the meaning set forth in Section 11.13.

“Barge Loading Area” means, with respect to a Marine Transfer Station, the location on the pier level of the Marine Transfer Station where the Company performs the Barge loading and unloading services, as set forth in Appendix 14.

“Barge Monthly Cost” is used with reference to the monthly amount payable by the City with respect to all Company Owned Barges within a Tranche, and has the meaning set forth in subsection 11.13(D).

“Barge Monthly Unit Cost” is used with reference to the monthly amount payable by the City with respect to a single Company Owned Barge within a Tranche, and has the meaning set forth in subsection 11.13(D).

“Barge Specifications” means the specification for Barges set forth in Appendix 2.

“Barge Standards” has the meaning set forth in clause (2) of subsection 6.1(D).

“Barge Steel Adjustment Factor” has the meaning set forth in subsection 11.22(F) with respect to the initial Minimum Barge Requirement and, with respect to Additional Barges shall have the meaning set forth in the Designated Transportation

Equipment Purchase Contract for such Additional Barges relating to the escalation of the steel component of the purchase price of such Additional Barges.

“Base Disposal Variable Rate” has the meaning set forth in subsection 11.12(B).

“Baseline Transportation Equipment Record” has the meaning set forth in subsection 10.16(A).

“Basic Rail Transport VOC” has the meaning set in subsection 11.20(B).

“Billing Period” means a Twice Monthly Billing Period and a Monthly Billing Period. When the term Billing Period is used: (1) with respect to System Cost Component, the Barge Capital Cost Component, the Railcar Capital Cost Component, the Container Capital Cost Component, the Reach Stacker Capital Cost Component, the Yard Jockey Capital Cost Component, the Chassis Capital Cost Component, the Railcar Mover Capital Cost Component, the Fixed Operating Cost Component and the Fixed Uncontrollable Circumstances Costs Component, it means a Twice Monthly Billing Period; and (2) with respect to all other Service Fee components, it means a Monthly Billing Period.

“Billing Statement” means the monthly or twice-monthly invoice submitted by the Company to the City for the Contract Services, the initial forms of which are attached hereto as Appendix 11, and which forms may be modified from time to time in accordance with subsection 11.25(D).

“Calendar Month” means a full month beginning on the first day of such month and ending on the last day of such month.

“Calendar Year” means a 12-month period commencing on January 1 in any year and ending on December 31 of that year.

“Cannot Physically be Accepted” has the meaning set forth in subsection 8.9(D).

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§ 9601 et seq., and applicable regulations promulgated thereunder, each as amended from time to time.

“Certificate of Classification” means a certificate issued by the American Bureau of Shipping in conformance with its standards.

“Change in Designated Disposal Site Date” means the date of the change to the New Designated Disposal Site relating to the commencement of operations under a replacement Linehaul Carrier Subcontract pursuant to Section 8.8 or Section 9.3.

“Change in Law” means any of the following acts, events or circumstances that occur after the Contract Execution Date to the extent that compliance therewith increases or decreases the cost of performing or expands or reduces the scope of a party’s obligations hereunder or affects a party’s ability to perform under this Service Contract:

(A) the adoption, amendment, promulgation, issuance, modification, repeal or written change in administrative or judicial interpretation of any Applicable Law on or after the Contract Execution Date, unless such Applicable Law was on or prior to the Contract Execution Date duly adopted, amended, promulgated, issued or otherwise officially modified or changed in interpretation, in each case in final form, to become effective without any further action by any Governmental Body;

(B) the order or judgment of any Governmental Body issued on or after the Contract Execution Date (unless such order or judgment is issued to enforce compliance with Applicable Law which was effective as of the Contract Execution Date) to the extent such order or judgment is not the result of willful or negligent action, error or omission or lack of reasonable diligence of the Company or of the City, whichever is asserting the occurrence of a Change in Law; provided, however, that the contesting in good faith or the failure in good faith to contest any such order or judgment shall not constitute or be construed as such a willful or negligent action, error or omission or lack of reasonable diligence;

(C) without limiting the generality of the foregoing (A) and (B), Change in Law shall include any federal, state, county, City or other local law, ordinance, code, rule, regulation or other legislation relating to carbon dioxide or greenhouse gas emissions, if it otherwise satisfies the requirements of this definition;

(D) the suspension, termination, interruption, denial or failure of renewal by any Governmental Body of any Governmental Approval (other than as described in item (A) of the express exclusions listed below), but only if not contributed to by failure of the Company to comply with Applicable Law as determined by the Governmental Body to have been a contributing factor in such suspension, termination, interruption, denial or failure of renewal; and

(E) the enactment of, amendment to, or implementation of laws, statutes, regulations, Association of American Railroad (AAR) standards or policies, and Surface Transportation Board (STB) decisions affecting performance of the Linehaul Carrier under or cost to the Company under the Linehaul Carrier Subcontract: (1) effective on or after the effective date of the Linehaul Carrier Subcontract or affecting the

performance or cost under the Linehaul Carrier Subcontract, or (2) implementing “Positive Train Control” requirements.

The imposition of a Reimbursable New or Increased Tax or the imposition of a Reimbursable New or Increased Host Community Tax shall be deemed to constitute a “Change in Law” for which the Company shall be reimbursed as an Extraordinary Items Component as provided in Section 11.24.

It is specifically understood, however, that a “Change in Law” shall not include:

(A) the issuance or non-issuance of Initial Company Governmental Approvals;

(B) adverse judgments or orders of any court or other Governmental Body resulting from litigation involving the Company (unless the subject matter of such litigation is itself a Change in Law);

(C) a change in the nature or severity of the actions typically taken by a Governmental Body to enforce compliance with Applicable Law which was effective as of the Contract Execution Date, other than restrictions on marine facilities and vessels issued by the United States Coast Guard that suspend or limit navigation and operation because of security threats and corresponding maritime security (“MARSEC”) conditions;

(D) acts, events and circumstances with respect to which the Company has assumed the permitting risk pursuant to Sections 4.12 and 10.7;

(E) the imposition of a Non-Reimbursable Tax;

(F) the imposition of a Non-Reimbursable Host Community Payment; or

(G) the enactment by the United States Coast Guard of Final Subchapter M Regulations relating to the inspection of towing vessels; provided that this exclusion shall not extend to any provision (or portion thereof) of Final Subchapter M Regulations to the extent such provision requires either (1) mandatory retirement of all existing Tugboats not in compliance with more stringent requirements for new Tugboats without regard to their remaining useful life, without provisions for grandfathering or retrofitting such existing Tugboats; or (2) increased numbers of crew members on Tugboats above current crew size requirements.

“Chassis” means a Chassis conforming to the Chassis Specifications and used by the Company in performing the Contract Services.

“Chassis Capital Cost Component” has the meaning set forth in Section 11.18.

“Chassis Monthly Cost” is used with reference to the monthly amount payable by the City with respect to all Company Owned Chassis within a Tranche, and has the meaning set forth in subsection 11.18(D).

“Chassis Monthly Unit Cost” is used with reference to the monthly amount payable by the City with respect to a single Company Owned Chassis within a Tranche, and has the meaning set forth in subsection 11.18(D).

“Chassis Specifications” means the specifications for Chassis set forth in Appendix 2.

“City” means the City of New York, New York, a municipal corporation organized and existing under the laws of the State of New York.

“City Development Period Obligations” has the meaning set forth in Section 4.4.

“City Fault” means any breach, failure, nonperformance or non-compliance by the City with respect to its material responsibilities and obligations under this Service Contract to the extent not directly attributable to any Uncontrollable Circumstance or Company Fault, and which materially and adversely affects the Company’s rights, responsibilities, obligations or ability or costs to perform under this Service Contract.

“City Governmental Approvals” means, with respect to each Marine Transfer Station, those Governmental Approvals required to be obtained by the City as the owner of the Marine Transfer Station, including those listed in Section 5.3 of Appendix 5.

“City Indemnitee” has the meaning specified in Section 13.7.

“City MTS-1 Development Period Obligations” has the meaning set forth in subsection 4.4(A).

“City MTS-2 Development Period Obligations” has the meaning set forth in subsection 4.4(B).

“City Notice of Renewal Date” has the meaning specified in Section 3.2(B).

“City Owned Barges” has the meaning set forth in subsection 6.2(D).

“City Owned Chassis” has the meaning set forth in subsection 6.2(D).

“City Owned Containers” has the meaning set forth in subsection 6.2(D).

“City Owned Railcar Movers” has the meaning set forth in subsection 6.2(D).

“City Owned Railcars” has the meaning set forth in subsection 6.2(D).

“City Owned Reach Stackers” has the meaning set forth in subsection 6.2(D).

“City Owned Reach Stackers” has the meaning set forth in Section 6.2(D).

“City Owned Transportation Equipment” means City Owned Barges, City Owned Railcars, City Owned Containers, City Owned Reach Stackers, City Owned Yard Jockeys, City Owned Chassis and City Owned Railcar Movers.

“City Owned Yard Jockeys” has the meaning set forth in subsection 6.2(D).

“City Site Supervisor” has the meaning specified in subsection 15.21(B).

“Classification Society” means an organization that is defined as such by the International Association of Classification Societies.

“Commercial Waste” means Municipal Solid Waste other than Municipal Solid Waste collected by DSNY.

“Commissioner” means the Commissioner of the New York City Department of Sanitation, or his or her designee.

“Company” means Covanta 4Recovery, LP, a limited partnership organized and existing under the laws of the State of Delaware, and its permitted successors and assigns.

“Company Annual Cost-Sharing Cap” has the meaning set forth in subsection 13.5(B).

“Company Development Period Obligations” means Company MTS-1 Development Period Obligations and Company MTS-2 Development Period Obligations.

“Company Development Plan” has the meaning set forth in Section 4.9.

“Company Fault” means any breach, failure, nonperformance or non-compliance by the Company with respect to its material responsibilities and obligations under this Service Contract to the extent not directly attributable to any Uncontrollable Circumstance or City Fault, and which materially and adversely affects the City’s rights, responsibilities and obligations or ability to perform under this Service Contract.

“Company Governmental Approvals” means all Governmental Approvals (other than City Governmental Approvals) required to be obtained by the Company (or by another entity, but needed in order for the Company to provide the Contract Services), including those set forth in Section 5.2 of Appendix 5.

“Company Indemnitee” has the meaning specified in Section 13.8.

“Company MTS-1 Development Period Obligations” has the meaning set forth in subsection 4.6(A).

“Company MTS-2 Development Period Obligations” has the meaning set forth in subsection 4.6(B).

“Company Notice of Expiration Date” has the meaning specified in Section 3.2(B).

“Company Owned Barges” means all Designated Barges, other than City Owned Barges and Leased Barges.

“Company Owned Chassis” means all Designated Chassis, other than City Owned Chassis and Leased Chassis.

“Company Owned Containers” means all Designated Containers, other than City Owned Containers and Leased Containers.

“Company Owned Railcar Movers” means all Designated Railcar Movers other than City Owned Railcar Movers and Leased Railcar Movers.

“Company Owned Railcars” means all Designated Railcars, other than City Owned Railcars and Leased Railcars.

“Company Owned Reach Stackers” means all Designated Reach Stackers other than City Owned Reach Stackers and Leased Reach Stackers.

“Company Owned Transportation Equipment” means Company Owned Barges, Company Owned Railcars, Company Owned Containers, Company Owned Reach Stackers, Company Owned Yard Jockeys, Company Owned Chassis and Company Owned Railcar Movers

“Company Owned Yard Jockeys” means all Designated Yard Jockeys other than City Owned Yard Jockeys and Leased Yard Jockeys.

“Company Site Supervisor” has the meaning specified in subsection 15.21(A).

“Comptroller” means the Comptroller of the City of New York.

“Consolidated Net Tangible Assets” has the meaning set forth in subsection 14.1(B).

“Consulting Engineer” means a nationally recognized consulting engineer or firm, having experience with respect to the design, construction oversight, testing, operation and maintenance of solid waste management facilities, that is designated the Consulting Engineer from time to time in writing by the City.



“Container” means a container conforming to the Container Specifications and used by the Company in the performance of the Contract Services.

“Container Acceptance Guarantee” has the meaning set forth in subsection 7.4(A).

“Container Availability Guarantee” has the meaning specified in subsection 7.7(A).

“Container Availability Service Fee Reduction Amount” means the product of: (1) \$400; and (2) the CPINY Adjustment Factor.

“Container Cost Adjustment Factor” has the meaning specified in subsection 11.22(H).

“Container Capital Cost Component” has the meaning set forth in Section 11.15.

“Container Delivery Cost Adjustment Factor” has the meaning specified in subsection 11.22(I).

“Container Monthly Cost” is used with reference to the monthly amount payable by the City with respect to all Company Owned Containers within a Tranche, and has the meaning set forth in subsection 11.15(D).

“Container Monthly Unit Cost” is used with reference to the monthly amount payable by the City with respect to a single Company Owned Container within a Tranche, and has the meaning set forth in subsection 11.15(D).

“Container Replacement Cycle” means the sequence of events that begins when the City delivers a Loaded Container properly seated on a Shuttle Car to the Barge Loading Area, and ends when the Company places an empty Container properly seated on the same Shuttle Car. If a Loaded Container is delivered on a Shuttle Car (the “Subsequent Shuttle Car”) before a Container Replacement Cycle for a different Shuttle Car (the “Current Shuttle Car”) is completed, the Container Replacement Cycle for the Subsequent Shuttle Car shall begin on the earlier to occur of: (a) the Container Replacement Cycle for the Current Shuttle Car being completed; or (b) the Crane spreader clamping on to the Loaded Container on the Subsequent Shuttle Car.

“Container Replacement Cycle Time” means, subject to the Company’s rejection rights set forth in subsection 7.4(A)(3), the period of time commencing when a Container Replacement Cycle begins and ending when that same Container Replacement Cycle ends.

“Container Specifications” means the specifications for Containers set forth in Appendix 2.

“Container Steel Adjustment Factor” has the meaning set forth in subsection 11.22(G) with respect to the initial Minimum Container Requirement and, with respect to Additional Containers, shall have the meaning set forth in the Designated Transportation Equipment Purchase Contract for such Additional Containers relating to the escalation of the steel component of the purchase price of such Additional Containers.

“Containerized Waste” means DSNY-managed Waste which has been loaded into Containers that have been sealed and readied for transport hereunder.

“Contract Administration Memorandum” has the meaning specified in subsection 15.3(B).

“Contract Effective Date” has the meaning specified in Section 3.1.

“Contract Execution Date” means the date on which this Service Contract has been executed by both of the parties hereto.

“Contract Services” means everything required to be furnished and done by the Company pursuant to this Service Contract. Contract Services include the employment and furnishing of all labor, materials, equipment, supplies, tools, storage, transportation, insurance, disposal and other things and kinds of services whatsoever necessary for the full performance of the Company’s obligations under this Service Contract. Contract Services includes, but is not limited to: (1) accepting Loaded Containers; (2) operation, maintenance and repair of the Cranes; (3) removing empty Containers from Barges and loading Barges with Loaded Containers at a Marine Transfer Station; (4) towing Barges between a Marine Transfer Station and the New York Container Terminal Intermodal Facility (or, if applicable, an Intermodal Facility used as a replacement for the New York Container Terminal Intermodal Facility); (5) placing Containers on and removing Containers from Barges at the New York Container Terminal Intermodal Facility (or the applicable replacement facility); (6) towing Barges of empty Containers back to the Marine Transfer Stations; (7) operating at the New York Container Terminal Intermodal Facility (or the applicable replacement facility), including the loading and unloading of Containers onto and off of Railcars, Barges or trucks, as applicable; (8) transporting Containerized Waste to an Intermodal Facility, if applicable, at the end of the rail haul (initially the Niagara RTT Intermodal Facility or the Delaware Rail Receiving Site); (9) placing Containers on and removing Containers from Railcars or trucks, as applicable, at an Intermodal Facility, if applicable, at the end of the rail haul (initially the Niagara RTT Intermodal Facility or the Delaware Rail Receiving Site); (10) transporting Containerized Waste

to the applicable Designated Disposal Sites (initially the Niagara Resource Recovery Facility, the Delaware Valley Resource Recovery Facility or the Lee County Landfill or, where permitted, to another Authorized Disposal Site); (11) processing, combusting or disposing of DSNY-managed Waste and transporting and disposing of ash residue, as applicable; and (12) transporting empty Containers back to the Marine Transfer Stations, all in accordance with the Contract Standards.

“Contract Services Assets” means all property and assets owned, leased or used by the Company (either directly or through Subcontractors) for the performance of the Contract Services, including the Equipment and the Authorized Disposal Sites. Contract Services Assets does not include the Marine Transfer Stations or the Cranes.

“Contract Services System” means the system of Contract Services Assets and services used by the Company to perform the Contract Services, including subcontracted services, and assets utilized by any party in the provision of such subcontracted services. Contract Services System does not include the Marine Transfer Stations or the Cranes.

“Contract Services System Improvements” mean those acquisitions, repairs, modifications and improvements, whether to existing properties or properties to be acquired, needed to develop the Contract Services System such that the Company is capable of performing the Contract Services.

“Contract Standards” means the most stringent of terms, conditions, methods, techniques, practices and standards imposed or required by: (1) Applicable Law; (2) the Design Requirements; (3) the Performance Guarantees; (4) the Operating Protocol; (5) Good Industry Practice; (6) Good Engineering and Construction Practice; (7) applicable warranties; (8) applicable equipment manufacturers’ specifications; (9) applicable Required Insurance; (10) Tugboat Standards; (11) Barge Standards; and (12) any other standard, term, condition or requirement specifically provided in this Service Contract to be observed by the Company.

“Contract Year” means the City’s fiscal year commencing on July 1 in any year and ending on June 30 of the following year; provided, however, that the first Contract Year shall commence on the MTS-1 Service Date and shall end on the first June 30 following the MTS-1 Service Date, and the last Contract Year shall commence on July 1 prior to the date this Service Contract expires or is terminated, whichever is appropriate, and shall end on the last day of the Term.

“Cost Adjusted Billing Statement” has the meaning set forth in subsection 11.25(B).

“Cost-Shared Uncontrollable Circumstance” has the meaning specified in subsection 13.5(A).

“Cost Substantiation” has the meaning described in Section 15.8.

“CPINY” means the final non-seasonally adjusted Consumer Price Index, All Urban Consumers 1982-84=100 Series (Series CUURA101SAO), as reported by the U.S. Department of Labor, Bureau of Labor Statistics, for all items, for New York, Long Island and Northern New Jersey.

“CPINY Adjustment Factor” has the meaning specified in subsection 11.22(B).

“Crane Acceptance Test” means, with respect to a Marine Transfer Station, the tests with which a Crane is required to comply as set forth in the contract between the City and the City’s construction contractor for such Marine Transfer Station.

“Crane Operation and Maintenance Manual” means the manual and related computer programs containing detailed standard operating procedures and other specific instruction, policies, directives, routines, schedules, and other matters relating to the operation, maintenance, repair, replacement and management of a Crane.

“Crane Service Agreement” means, with respect to a Marine Transfer Station, the applicable service agreement requiring the Crane service subcontractor to perform periodic inspections, preventative maintenance and repairs to a Crane.

“Crane Warranty” means, with respect to a Marine Transfer Station, the applicable warranty provided by the Crane manufacturer to replace or repair, at no additional cost, any component of the Crane that fails to function properly because of improper selection or application of components, or as a result of defects in workmanship, material, or design.

“Cranes” means, with respect to a Marine Transfer Station, the gantry cranes at that Marine Transfer Station and their components owned by the City and used to load and unload Containers between Barges and Shuttle Cars at the Marine Transfer Station in the performance of the Contract Services.

“Daily Container Acceptance Limit” means, with respect to each Marine Transfer Station on each Operating Day, an amount equal to the sum of: (1) the product of: (a) 12 Containers and (b) the number of Operating Hours during such Operating Day during which the Company is required to place at least 12 empty Containers in Shuttle Cars pursuant to subsection 7.7(A); plus (2) the product of: (a) 10 Containers and (b) the number of Operating Hours during such Operating Day during which the Company is required to place at least 10 empty Containers in Shuttle Cars pursuant to subsection 7.7(B).

“DCAL” means Daily Container Acceptance Limit.

“DEC” means the New York State Department of Environmental Conservation.

“Decommissioned Barges” has the meaning set forth in subsection 6.2(F).

“Decommissioned Chassis” has the meaning set forth in subsection 6.2(F).

“Decommissioned Containers” has the meaning set forth in subsection 6.2(F).

“Decommissioned Railcar Movers” has the meaning set forth in subsection 6.2(F).

“Decommissioned Railcars” has the meaning set forth in subsection 6.2(F).

“Decommissioned Reach Stackers” has the meaning set forth in subsection 6.2(F).

“Decommissioned Transportation Equipment” means Decommissioned Barges, Decommissioned Railcars, Decommissioned Containers, Decommissioned Reach Stackers, Decommissioned Yard Jockeys, Decommissioned Chassis and Decommissioned Railcar Movers.

“Decommissioned Yard Jockeys” has the meaning set forth in subsection 6.2(F).

“Delaware Rail Receiving Site” means the Intermodal Facility located at 1205 Centerville Road, Wilmington, DE 19808 (as further described in Appendix 3.)

“Delaware RRS” means the Delaware Rail Receiving Site.

“Delaware RRS Truck Fuel VOC” has the meaning set forth in Section 11.11.

“Delaware RRS Basic Rail Transport VOC” has the meaning set forth in Section 11.2, subsection 11.20(B) and Section 11.28.

“Delaware RRS Rail Fuel Surcharge VOC” has the meaning set forth in Section 11.2, subsection 11.20(C) and Section 11.28.

“Delaware Valley Resource Recovery Facility” means the mass burn energy-from-waste facility located at 10 Highland Avenue, Chester, PA (as further described in Appendix 3.)

“Delaware Valley Resource Recovery Facility DVC” has the meaning set forth in subsection 11.12(D).

“Delaware Valley Recovery Facility Variable UCC” means those incremental increases or decreases in variable costs (costs measured on a per Container or per Ton basis)

to the Company relating to delivery to or disposal at the Delaware Valley Resource Recovery Facility and for which a Service Fee adjustment is required pursuant to Article XIII.

“Delaware Valley Resource Recovery Facility VOC” means those costs comprising the All-in Variable Cost for Containers delivered to the Delaware Valley Resource Recovery Facility, which are identified in Sections 11.2 and 11.28.

“Design Requirements” means the Tugboat Specifications, the Barge Specifications, the Railcar Specifications, the Container Specifications, the Reach Stacker Specifications, the Yard Jockey Specifications, the Chassis Specifications and the Railcar Mover Specifications included as Appendix 2.

“Designated Alternate Disposal Site” means, as of the Contract Execution Date, the Lee County Landfill (but only with respect to DSNY-managed Waste delivered to the Lee County Landfill that exceeds the amount of DSNY-managed Waste for which the Lee County Landfill is a Designated Disposal Site), unless a replacement Authorized Disposal Site is designated as the Designated Alternate Disposal Site by mutual agreement in accordance with Section 8.8.

“Designated Barges” means those Barges identified by the Company pursuant to Section 6.1 to be used for performing the Contract Services.

“Designated Chassis” means those Chassis identified by the Company pursuant to Section 6.1 to be used for performing the Contract Services.

“Designated Containers” means those Containers identified by the Company pursuant to Section 6.1 to be used for performing the Contract Services.

“Designated Disposal Site” means, as of the Contract Execution Date, each of the Niagara Resource Recovery Facility and the Delaware Valley Resource Recovery Facility and, in any Contract Year during which the City delivers more than 1,000,000 Tons of DSNY-managed Waste to the Marine Transfer Stations, the Lee County Landfill Site (but only with respect to that portion of the DSNY-managed Waste exceeding 1,000,000 Tons in such Contract Year), unless replacement Authorized Disposal Sites are designated as Designated Disposal Sites by mutual agreement in accordance with Section 8.8.

“Designated Intermodal Facility” means, as of the Contract Execution Date, each of the New York Container Terminal Intermodal Facility, the Niagara RTT Intermodal Facility and the Delaware Rail Receiving Site, unless replacement Designated Intermodal Facilities are designated by mutual agreement as Designated Intermodal Facilities in accordance with Section 8.8.

“Designated Railcar Movers” means those Railcar Movers identified by the Company pursuant to Section 6.1 to be used for performing the Contract Services.

“Designated Railcars” means those Railcars identified by the Company pursuant to Section 6.1 to be used for performing the Contract Services.

“Designated Reach Stackers” means those Reach Stackers identified by the Company pursuant to Section 6.1 to be used for performing the Contract Services.

“Designated Transportation Equipment” means Designated Barges, Designated Containers, Designated Railcars, Designated Reach Stackers, Designated Yard Jockeys, Designated Chassis and Designated Railcar Movers.

“Designated Transportation Equipment Adjustment” means any Designated Transportation Equipment Increase and any Designated Transportation Equipment Decrease.

“Designated Transportation Equipment Adjustment Capital Cost Determination Date” means the date agreed to by the parties that is not later than 75 Calendar Days following the Designated Transportation Equipment Adjustment Notice Date on which the Company provides firm pricing in accordance with the procedures set forth in this Service Contract for the capital cost of Additional Transportation Equipment that is required to be obtained as a consequence of a Designated Transportation Equipment Adjustment.

“Designated Transportation Equipment Adjustment Effective Date” means the date upon which the Designated Transportation Equipment to be acquired or eliminated pursuant to the Designated Transportation Equipment Adjustment is required to become part of the Contract Services System (or is required to be eliminated from the Contract Services System) and upon which the cost attributable to such Designated Transportation Equipment becomes included in (or excluded from) the Service Fee.

“Designated Transportation Equipment Adjustment Interest Rate” means the annual interest rate used for calculating the monthly Service Fee cost component for Designated Transportation Equipment, determined as set forth Section 11.23.

“Designated Transportation Equipment Adjustment Interest Rate Determination Period” means: (1) with respect to the initial Minimum Transportation Equipment Requirement applicable on the MTS-1 Notice to Proceed Date, the six full months following the month in which the MTS-1 Notice to Proceed Date occurs, (2) with respect to the incremental increase in the Minimum Transportation Equipment Requirement required as of the MTS-2 Notice to Proceed Date, the six full months following the month in which the MTS-2 Notice to Proceed Date occurs, and (3) with respect to any incremental increase in the Minimum Transportation Equipment Requirement required as of any other Designated Transportation Equipment

Adjustment Notice Date, the six full months following the month in which the applicable Designated Transportation Equipment Adjustment Notice is issued by the City. With respect to Containers only, for purposes of calculating the tenth anniversary adjustments to the Container Monthly Unit Cost applicable for Container Tranche<sub>x</sub>, the Designated Transportation Equipment Adjustment Interest Rate Determination Period shall mean the six full months preceding the month in which the applicable tenth anniversary adjustment date occurs.

“Designated Transportation Equipment Adjustment Notice Date” means the date upon which the Company receives notice from the City of an event that requires a Designated Transportation Equipment Adjustment. Such events may include: (1) the MTS-2 Notice to Proceed, (2) a notice of a Reset, (3) a change in Minimum Transportation Equipment Requirement resulting from a Linehaul Carrier Reprocurement, or (4) a change in Minimum Transportation Equipment Requirement resulting from Uncontrollable Circumstances.

“Designated Transportation Equipment Decrease” means any decrease in the Minimum Transportation Equipment Requirement in accordance with this Service Contract.

“Designated Transportation Equipment Delivery Costs” means, with respect to any item of Designated Transportation Equipment (other than the initial Minimum Transportation Equipment Requirement required as of the MTS-1 Notice to Proceed Date), the costs of delivery of such item of Designated Transportation Equipment to the location designated by the Company, to the extent such item of cost is required to be paid as an independent cost component of the applicable purchase price in the Designated Transportation Equipment Purchase Contract and is not otherwise included in a lump sum purchase price. Designated Transportation Equipment Delivery Costs shall not include any storage costs either prior to or after delivery of the Transportation Equipment. If the Designated Transportation Equipment is delivered to a site for storage prior to initial use by the Company in performing waste-transporting services, then such delivery location shall be deemed to be the storage site and Designated Transportation Equipment Delivery Costs shall not include transportation costs following delivery to the storage site. With respect to the initial Minimum Transportation Equipment Requirement required as of the MTS-1 Notice to Proceed Date, the Designated Transportation Equipment Delivery Cost means the amount set forth in the applicable section in Article XI for each category of Transportation Equipment (subject to the following sentence with respect to the initial Minimum Container Requirement). With respect to the initial Minimum Container Requirement, the Designated Transportation Equipment Delivery Cost means the amount set forth in the first sentence of clause (1)(a)(iii) of subsection 11.15(C), plus the fuel adjustment described in the second sentence of such clause, which shall be calculated based on the delivery location determined as set forth above.



“Designated Transportation Equipment Increase” means any increase in the Minimum Transportation Equipment Requirement in accordance with this Service Contract.

“Designated Transportation Equipment Manufacturer” means, with respect to one or more items of Designated Transportation Equipment, the entity that the Company contracts with for the design, construction and, if applicable, delivery, set-up and installation of such items of Designated Transportation Equipment.

“Designated Transportation Equipment Purchase Contract” means, with respect to any item of Designated Transportation Equipment, the contract procured in accordance with subsection 6.2(A) and entered into by the Company with the Designated Transportation Equipment Manufacturer for the design, construction and, if applicable, delivery, set-up and installation of such item of Designated Transportation Equipment.

“Designated Waste Allocation” has the meaning set forth in subsection 8.9(A).

“Designated Yard Jockeys” means those Yard Jockeys identified by the Company pursuant to Section 6.1 to be used for performing the Contract Services.

“Development Period” has the meaning set forth in Section 4.1.

“Development Period Letter of Credit” has the meaning set forth in subsection 14.2(A).

“Diesel Fuel Index” means the monthly prices for Ultra Low Sulfur (15 ppm and under) Diesel (on Highway All Types) for the Central Atlantic Area as posted on the Department of Energy website: <http://www.eie.gov> or, if such index is no longer posted, such other index to which the parties mutually agree that reasonably reflects such prices. The Diesel Fuel Index for the “base period” is \$4.06 per gallon. The base period is the month of November 2011.

“Disposal Variable Cost” has the meaning set forth in Section 11.12.

“Disposal Variable Rate” has the meaning set forth in Section 11.12.

“DSNY” means the New York City Department of Sanitation.

“DSNY-managed Waste” means Municipal Solid Waste that DSNY collects or arranges to dispose of, including institutional waste from anywhere within the City, as well as Commercial Waste designated by DSNY as being DSNY-managed Waste.

“East 91<sup>st</sup> Street Marine Transfer Station” means the Marine Transfer Station so designated and identified in Appendix 1.

“Enhanced Letter of Credit” has the meaning specified in subsection 14.1(C).

“EPA” means the United States Environmental Protection Agency and any predecessor or successor agency.

“Equipment” means all of the equipment necessary to provide the Contract Services, including Tugboats, Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis, Railcar Movers and Operating Equipment.

“Equipment Cost Component” has the meaning set forth in Section 11.2.

“Event of Default” means, with respect to the Company, those items specified in Section 12.2, and with respect to the City, those items specified in Section 12.3.

“Event Response Measure” has the meaning specified in subsection 13.4(A).

“Exceptional Environmental Conditions” has the meaning set forth in subsection 7.19(B).

“Existing Designated Disposal Site Turntime” means, with respect to a Designated Disposal Site, the Average Annual Per-Railcar Linehaul Carrier Turntime for the immediately preceding Contract Year.

“Expiration Termination Adjustment” has the meaning set forth in Section 12.9.

“Extension Period” has the meaning specified in subsection 5.2(C).

“Extraordinary Items Component” has the meaning set forth in Section 11.24.

“Fees and Costs” means reasonable fees and expenses of employees, attorneys, architects, engineers, expert witnesses, contractors, consultants and other persons, and costs of transcripts, printing of briefs and records on appeal, copying and other reimbursed expenses, and expenses reasonably incurred in connection with investigating, preparing for, defending or otherwise appropriately responding to any Legal Proceeding.

“Final Subchapter M Regulations” means those final regulations to be adopted by the U.S. Coast Guard for which a Notice of Proposed Rulemaking was published in the Federal Register Vol. 76, No. 155 on Thursday, August 11, 2011 (the “Notice of Proposed Rulemaking”). Final Subchapter M Regulations includes the initial final Subchapter M regulations adopted by the U.S. Coast Guard addressing the matters identified in the foregoing Notice of Proposed Rulemaking for which final regulations will be adopted, including proposed rules referred to in but not yet promulgated in such notice; but Final Subchapter M Regulations shall not include further modifications to the Subchapter M Regulations that are adopted after adoption of the initial final Subchapter M regulations. For purposes of clarification, it is understood that all of the matters identified in the Notice of Proposed

rulemaking may not be adopted in final form at the same time, and that each matter to be addressed as identified in the Notice of Proposed Rulemaking, when initially adopted in its final form, is considered part of the initial Final Subchapter M Regulations.

“First Semiannual Period” means, for each full Contract Year, the period beginning on July 1 and ending on December 30. For a partial Contract Year, it shall be such lesser period of time within the foregoing dates.

“Fitch” means Fitch Ratings, a wholly owned subsidiary of Fimalac, S.A., or any of its successors and assigns. If such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally-recognized securities rating agency designated by the City.

“Fixed Operating Cost Component” has the meaning set forth in Section 11.4.

“Fixed Uncontrollable Circumstance Cost” has the meaning set forth in Section 11.21.

“Fixed Uncontrollable Circumstance Cost Component” has the meaning set forth in Section 11.21.

“Fixed UCC Cost Per Container” has the meaning set forth in subsection 11.21(C).

“Fleet Tugboat” means any Tugboat used in performing the Contract Services, the cost of which has not been expressly identified and segregated as a unique component of the Service Fee, and which may be substituted for other Tugboats at the Company’s or its Subcontractor’s discretion.

“Forced Diversions” means a Container of DSNY-managed Waste that is diverted from its intended Designated Disposal Site to: (1) another Designated Disposal Site because of City Fault or an Uncontrollable Circumstance (before an Event Response Measure is instituted) or because such Containers Cannot Physically Be Accepted at the intended Designated Disposal Site; (2) the Niagara Resource Recovery Facility (from the Delaware Valley Resource Recovery Facility) or to the Delaware Valley Resource Recovery Facility (from the Niagara Resource Recovery Facility) during any period in which the City is delivering less than 360 Loaded Containers per Operating Week; (3) the Designated Alternate Disposal Site, because of City Fault or an Uncontrollable Circumstance (before an Event Response Measure is instituted) or because such Containers Cannot Physically Be Accepted at both Designated Disposal Sites; or (4) another Authorized Disposal Site, because of City Fault or an Uncontrollable Circumstance (before an Event Response Measure is instituted) or because such Containers Cannot Physically Be Accepted at either of the Designated Disposal Sites or at the Designated

Alternate Disposal Site. In order for a waste diversion of any particular Container to be a Forced Diversion, the Company must provide an Operating Notice to the City that such diversion is a Forced Diversion not later than 24 hours following diversion of such Container.

“Good Engineering and Construction Practice” means those methods, techniques, standards and practices which, at the time they are to be employed and in light of the circumstances known or reasonably believed to exist at such time, are generally recognized and accepted as good design, engineering, equipping, installation, construction and commissioning practices for the design, construction and improvement of capital assets in the municipal solid waste industry. Good Engineering and Construction Practice is not limited to best engineering and construction practice to the exclusion of other methods, techniques, standards and practices which meet the definition of the immediately preceding sentence.

“Good Industry Practice” means those methods, techniques, standards and practices which, at the time they are to be employed and in light of the circumstances known or reasonably believed to exist at such time, are generally recognized and accepted as good operation, maintenance, repair, replacement and management practices in the Municipal Solid Waste transportation and disposal industries as observed in the United States. Good Industry Practice is not limited to best industry practice to the exclusion of other methods, techniques, standards and practices which meet the definition of the immediately preceding sentence.

“Governmental Approvals” means all orders of approval, permits, licenses, authorizations, consents, certifications, exemptions, registrations, rulings, entitlements and approvals issued by a Governmental Body of whatever kind and however described which are required under Applicable Law to be obtained or maintained: (1) with respect to the Company, in order to perform the Contract Services and implement the Contract Services System Improvements; and (2) with respect to the City, in order to construct and operate the Marine Transfer Station(s).

“Governmental Body” means any federal, state, multi-state, regional, maritime or local legislative, executive, judicial or other governmental board, agency, authority, commission, administration, court or other body, or any official thereof having jurisdiction.

“Guarantor” means Covanta Holding Corporation, a corporation organized and existing under the laws of the State of Delaware, and its permitted successors and assigns.

“Guarantor’s Business Insurance Program” has the meaning specified in Appendix 6.

“Guaranty Agreement” means the Guaranty Agreement entered into concurrently with this Service Contract by and between the Guarantor and the City in substantially the form set forth in the Transaction Forms.

“Hazardous Material” means any waste, substance, object or material deemed hazardous under Applicable Law, including “hazardous substances” as defined in CERCLA, “hazardous waste” as defined in RCRA, and “hazardous waste” as defined in the New York State Environmental Conservation Law.

“Holiday” means New Year’s Day, Martin Luther King, Jr.’s Birthday, Lincoln’s Birthday, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Election Day, Veterans’ Day, Thanksgiving Day, and Christmas Day. If two of these holidays occur in the same week, the City may, at its discretion, not observe one of the two, and any such holiday not so observed shall not be defined as a Holiday for such Contract Year.

“Host Community Agreement” means any agreement providing for a Host Community Payment between a local Governmental Body and either: (1) the Company or any Affiliate of the Guarantor, or (2) any other owner or operator of a Designated Disposal Site or an Intermodal Facility, from whom the Company has authority to use the Designated Disposal Site or Intermodal Facility with respect to Contract Services.

“Host Community Payment” means any Tax on a Designated Disposal Site or an Intermodal Facility or any other payment, however characterized, made to a Governmental Body (other than a federal or state Governmental Body) pursuant to Applicable Law or under a Host Community Agreement.

“Improperly Transported or Disposed of DSNY-managed Waste” means any DSNY-managed Waste that is not properly transported or disposed of in accordance with Section 8.4.

“Inbound Hours” has the meaning specified in Section 9.5.

“Initial Company Governmental Approvals” means the Governmental Approvals needed to be obtained and maintained by the Company as of the Service Date, as set forth in Appendix 5.

“Initial Container Fixed Price Portion” has the meaning set forth in clause (1)(a)(i) of subsection 11.15(C).

“Initial Container Steel Price Portion” has the meaning set forth in clause (1)(a)(ii) of subsection 11.15(C).

“Initial Designated Alternate Disposal Site” means the Lee County Landfill.

“Initial Container Delivery Cost” has the meaning set forth in clause (1)(a)(iii) of subsection 11.15(C).

“Initial Designated Disposal Site” means either the Niagara Resource Recovery Facility or the Delaware Valley Resource Recovery Facility.

“Initial Designated Intermodal Facility” means each of: (1) New York Container Terminal Intermodal Facility; (2) Delaware Rail Receiving Site; and (3) Niagara RTT Intermodal Facility.

“Initial Linehaul Carrier Subcontract” means the railroad transportation contract by and among the Company, CSX Transportation, Inc., and South Carolina Central Railroad Company, Inc. entered into prior to or concurrently with this Service Contract.

“Initial Renewal Term” has the meaning set forth in subsection 3.2(B).

“Initial Term” has the meaning specified in subsection 3.2(A).

“Insurance Broker’s Certification” has the meaning set forth in subsection 13.1(D).

“Intermodal Facility” means the New York Container Terminal Intermodal Facility, the Niagara RTT Intermodal Facility, or the Delaware Rail Receiving Site to be used by the Company for the transfer of Containers from one mode of transport to another, and such other intermodal facilities that may be used to replace or supplement such facilities pursuant to the terms of this Service Contract.

“Intermodal Facility Improvements” means the Contract Services System Improvements actually made by the Company at the Designated Intermodal Facilities.

“Leased Barges” means Designated Barges that are leased by the Company at the direction of the City pursuant to subsection 6.2(C).

“Leased Chassis” means Designated Chassis that are leased by the Company at the direction of the City pursuant to subsection 6.2(C).

“Leased Containers” means Designated Containers that are leased by the Company at the direction of the City pursuant to subsection 6.2(C).

“Leased Railcars” means Designated Railcars that are leased by the Company at the direction of the City pursuant to subsection 6.2(C).

“Leased Railcar Movers” means Designated Railcar Movers that are leased by the Company at the direction of the City pursuant to subsection 6.2(C).

“Leased Reach Stackers” means Designated Reach Stackers that are leased by the Company at the direction of the City pursuant to subsection 6.2(C).

“Lease Termination Amount” means, with respect to Leased Transportation Equipment, the actual termination fees incurred by the Company as a result of terminating leases with equipment lessors, notice of which termination fees the Company has provided to the City and, without duplication, reasonable and documented de-mobilization, handling, transportation, delivery, and other costs and expenses incurred by the Company as a result of terminating such leases.

“Leased Transportation Equipment” means Leased Barges, Leased Railcars, Leased Containers, Leased Reach Stackers, Leased Yard Jockeys, Leased Chassis and Leased Railcar Movers.

“Leased Yard Jockeys” means Designated Yard Jockeys that are leased by the Company at the direction of the City pursuant to subsection 6.2(C).

“Lee County Landfill” means the landfill located outside Bishopville, South Carolina, just south of Interstate Route 20, and which is the Designated Alternate Disposal Site (as further described in Appendix 3).

“Lee County Landfill Basic Rail Transport VOC” has the meaning set forth in subsection 11.20(B).

“Lee County Landfill DVC” has the meaning set forth in subsection 11.12(D).

“Lee County Landfill Rail Fuel Surcharge VOC” has the meaning set forth in subsection 11.20(C).

“Lee County Landfill Subcontract” means the disposal service agreement dated April 10, 2013 between the Company and Lee County Landfill SC, LLC for disposal of DSNY-managed Waste at the Lee County Landfill.

“Lee County Landfill Variable UCC” means those incremental increases or decreases in variable costs (costs measured on a per Container or per Ton basis) to the Company relating to delivery to or disposal at the Lee County Landfill and for which a Service Fee adjustment is required pursuant to Article XIII.

“Lee County Landfill VOC” means those costs comprising the All-in Variable Cost for Containers delivered to the Lee County Landfill, which are identified in Sections 11.2 and 11.28.

“Legal Proceeding” means every action, suit, litigation, arbitration, administrative proceeding, referendum, initiative and other legal or equitable proceeding having a bearing upon this Service Contract, and all appeals therefrom.

“Letter of Credit” has the meaning specified in subsection 14.2(A)(7).

“Linehaul Carrier” means any railroad company with which the Company contracts from time to time to provide Container transportation services by rail pursuant to this Service Contract.

“Linehaul Carrier Base Scope of Work” has the meaning specified in subsection 11.20(G).

“Linehaul Carrier Reprocurement” means any reprocurement of a Linehaul Carrier Subcontract conducted by the Company pursuant to Section 9.3.

“Linehaul Carrier Subcontract” means the Subcontract entered into between the Company and a Linehaul Carrier or Linehaul Carriers for the provision of Containerized Waste transportation services by rail between the Intermodal Facility and the Designated Disposal Site.

“Load Cell” means one of four devices, located in each corner of the Shuttle Car, used to calculate the weight of a Loaded Container.

“Loaded Barge” means a Barge that has been filled at the Marine Transfer Station with Loaded Containers (either completely or, at the discretion of the Company, partially filled) and is ready for transport to the applicable Intermodal Facility.

“Loaded Container” means any Container loaded by the City with DSNY-managed Waste, lidded and sealed.

“Loss-and-Expense” means, and is limited to, any and all actual loss, liability, forfeiture, obligation, damage, fine, penalty, judgment, deposit, charge, Tax, cost or expense relating to third party claims for which either party is obligated to indemnify the other party hereunder, including all Fees and Costs, except as explicitly excluded or limited under any provision of this Service Contract.

“Marine Diesel Fuel Variable Operating Cost” or “Marine Diesel Fuel VOC” has the meaning set forth in Section 11.7.

“Marine Diesel Fuel Variable Rate” has the meaning set forth in Section 11.7.

“Marine Diesel Index” means the monthly price for New York Harbor Ultra-Low Sulfur No. 2 Diesel Spot Price (dollars per Gallon), as posted by the Department of Energy



website: <http://www.eia.gov> or, if such index is no longer posted, such other index to which the parties mutually agree that reasonably reflects such prices. The Marine Diesel Index for the “base period” was \$3.095 per gallon. The “base period” is the month of November 2011.

“Marine Diesel Index Adjustment Factor” has the meaning set forth in subsection 11.22(D).

“Marine Transfer Station” means either MTS-1 or MTS-2, and the real property on which the applicable Marine Transfer Station is located, as more fully described in Appendix 1.

“Marine Transfer Station Modifications” means, with respect to either Marine Transfer Station, the modifications and improvements to be made to the Marine Transfer Station by the City in anticipation of using the Marine Transfer Station to receive DSNY-managed Waste, Containerize such waste, and transfer Loaded Containers to Barges for transport.

“Material Adverse Change” has the meaning specified in subsection 14.1(B).

“Minimum Barge Requirement” has the meaning set forth in Appendix 4, as such amount may be adjusted pursuant to Sections 6.1 and 6.2.

“Minimum Chassis Requirement” has the meaning set forth in Appendix 4, as such amount may be adjusted pursuant to Sections 6.1 and 6.2.

“Minimum Container Requirement” has the meaning set forth in Appendix 4, as such amount may be adjusted pursuant to Sections 6.1 and 6.2.

“Minimum Railcar Requirement” has the meaning set forth in Appendix 4, as such amount may be adjusted pursuant to Sections 6.1 and 6.2.

“Minimum Railcar Mover Requirement” has the meaning set forth in Appendix 4, as such amount may be adjusted pursuant to Sections 6.1 and 6.2.

“Minimum Reach Stacker Requirement” has the meaning set forth in Appendix 4, as such amount may be adjusted pursuant to Sections 6.1 and 6.2.

“Minimum Transportation Equipment Requirement” has the meaning set forth in subsection 6.1(B).

“Minimum Yard Jockey Requirement” has the meaning set forth in Appendix 4, as such amount may be adjusted pursuant to Sections 6.1 and 6.2.

“Monthly Billing Period” means each Calendar Month, except that: (1) the first Monthly Billing Period shall begin on the MTS-1 Service Date and shall continue to the last day

of the month in which the Service Date occurs; and (2) the last Monthly Billing Period shall end on the last day of the Term. Any computation normally made on the basis of a full Monthly Billing Period shall be appropriately pro rated for a Billing Period which is shorter or to account for a Reset Effective Date, the MTS-2 Service Date, or a Designated Transportation Equipment Adjustment Effective Date that occurs on a day other than the first day of the Monthly Billing Period.

“Moody’s” means Moody’s Investors Service Inc. or any of its successors and assigns. If such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally-recognized securities rating agency designated by the City.

“MTS” means a Marine Transfer Station.

“MTS Modification Projected Completion Date” has the meaning set forth in Section 4.2.

“MTS-1” means the North Shore Marine Transfer Station.

“MTS-1 Notice to Proceed” means a Notice to Proceed issued by the City for Contract Services at MTS-1.

“MTS-1 Notice to Proceed Date” has the meaning set forth in Section 4.2.

“MTS-1 Scheduled Service Date” means the Scheduled Service Date applicable to MTS-1.

“MTS-1 Service Date” has the meaning set forth in subsection 4.14(B).

“MTS-1 System Cost Component” has the meaning set forth in subsection 11.3(B).

“MTS-1 System Cost Component Adjustment Factor” has the meaning set forth in subsection 11.22(A).

“MTS-1 Termination Date” means the effective date of termination of the Contract Services with respect to MTS-1.

“MTS-2” means the East 91<sup>st</sup> Street Marine Transfer Station.

“MTS-2 Notice to Proceed” means a Notice to Proceed issued by the City for Contract Services at MTS-2.

“MTS-2 Notice to Proceed Date” has the meaning set forth in Section 4.2.

“MTS-2 Scheduled Service Date” means the Scheduled Service Date applicable to MTS-2.

“MTS-2 Service Date” has the meaning set forth in subsection 4.14(B).

“MTS-2 System Cost Component” has the meaning set forth in subsection 11.3(C).

“MTS-2 System Cost Component Adjustment Factor” has the meaning set forth in subsection 11.22(A).

“MTS-2 Termination Date” means the effective date of termination of the Contract Services with respect to MTS-2.

“Municipal Solid Waste” means combined household, commercial and industrial waste materials, including, but not limited to, solid waste, garbage, trash, rubbish and refuse, lot cleanings, and street cleanings. Municipal Solid Waste may include small quantities of construction and demolition waste, Hazardous Material, or medical waste but only to the extent permitted by Applicable Law to be in Municipal Solid Waste.

“Naval Architect” means an individual or firm with individuals fully licensed and accredited as a naval architect or marine architect and selected by the Company and approved by the City.

“Net Book Value” means the Company’s original purchase price less depreciation.

“Net Sale Revenues” has the meaning set forth in subsection 12.3(D).

“New Designated Disposal Site” means an Authorized Disposal Site chosen as the new Designated Disposal Site in connection with Section 8.8 or with a Linehaul Carrier Reprocurement pursuant to Sections 9.3 and 9.4.

“New York Container Terminal Agreement” means the agreement between the Company and New York Container Terminal, LLC to provide certain services and facilities related to this Service Contract.

“New York Container Terminal, LLC” means New York Container Terminal, LLC, a limited liability company organized and existing under the laws of the State of New York, and its successors and assigns.

“New York Container Terminal Intermodal Facility” or “NYCT Intermodal Facility” means that portion of the Intermodal Facility located at Howland Hook in the borough of Staten Island, Richmond County, NY (as further described in Appendix 3) which is operated and

controlled by New York Container Terminal, Inc. and which is used by the Company to transfer Containers between Barges and Railcars.

“New York Container Terminal, LLC Breach” means a performance breach by New York Container Terminal, LLC or its successors or assigns under the New York Container Terminal Agreement.

“Niagara Resource Recovery Facility” means the facility located at 100 Energy Boulevard at 56<sup>th</sup> Street, Niagara Falls, NY and which is a Designated Disposal Site under this Service Contract (as further described in Appendix 3).

“Niagara Resource Recovery Facility DVC” has the meaning set forth in subsection 11.12(D).

“Niagara Resource Recovery Facility Variable UCC” means those incremental increases or decreases in variable costs (costs that are measured on a per Container or per Ton basis) to the Company relating to delivery to or disposal at the Niagara Resource Recovery Facility and for which a Service Fee adjustment is required pursuant to Article XIII.

“Niagara Resource Recovery Facility VOC” means those costs comprising the All-in Variable Cost for Containers delivered to the Niagara Resource Recovery Facility, which are identified in Sections 11.2 and 11.28.

“Niagara RTT Basic Rail Transport VOC” has the meaning set forth in subsection 11.20(B).

“Niagara RTT Intermodal Facility” or “Niagara RTT” means the Niagara Rail-to-Truck Intermodal Facility located at 100 Energy Boulevard at 56<sup>th</sup> Street, Niagara Falls, New York (as further described in Appendix 3).

“Niagara RTT Truck Fuel VOC” has the meaning set forth in Section 11.10.

“Niagara RTT Truck Fuel Variable Rate” has the meaning set forth in Section 11.10.

“Niagara RTT Rail Fuel Surcharge VOC” has the meaning set forth in subsection 11.20(C).

“Non-Binding Mediation” means the voluntary system of dispute resolution established by Section 12.15 as part of the procedures for the resolution of disputes arising under this Service Contract.

“Non-Compliant Container Replacement Cycle Time Increment” has the meaning set forth in subsection 7.8(B)(3).

“Non-Compliant Cycles” means, during an Operating Hour, the lesser of: (1) the applicable Container Availability Guarantee less the total number of Container Replacement Cycles completed in such Operating Hour (but never less than zero); and (2) the total number of Non-Compliant Container Replacement Cycle Time Increments during such Operating Hour.

“Non-Reimbursable Host Community Payment” means any payment, however characterized, made by the Company under any Host Community Agreement, other than a Reimbursable New or Increased Host Community Tax.

“Non-Reimbursable Taxes” means any Tax other than a Reimbursable New or Increased Tax, including any Taxes based on or measured by net income; any property Taxes; any unincorporated business, payroll, franchise, or employment Taxes; any Taxes imposed by a foreign government or any of its taxing agencies; and any excise, sales or use Taxes except any incremental increase in excise, sales or use Tax imposed on or applicable to the service of Municipal Solid Waste transfer, transportation or disposal as provided in the definition of ‘Reimbursable New or Increased Tax’.

“North Shore Marine Transfer Station” means the Marine Transfer Station so designated and identified in Appendix 1.

“Notice to Proceed” means, with respect to each Marine Transfer Station, a notice to proceed with the Company Development Period Obligations given by the City to the Company pursuant to Section 4.2.

“Notice to Proceed Date”, with respect to each Marine Transfer Station, is the date the City issues a Notice to Proceed.

“NYCT Adjustment Factor” has the meaning set forth in subsection 11.22(C).

“NYCT Variable Operating Cost” has the meaning set forth in Section 11.9.

“Operating Day” means each Monday, Tuesday, Wednesday, Thursday, Friday and Saturday, except Holidays, during the Service Period except that a Sunday or Holiday in which the City requests the Company to accept Containers at a Marine Transfer Station pursuant to subsection 7.6(B) shall be an Operating Day as well.

“Operating Equipment” means all equipment required by the Company for the performance of the Contract Services other than Designated Transportation Equipment.

“Operating Hours” means during each Operating Day, 12:01 a.m. through midnight.

“Operating Notice” means a notice given by one party to the other hereunder relating to routine operational matters arising under this Service Contract specifically required hereunder to be given as an “Operating Notice”.

“Operating Protocol” has the meaning set forth in Section 10.2.

“Operating Shift” means, on each Operating Day, and on any Sunday or Holiday on which a Marine Transfer Station is being operated by the City, one of three possible consecutive 8-hour periods. As of the Contract Execution Date the Operating Shifts are (1) midnight to 8:00 a.m., (2) 8:00 a.m. to 4:00 p.m., and (3) 4:00 p.m. to midnight.

“Operating Week” means each Operating Day from Monday through Sunday.

“Operation and Maintenance Manual” means the manual and related computer programs containing detailed standard operating procedures and other specific instruction, policies, directives, routines, schedules, and other matters relating to the operation, maintenance, repair, replacement and management of the Cranes.

“Other Disposal Facility” means any Authorized Disposal Site other than the Niagara Resource Recovery Facility, the Delaware Valley Resource Recovery Facility and the Lee County Landfill.

“Other Disposal Facility Basic Rail Transport VOC” has the meaning set forth in subsection 11.20(B).

“Other Disposal Facility DVC” has the meaning set forth in subsection 11.12(D).

“Other Disposal Facility Other Basic Transport VOC” means, with respect to Containers delivered to any Other Disposal Facility, the variable cost of truck transport of Containers and waste to such Other Disposal Facility.

“Other Disposal Facility Other Fuel Surcharge VOC” means, with respect to Containers delivered to an Other Disposal Facility, the variable costs of truck fuel surcharge applicable to transporting Containers and waste to such Other Disposal Facility.

“Other Disposal Facility Rail Fuel Surcharge VOC” has the meaning set forth in subsection 11.20(C).

“Other Disposal Facility Variable UCC” means those incremental increases or decreases in variable costs (costs measured on a per Container or per Ton basis) to the Company relating to delivery to or disposal at an Authorized Disposal Site, other than the Niagara Resource Recovery Facility, the Delaware Valley Resource Recovery Facility or the Lee County Landfill, and for which a Service Fee adjustment is required pursuant to Article XIII.

“Other Disposal Facility VOC” means, with respect to any Other Disposal Facility, those costs comprising the All-in Variable Cost for Containers delivered to such Other Disposal Facility, which are identified in Section 11.2 and 11.28.

“Outbound Hours” has the meaning set forth in Section 9.5.

“Overall Limitation of Liability” has the meaning set forth in clause (1) of subsection 12.18(A).

“Overdue Rate” means the maximum annual rate of interest established in accordance with the PPB Rules. For each day with respect to which the Overdue Rate is being applied, the daily rate shall be the annual Overdue Rate divided by 365.

“Part 360 Permits” means (1) with respect to MTS-1, the solid waste management facility permit, DEC Permit Number 2-6302-00007/00019, as renewed, amended or modified from time to time, issued to DSNY pursuant to Article 27, Title 7, 6 NYCRR 360, et seq., to construct and operate MTS-1, and (2) with respect to MTS-2, the solid waste management facility permit, DEC Permit Number 2-6204-00007/00013, as renewed, amended or modified from time to time, issued to DSNY pursuant to Article 27, Title 7, 6 NYCRR 360, et seq., to construct and operate MTS-2.

“Per Container Basic Rail Transport Rate” has the meaning set forth in subsection 11.20(B).

“Per Railcar Basic Rail Transport Rate” has the meaning set forth in subsection 11.20(B).

“Performance Guarantees” means the Container Acceptance Guarantee, the Container Availability Guarantee, and the Waste Transport and Disposal Guarantee.

“Period of Reduced Container Deliveries” has the meaning set forth in subsection 11.20(B).

“Person” has the meaning specified in subsection 1.2(C).

“Port Authority Lease” means the agreement between the Port Authority of New York and New Jersey and New York Container Terminal, Inc. concerning the leasing of the New York Container Terminal Intermodal Facility located at Howland Hook in the borough of Staten Island, Richmond County, NY.

“PPB Rules” means the rules and regulations of the New York City Procurement Policy Board as in effect on the Contract Execution Date.

“Primary Disposal Capacity” has the meaning set forth in subsection 8.10(A).

“Prime Rate” means the rate reported as “bank prime loan” or similar designations reflecting the rate posted by major U.S. commercial banks as one of several base rates used by banks to price short term business loans, as posted on the website of the Federal Reserve System at [www.federalreserve.gov](http://www.federalreserve.gov), or if the Federal Reserve System ceases to publish the prime rate, such governmental, business or financial publication as the City and the Company mutually agree.

“Projected Present Value Cost of the Event Response Measure” has the meaning set forth in subsection 13.4(B).

“Projected Turntime Change” means the difference, if any, between the projected Average Annual Per-Railcar Linehaul Carrier Turntime at a proposed New Designated Disposal Site as proposed by the Company pursuant to subsection 9.4(A), and Average Annual Per-Railcar Linehaul Carrier Turntime at the applicable existing Designated Disposal Site.

“Proper Standard of Repair” means repairing a piece of Transportation Equipment so that it is in the condition of good working order and repair required by this Service Contract.

“Qualified Commercial Bank” means a domestic commercial bank whose long-term debt is rated “A3” or higher by Moody’s Investors Service, Inc., rated “A-” or higher by Fitch, Inc. and rated “A-” or higher by Standard & Poor’s Ratings Services, Inc. (if there is a split rating, the lowest of the three shall apply), and which is a bank organized and existing under the laws of the United States, is subject to federal or State banking regulatory jurisdiction and at which drawing certificates may be presented by facsimile transmission.

“Rail Cost Adjustment Factor” has the meaning set forth in subsection 11.20(D).

“Rail Fuel Surcharge” has the meaning set forth in subsection 11.20(C).

“Rail Transport Variable Operating Charge” has the meaning set forth in Section 11.20.

“Railcar” means a railcar, conforming to the Railcar Specifications, used by the Company in the performance of the Contract Services.

“Railcar Capital Cost Component” has the meaning set forth in Section 11.14.

“Railcar Monthly Cost” is used with reference to the monthly amount payable by the City with respect to all Company Owned Railcars within a Tranche, and has the meaning set forth in subsection 11.14(D).



“Railcar Monthly Unit Cost” is used with reference to the monthly amount payable by the City with respect to a single Company Owned Railcar within a Tranche, and has the meaning set forth in subsection 11.14(D).

“Railcar Mover” means a railcar mover conforming to the Railcar Mover Specifications and used by the Company in the performance of the Contract Services.

“Railcar Mover Capital Cost Component” has the meaning set forth in Section 11.19.

“Railcar Mover Monthly Cost” is used with reference to the monthly amount payable by the City with respect to all Company Owned Railcar Movers within a Tranche, and has the meaning set forth in subsection 11.19(D).

“Railcar Mover Monthly Unit Cost” is used with reference to the monthly amount payable by the City with respect to a single Company Owned Railcar Movers within a Tranche, and has the meaning set forth in subsection 11.19(D).

“Railcar Mover Specifications” means the specifications for Railcars set forth in Appendix 2.

“Railcar Specifications” means the specifications for Railcars set forth in Appendix 2.

“Ramp-Up Period” has the meaning set forth in subsections 5.1(G) and (H).

“Ramp-Up Plan” has the meaning set forth in subsection 5.1(A).

“Ramp-Up Service Level” means with respect to a Marine Transfer Station, the levels of services established during the Ramp-Up Period pursuant to subsections 5.1(G) and (H).

“Rating Service” means Moody’s, Standard & Poor’s, or Fitch, or any of their respective successors and assigns and, if such corporations shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Rating Service” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“RCRA” means the Resource Conservation and Recovery Act, 42 U.S.C.A. §§ 6901 et seq., and applicable regulations promulgated thereunder, each as amended from time to time.

“Reach Stacker” means a reach stacker conforming to the Reach Stacker Specifications and used by the Company in the performance of the Contract Services.

“Reach Stacker Capital Cost Component” has the meaning set forth in Section 11.16.

“Reach Stacker Monthly Cost” is used with reference to the monthly amount payable by the City with respect to all Company Owned Reach Stackers within a Tranche, and has the meaning set forth in subsection 11.16(D).

“Reach Stacker Monthly Unit Cost” is used with reference to the monthly amount payable by the City with respect to a single Company Owned Reach Stackers within a Tranche, and has the meaning set forth in subsection 11.16(D).

“Reach Stacker Specifications” means the specification for Reach Stackers set forth in Appendix 2.

“Reimbursable New or Increased Host Community Tax” means the imposition by Applicable Law and payment by the Company (or payment by a Subcontractor that has been reimbursed by the Company to the Subcontractor) of a new, or an increase in an existing, mandated minimum Tax payable to a Governmental Body by owners of Municipal Solid Waste disposal or intermodal facilities and applicable where a Designated Disposal Site or an Intermodal Facility Site is located, to the extent that the imposition of such a Tax results in a Host Community Payment which exceeds the amount payable by such owner under any Host Community Agreement in effect with respect to the Designated Disposal Site or the Intermodal Facility Site on the Contract Execution Date, as such amount is escalated annually from the Contract Execution Date based on the CPINY Adjustment Factor and irrespective of the extent to which such amount so in effect is escalated under the terms of any such Host Community Agreement.

“Reimbursable New or Increased Tax” means a new or increased excise, sales, use or other Tax paid by the Company (or paid by a Subcontractor and reimbursed by the Company to the Subcontractor) on or after the Contract Execution Date with respect to a Designated Disposal Site or with respect to the service of Municipal Solid Waste transfer, transportation or disposal performed hereunder (including any final interpretation of Applicable Law by the New York State Department of Taxation and Finance imposing the State sales Tax on the transfer of Municipal Solid Waste), and any new or increased Tax paid by the Company that is measured by the value added by or gross receipts derived from providing such services. “Reimbursable New or Increased Tax” shall not include any Host Community Payment, or any Tax which would not have been payable had the Company, or any Subcontractor, complied with procedures generally accepted as being available for obtaining exemption from such Tax.

“Renewal Term” has the meaning specified in subsection 3.2(B).

“Replaced Containers” has the meaning specified in subsection 6.1(G).

“Replacement Container” means any container acquired by the Company to replace a Container that was one of the initial Minimum Container Requirement, an initial Additional Container or another Replacement Container.

“Required Development Period Insurance” means the insurance so designated in Appendix 6.

“Required Insurance” has the meaning specified in Appendix 6.

“Required Service Period Insurance” means the insurance so designated in Appendix 6.

“Reserve Disposal Capacity” has the meaning set forth in subsection 8.10(B).

“Reset” means the adjustment of the Weekly Container Acceptance Limit pursuant to the procedures set forth in Section 7.17.

“Revised Unadjusted Billing Statement” has the meaning set forth in subsection 11.26(B).

“RFP” means the City’s Request for Proposals to Transport and Dispose of Containerized Waste from one or more Marine Transfer Stations (PIN-82704RR00031) issued on December 23, 2003, as amended (including all five Best and Final Offer requests).

“Scheduled Service Date” means: (1) with respect to MTS-1, the date that is 565 days following the MTS-1 Notice to Proceed Date (or the Modification Projected Completion Date for MTS-1 if later), and (2) with respect to MTS-2, the date that is 305 days following the MTS-2 Notice to Proceed Date (or the MTS Modification Projected Completion Date for MTS-2 if later), in each case as such date may be extended as set forth in subsection 5.2(B).

“Secondary Authorized Disposal Site” has the meaning set forth in subsection 13.3(C).

“Security Instruments” means the Guaranty Agreement and the Letter of Credit.

“Security Regulations” means all Applicable Law including but not limited to the Marine Transportation Security Act of 2002 (“MTSA”), International Ship and Port Facility Security (ISPS) Code and related amendments and corresponding security regulations and recommendations for marine facilities and vessels issued by the United States Coast Guard, including requirements for personnel requiring a Transportation Worker Identification Credential (“TWIC”).

“Service Contract” means this Service Contract for Municipal Solid Waste Management, Transportation and Disposal (North Shore Marine Transfer Station and East 91<sup>st</sup> Street Marine Transfer Station) between the Company and the City, including the Appendices and the Transaction Forms, as the same may be amended or modified from time to time in accordance herewith.

“Service Date” means the MTS-1 Service Date or MTS-2 Service Date, as applicable.

“Service Fee” has the meaning described in Article XI.

“Service Period” means the period during which the Company shall perform the Contract Services beginning on the MTS-1 Service Date and ending on the last day of the Term.

“Service Period (Additional Renewal Term) Letter of Credit” has the meaning set forth in subsection 14.2(A).

“Service Period (Initial Renewal Term) Letter of Credit” has the meaning set forth in subsection 14.2(A).

“Service Period (Initial Term) Letter of Credit” has the meaning set forth in subsection 14.2(A).

“Shuttle Cars” means shuttle cars used by the City for transporting Containerized Waste from the Container loading area or lidding station, as the case may be, to the Barge Loading Area.

“Special NYCT Limitation of Liability” has the meaning set forth in clause (2) of subsection 12.18(A).

“Special Tugboat Emissions Specifications” has the meaning set forth in clause (2) of subsection 11.6(F).

“Special Tugboat Fuel Specifications” has the meaning set forth in clause (3) of subsection 10.6(F).

“Special Tugboat Noise Specifications” has the meaning set forth in clause (1) of subsection 10.6(F).

“Specified All-in Variable Cost” means, for an Authorized Disposal Site, an All-in Variable Cost comprising Service Fee components specified in this Service Contract (or in a Contract Administration Memorandum) with sufficient pricing details to be able to compute the All-in-Variable Cost by reference to unit costs, or costs adjusted based on objective indexes set forth in this Service Contract (or in a Contract Administration Memorandum).

“Standard & Poor’s” or “S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., or any of its successors and assigns. If such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other nationally-recognized securities rating agency designated by the City.

“State” means the State of New York.

“Subcontract” means any agreement or purchase order entered into by the Company in order to perform the Contract Services.

“Subcontractor” means every person (other than employees of the Company) employed or engaged by the Company or any person directly or indirectly in privity with the Company (including all subcontractors and every sub-subcontractor of whatever tier) for any portion of the Contract Services, whether for the furnishing of labor, materials, equipment, supplies, services, or otherwise, as limited by subsection 15.9(D).

“Substantiated Costs” means the reasonable direct costs for which Cost Substantiation has been provided.

“System Cost Component” has the meaning set forth in Section 11.3.

“System Cost Component Adjustment Factor” has the meaning set forth in subsection 11.22(A).

“Tax” means any tax, fee, levy, duty, impost, charge, surcharge, assessment or withholding imposed by a Governmental Body.

“Tenth Anniversary Container Adjusted Monthly Cost” has the meaning set forth in clause (2)(e) of subsection 11.15(D).

“Term” means the Initial Term and any Renewal Term.

“Termination Date” means the effective date of termination of this Service Contract.

“Ton” means a short ton of 2,000 lbs.

“Total Constructive Loss” means, with respect to an Intermodal Facility, a Designated Disposal Site, a Designated Alternate Disposal Site or a Marine Transfer Station: (1) if so determined by the casualty insurance carrier or otherwise agreed to by the parties, an event resulting in a decision to not repair or reconstruct the facility so affected; or (2) substantial inoperability for a period of at least nine months following the occurrence of an Uncontrollable Circumstance.

“Training Period” has the meaning set forth in subsection 5.1(B).

“Tranche” means, with respect to a category of Designated Transportation Equipment, a group of one or more items of such category of Designated Transportation Equipment that is purchased in the same order, whose capital cost is calculated pursuant to Article XI at the same weighted average capital cost, and becomes included in the Service Fee on the same date.

“Tranche Effective Date” means, with respect to a Tranche (Tranche<sub>x</sub>) of a category of Designated Transportation Equipment, with respect to the initial Minimum Transportation Equipment Requirement, the MTS-1 Service Date, and with respect to Additional Transportation Equipment, the applicable Designated Transportation Equipment Adjustment Effective Date.

“Transaction Form” means any of the Transaction Forms appended to this Service Contract.

“Transportation Equipment” means Tugboats, Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers.

“Transportation Equipment Decommissioning Amount” has the meaning set forth in subsection 11.24(B).

“Transportation Equipment Purchase Price” means, for an item of Company Owned Transportation Equipment, the amount to be paid by the Company for such Transportation Equipment determined as set forth in Article XI, but excluding any costs of transportation from the seller’s site to the place of delivery to the Company, any post-manufacture storage costs and any applicable sales tax.

“Trolley Track” means the track upon which Shuttle Cars move (as more fully described in Appendix 1).

“Twentieth Anniversary Container Adjusted Monthly Cost” has the meaning set forth in clause (2)(e) of subsection 11.15(D).

“Tugboat” means a tugboat conforming to the tugboat specifications described in Appendix 2 and used by the Company in the performance of the Contract Services.

“Tugboat Noise and Emissions Standards” has the meaning set forth in subsection 10.6(F).

“Tugboat Specifications” means the Tugboat specifications set forth in Appendix 2.

“Tugboat Standards” means the codes and standards set forth in the American Waterways Responsible Carriers Program established by the American Waterways Operators and Applicable Law, until such time as the United States Coast Guard enacts Final Subchapter M Regulations, after which time Tugboat Standards shall mean the requirements of the Final Subchapter M Regulations and other Applicable Law. Tugboat Standards shall also include the requirements of subsection 10.6(F).

“TWIC” has the meaning specified in Section 10.4.

“Twice Monthly Billing Period” shall mean a period that occurs twice a Calendar Month, the first of which ends on the 15<sup>th</sup> of each Calendar Month, and the second of which ends on the last day of each Calendar Month, except that: (1) the first Twice Monthly Billing Period shall begin on the MTS-1 Service Date and shall continue to the last day of the applicable Twice Monthly Billing Period; and (2) the last Twice Monthly Billing Period shall end on the last day of the Term. Any computation normally made on the basis of a full Twice Monthly Billing Period shall be appropriately pro rated for a Twice Monthly Billing Period which is shorter or to account for a WCAL Level Effective Date, MTS-2 Service Date or a Designated Transportation Equipment Adjustment Effective Date that occurs on a day other than the first day of the Twice Monthly Billing Period.

“Unacceptable Waste” means Hazardous Material and other materials that constitute a threat to health or safety, or violate or cause the violation of any federal or State Applicable Law, when accepted; provided that small quantities of Hazardous Material or medical waste to the extent permitted by Applicable Law to be in Municipal Solid Waste shall not constitute Unacceptable Waste.

“Unadjusted Billing Statement” means a Billing Statement using the assumptions set forth in subsection 11.25(B).

“Unamortized Value” means the remaining principal balance, at the end of each Calendar Month, assuming the cost of the asset is financed with a loan and the loan is repaid with equal monthly payments (i.e., a mortgage style amortization schedule) over the amortization period, which for Designated Containers (including Replacement Containers) purchased new is 120 months, which for all other Designated Transportation Equipment purchased new is 360 months and which for capital investments required as a result of an Uncontrollable Circumstance is the useful life of the asset for which the capital investment is made. For Replacement Containers purchased used, the Unamortized Value shall be calculated as set forth above, but assuming the hypothetical loan is for an amount equal to the purchase price and the amortization period is equal to the remaining useful life (which shall in no event be greater than 120 months) of the applicable Replacement Container at the time of

purchase. For purposes of this definition, the cost of an asset comprising Transportation Equipment comprises the sum of the applicable (1) Transportation Equipment Purchase Price, (2) sales tax on the Transportation Equipment Purchase Price and (3) Designated Transportation Equipment Delivery Costs. Examples are provided in Section 10.9 of Appendix 10.

“Uncontrollable Circumstance Materiality Threshold” has the meaning set forth in subsection 13.4(C).

“Uncontrollable Circumstances” means any act, event or condition that is beyond the reasonable control of the party relying thereon as justification for not performing an obligation or complying with any condition required of such party under this Service Contract, and that materially interferes with the performance of its obligations hereunder or increases or decreases the cost of performing its obligations hereunder, to the extent that such act, event or condition is not the result of the willful or negligent act, error or omission, failure to exercise reasonable diligence, or breach of this Service Contract on the part of such party.

Inclusions. Subject to the foregoing, Uncontrollable Circumstances shall include the following:

- (1) a Change in Law;
- (2) naturally occurring events (except weather conditions normal for the areas in which the Contract Services are to be performed) such as landslides, underground movement, earthquakes, lightning, fires, tornadoes, hurricanes, floods, epidemics, and other acts of God;
- (3) explosion, sabotage or similar occurrence, act of a declared public enemy, extortion, war, terrorist act, blockade or insurrection, riot or civil disturbance;
- (4) local, regional or national labor disputes, work stoppages and strikes (a) by employees of a Linehaul Carrier or members of the International Longshoreman’s Association, or (b) by employees of any Person where continued performance would reasonably be expected to result in a breach of the peace;
- (5) the failure of any Subcontractor (including the Linehaul Carrier) to furnish services, materials or equipment on the dates agreed to, but only if such failure is the result of an event which would constitute an Uncontrollable Circumstance if it affected the Company directly, and the Company is not able after exercising all commercially reasonable efforts to timely obtain substitutes;



(6) any failure of the City to provide electricity for the Cranes or any appropriate Governmental Body or private utility having operational jurisdiction in the areas in which the Contract Services System is located to provide and maintain utilities to the Contract Services System which are required for the performance of the Contract Services;

(7) the preemption, confiscation, diversion or destruction of materials or services by a Governmental Body in connection with a public emergency or any condemnation or other taking by eminent domain of any material portion of the Contract Services System;

(8) a violation of Applicable Law by a person other than the affected party or its subcontractors;

(9) with respect to the Company, any City Fault;

(10) with respect to the City, any Company Fault;

(11) as more fully described in Section 10.20, with respect to the Company, the inability to perform the Contract Services during the City's dredging activities or as a result of a decision by the City to not provide dredging services at an MTS;

(12) any act, event, circumstance or Change in Law occurring outside of the United States (refer to subsection 13.2(B) for limitation in the type of relief for this type of Uncontrollable Circumstance);

(13) a "force majeure" as defined in the Linehaul Carrier Subcontract to the extent that it excuses performance of or entitles cost recovery by the Linehaul Carrier thereunder;

(14) failure by New York Container Terminal, LLC and the Port Authority of New York and New Jersey to have a remaining term of the Port Authority Lease that is more than 730 days. As used herein, the term "remaining term of the Port Authority Lease" means a continuous period during which (i) the Port Authority Lease may not be terminated by a party absent an event of default of the other party and (ii) the Port Authority Lease does not expire by its own terms; and

(15) failure by New York Container Terminal, LLC. to perform its obligations under the New York Container Terminal Agreement in a material respect during a period in which (i) New York Container Terminal, LLC has filed a petition of voluntary bankruptcy under the Bankruptcy Code, or consented to the filing of any bankruptcy or reorganization petition against New York Container Terminal, LLC under the Bankruptcy Code, or filed a petition to reorganize under the Bankruptcy Code, and in each case such matter remains subject to the jurisdiction of the Bankruptcy Courts; or (ii) there has been issued an order of a court of

competent jurisdiction appointing a receiver, liquidator, custodian or trustee of New York Container Terminal, LLC or of a major part of New York Container Terminal, LLC's property, respectively, or the filing against New York Container Terminal, LLC of a petition to liquidate or reorganize New York Container Terminal, LLC pursuant to the Bankruptcy Code, and such order shall not have been discharged or filing dismissed.

Exclusions. It is specifically understood that none of the following acts, events or circumstances shall constitute Uncontrollable Circumstances:

(1) the failure of the Company to secure Primary Disposal Capacity and Reserve Disposal Capacity on the Service Date, as set forth in subsection 8.10(C).

(2) any nonperformance by the Subcontractor (including the Linehaul Carrier), except as provided in item (5) of the "Inclusions" portion of this definition;

(3) unless caused by an Uncontrollable Permit Delay, any failure or delay in obtaining any Initial Company Governmental Approval;

(4) any act, event or circumstance that would not have occurred if the affected party had complied with its obligations under this Service Contract;

(5) changes in interest rates, inflation rates, wage rates, insurance costs, commodity prices, currency values, exchange rates or other general economic conditions except to the extent any of the foregoing are directly mandated by a Change in Law;

(6) changes in the financial condition of the Company, the Guarantor, the City or their respective Affiliates or subcontractors, if any, in each case affecting the ability to perform their respective obligations;

(7) any Legal Proceeding brought against the Company and not the City, whether or not the Company subsequently seeks to join the City as an additional party, unless the subject matter of such Legal Proceeding is a failure of the Company to comply with a Change in Law, in which case the exclusion shall be limited to those costs or effects exceeding and/or different from those costs or effects that would have been incurred had the Company complied with the Change in Law;

(8) any act, event, condition or circumstance affecting the Company's responsibility to provide for the financing of the performance of the Contract Services;

(9) the consequences of error, neglect or omissions by the party claiming the Uncontrollable Circumstance, its affiliates or subcontractors;

(10) strikes, work stoppages or labor disputes by employees of the Company, its Affiliates or any of their Subcontractors (other than by a Linehaul Carrier or by the International Longshoreman’s Association), but excluding items described in item (4) of the “Inclusions” portion of this definition;

(11) union or labor work rules, requirements or demands which have the effect of increasing the number of employees employed by the Company or otherwise increasing the cost to the Company of performing the Contract Services unless due to a Change in Law;

(12) any impact of prevailing wage or similar laws, customs or practices on the Company’s costs;

(13) normal weather conditions for the areas in which the Contract Services are to be performed;

(14) with respect to the Designated Disposal Sites, any Authorized Disposal Site and the Intermodal Facilities, any surface or subsurface geotechnical or hydrological conditions, including the existence of compressible soil layers, masses, unstable soils, manmade deposits, and water table fluctuations;

(15) mechanical failure of equipment to the extent not resulting from a condition that is listed in the “Inclusions” Section of this definition;

(16) power outages to the extent not caused by third party utilities or resulting from a condition that is listed the “Inclusions” Section of this definition;

(17) failure of the Company to secure patents which may be deemed necessary for the performance of the Contract Services;

(18) any term or condition of a Host Community Agreement, whether in effect as of the Contract Execution Date or becoming effective subsequent to the Contract Execution Date by reason other than Change in Law; and

(19) failure of the City to deliver DSNY-managed Waste for any reason.

“Uncontrollable Permit Delay” means a delay which, with respect to the Initial Company Governmental Approvals identified in Appendix 5, despite the Company’s use of all reasonable efforts to obtain such Company Governmental Approvals (including all initial submissions and timely and complete responses to requests for additional information, clarification or explanations), results in the delayed issuance of the permit beyond the applicable date set forth in Appendix 5.

“Unified Variable Operating Cost” has the meaning set forth in Section 11.8.

“Unified Variable Rate” has the meaning set forth in Section 11.8.

“Unspecified All-in Variable Cost” means, for an Authorized Disposal Site (which is not a Designated Disposal Site), an All-in Variable Cost that does not meet the standards of specificity in this Service Contract for it to be a Specified All-in Variable Cost.

“U.S. On-Highway Diesel Index Adjustment Factor” has the meaning set forth in subsection 11.22(E).

“Variable Operating Cost Component” has the meaning set forth in Section 11.2. The Variable Operating Cost Component shall not include any amount comprising the Fixed UCC Cost Per Container calculated pursuant to subsection 11.21(C) and Appendix 16

“Variable Uncontrollable Circumstance Costs” means those Uncontrollable Circumstance Costs payable by the City to the Company that are measured on a per Container or per Ton basis.

“Voluntary Diversion” means a deviation from the applicable Designated Waste Allocation for reasons other than a Forced Diversion.

“Warranty Relief End Date” has the meaning set forth in clause (1) of subsection 7.10(F).

“Waste Acceptance Fraction” with respect to any particular Calendar Month means a fraction: (1) the numerator of which is the positive difference, if any, between (a) the number of Tons of DSNY-managed Waste accepted by the Company for transport and disposal during such Calendar Month pursuant to this Service Contract, and (b) the number of Tons of Improperly Transported or Disposed of DSNY-managed Waste; and (2) the denominator of which is the sum of (a) the number of Tons of Wrongfully Rejected Waste during such Calendar Month, (b) the number of Tons of DSNY-managed Waste that (i) the Company did not accept during such Calendar Month due to the loss, damage or destruction of any part of the Contract Services System as to which the Company is obligated to maintain an “all risk property damage” policy of Required Insurance hereunder (including related business interruption and extra expense insurance), irrespective of whether such policy has been maintained, and (ii) are, or if the policy had been maintained would have been, covered by the level of business interruption and extra expense insurance coverage required thereunder, subject however to any retention period, deductibles or limitations permitted therein, and (c) the number of Tons of DSNY-managed Waste accepted by the Company pursuant to this Service Contract for transport and disposal during such Calendar Month. The number of Tons of Improperly Transported or Disposed of DSNY-managed Waste shall be included as part of the Waste Acceptance Fraction for the Calendar Month when such DSNY-managed Waste was actually

improperly transported or, if the City discovers and notifies the Company that such DSNY-managed Waste was improperly transported during a later Calendar Month, during such later Calendar Month.

“Waste Allocation Methodology” means the methodology for allocating DSNY-managed Waste between the Intermodal Facilities, Designated Disposal Sites and a Designated Alternate Disposal Site set forth in Section 8.9.

“Waste Transport and Disposal Guarantee” has the meaning specified in Section 8.2.

“WCAL” means Weekly Container Acceptance Limit.

“WCAL Level” means any of the WCAL Levels set forth in the WCAL Tables in Appendix 4.

“WCAL Level Effective Date” means, with respect to any new WCAL Level, the date (taking into account the amount of time it will take to procure any Additional Transportation Equipment) on which Contract Services at such new WCAL Level is scheduled to begin and the Service Fee is adjusted.

“WCAL Table” means each of the tables designating WCAL Levels in Appendix 4.

“Weekly Container Acceptance Limit” means the maximum number of Containers that the Company is obligated to accept during an Operating Week as set forth in Section 7.4 and Appendix 4.

“Weigh Scales” means the scales at each Marine Transfer Station for weighing in vehicles loaded with DSNY-managed Waste and weighing out unloaded vehicles, described in Section 7.12.

“Wrongfully Rejected Waste” means, with respect to a Marine Transfer Station, DSNY-managed Waste that is removed from the processing floor of the Marine Transfer Station after delivery or diverted from the Marine Transfer Station prior to delivery and re-routed for alternate disposal: (1) on account of the unexcused failure of the Company to comply with the Container Acceptance Guarantee (or, during the Ramp-up Period, the applicable Modified Container Acceptance Guarantee); or (2) due to the City making a determination that it must divert DSNY-managed Waste from the Marine Transfer Station pursuant to Section 7.11.

“Yard Jockey” means a yard jockey conforming to the Yard Jockey Specifications and used by the Company in the performance of the Contract Services.

“Yard Jockey Capital Cost Component” has the meaning set forth in Section 11.18.

“Yard Jockey Monthly Cost” is used with reference to the monthly amount payable by the City with respect to all Company Owned Yard Jockeys within a Tranche, and has the meaning set forth in subsection 11.17(D).

“Yard Jockey Monthly Unit Cost” is used with reference to the monthly amount payable by the City with respect to a single Company Owned Yard Jockeys within a Tranche, and has the meaning set forth in subsection 11.17(D).

“Yard Jockey Specifications” means the specification for Yard Jockeys set forth in Appendix 2.

SECTION 1.2. INTERPRETATION. In this Service Contract notwithstanding any other provision hereof:

(A) References Hereto. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms refer to this Service Contract.

(B) Gender and Plurality. Words of the masculine gender mean and include correlative words of the feminine and neuter genders, and words importing the singular number mean and include the plural number and vice versa.

(C) Persons. Words importing persons include firms, companies, associations, joint ventures, general partnerships, limited partnerships, limited liability companies, trusts, business trusts, corporations and other legal entities, including public bodies, as well as individuals.

(D) Headings. The table of contents and any headings preceding the text of the Articles, Sections and subsections of this Service Contract shall be solely for convenience of reference and shall not affect its meaning, construction or effect.

(E) Entire Service Contract. This Service Contract contains the entire agreement between the parties hereto with respect to the transactions contemplated by this Service Contract. Without limiting the generality of the foregoing, this Service Contract shall completely and fully supersede all other understandings and agreements between the parties with respect to such transactions, including those contained in the City’s RFP, the proposal of the Company submitted in response thereto, and any amendments or supplements to the RFP or the proposal.

(F) Standards of Workmanship and Materials. Any reference in this Service Contract to materials, equipment, systems or supplies (whether such references are in lists,

notes, specifications, schedules, or otherwise) shall be construed to require the Company to furnish the same in accordance with the grades and standards therefor indicated in this Service Contract. Where this Service Contract does not specify any explicit quality or standard for materials or workmanship, the Company shall use only workmanship and materials of a quality consistent with that of workmanship and materials specified elsewhere in the Contract Standards.

(G) Technical Standards and Codes. References in this Service Contract to all professional and technical standards, codes and specifications are to the most recently published professional and technical standards, codes and specifications of the institute, organization, association, authority or society specified, all as in effect as of the Contract Execution Date.

(H) Liquidated Damages. This Service Contract provides for the payment of liquidated damages in certain circumstances of nonperformance, breach and default. Each party agrees that the damaged party's actual damages in each such circumstance would be difficult or impossible to ascertain, and that the liquidated damages provided for herein with respect to each such circumstance do not constitute a penalty and are intended to place the damaged party in the same economic position as it would have been in had the circumstance not occurred.

(I) Causing Performance. A party shall itself perform, or shall cause to be performed, the obligations affirmatively undertaken by such party under this Service Contract, subject to any limitations specifically imposed hereby with respect to Subcontractors or otherwise.

(J) Party Bearing the Cost of Performance. All obligations undertaken by each party hereto shall be performed at the cost of the party undertaking the obligation, unless the other party has explicitly agreed herein to bear all or a portion of the cost either directly or by reimbursement to the other party or through an adjustment to the Service Fee.

(K) Assistance. The obligations of a party to cooperate with, to assist or to provide assistance to the other party hereunder shall be construed as an obligation to use the party's personnel resources to the extent reasonably available in the context of performing their normal duties, and not to incur material additional overtime or third party expense unless requested and reimbursed by the assisted party.

(L) Good Industry Practice and Good Engineering and Construction Practice. Good Industry Practice and Good Engineering and Construction Practice shall be utilized hereunder, among other things, to implement, and in no event displace or lessen the

stringency of, the Contract Standards. In no event shall Good Industry Practice relieve either party of its express obligations hereunder.

(M) Compliance with and Applicability and Stringency of Contract Standards.

The Company shall comply with the Contract Standards in providing the Contract Services. The Company shall be obligated to comply only with those Contract Standards which are applicable in any particular case. Where more than one Contract Standard applies to any particular performance obligation of the Company hereunder, each such applicable Contract Standard shall be complied with. In the event there are different levels of stringency among such applicable Contract Standards, the most stringent of the applicable Contract Standards shall govern.

(N) PPB Rules. This Service Contract is subject to the PPB Rules. In the

event of a conflict between the PPB Rules and a provision of this Service Contract, the PPB Rules shall govern.

(O) Approvals and Consents. Any approval, consent, or satisfaction required

of either party hereunder shall not unreasonably be withheld, delayed or conditioned, except where such approval, consent, or satisfaction may be given in the sole discretion of the approving or consenting party under an express provision hereof.

(P) Delivery of Documents in Digital Format. The Company is obligated to

deliver reports, records, plans, drawings, specifications, proposals and other documentary submittals in connection with the performance of its duties hereunder. The Company agrees that all such documents shall be submitted to the City both in printed form (in the number of copies indicated) and, at the City's request, in digital form. Electronic copies shall consist of computer readable data submitted in any standard interchange format which the City may reasonably request to facilitate the administration and enforcement of this Service Contract.

(Q) Removal of Records from Premises. Where performance of this Service

Contract involves use by the Company of DSNY papers, files, data or records at DSNY facilities or offices, the Company shall not remove any such papers, files, data or records, therefrom without the prior approval of the DSNY's designated official.

(R) Legal Provisions Deemed Included. Notwithstanding subsection (E) of

this Section, it is the intent and understanding of the parties to this Service Contract that each and every provision of law required to be inserted in this Service Contract shall be and is inserted herein. Furthermore, it is hereby stipulated that every such provision is to be deemed to be inserted herein, and if, through mistake or otherwise, any such provision is not inserted, or is not inserted in correct form, then this Service Contract shall forthwith upon the



application of either party be amended by such insertion so as to comply strictly with the law and without prejudice to the rights of either party hereunder.

(S) Severability. If any clause, provision, subsection, Section or Article of this Service Contract shall be ruled invalid by any court of competent jurisdiction, then the parties shall: (1) promptly negotiate a substitute for such clause, provision, subsection, Section or Article which shall, to the greatest extent legally permissible, effectuate the intent of the parties in the invalid clause, provision, subsection, Section or Article; (2) if necessary or desirable to accomplish item (1) of this subsection, apply to the court having declared such invalidity for a judicial construction of the invalidated portion of this Service Contract; and (3) negotiate such changes, in substitution for or addition to the remaining provisions of this Service Contract, as may be necessary in addition to and in conjunction with items (1) and (2) of this subsection to effect the intent of the parties in the invalid provision. The invalidity of such clause, provision, subsection, Section or Article shall not affect any of the remaining provisions hereof, and this Service Contract shall be construed and enforced as if such invalid portion did not exist.

(T) Drafting Responsibility. Notwithstanding the City's having assumed primary drafting responsibility for the main body and certain Appendices to this Service Contract, or the Company's having assumed primary drafting responsibility for certain Appendices to this Service Contract, neither party shall be held to a higher standard than the other party in the interpretation or enforcement of this Service Contract as a whole or any portion hereof as a result of having assumed such drafting responsibility.

(U) No Third Party Rights. This Service Contract is exclusively for the benefit of the City and the Company and shall not provide any third parties with any remedy, claim, liability, reimbursement, cause of action, or other rights.

(V) References to Days, Weeks or Years. Except as otherwise provided herein, all references to days, weeks or years are references to calendar days, calendar weeks or calendar years.

(W) References to Including. All references to "include" or "including" herein shall be interpreted as meaning "include without limitation" or "including without limitation."

(X) References to Knowledge. All references to "knowledge," "knowing," "know" or "knew" shall be interpreted as references to a party having actual knowledge.

(Y) Counterparts. This Service Contract may be executed in any number of original counterparts. All such counterparts shall constitute but one and the same Service Contract.

(Z) Governing Law. This Service Contract shall be governed by and construed in accordance with the applicable laws of the State of New York.

(AA) Defined Terms. The definitions set forth in Section 1.1 shall control in the event of any conflict with the definitions used in the recitals hereto.

(BB) Actions of the City in its Governmental Capacity. Nothing in this Service Contract shall be interpreted as limiting the rights and obligations of the City in its governmental or regulatory capacity, or as limiting the right of the Company to bring any action against the City, not based on this Service Contract, arising out of any act or omission of the City in its governmental or regulatory capacity.

(CC) Certain General Provisions Governing City Contracts for Consultants, Professional and Technical Services. The parties to this Service Contract understand and intend to be bound by each and every provision set forth in Appendix 8.

(DD) Violation of Law; Third Party Privilege. No provision of this Service Contract shall be construed as requiring a party to violate any governmental law, rule or regulation in the performance of its duties hereunder, or to waive any legal privilege recognized by the courts of the State.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

SECTION 2.1. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants that:

(A) Existence and Powers. The Company is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware, with the full legal right, power and authority to enter into and perform its obligations under this Service Contract.

(B) Due Authorization and Binding Obligation. This Service Contract has been duly authorized, executed and delivered by all necessary partnership action of the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent that its enforceability may be limited by the Bankruptcy Code or by equitable principles of general application.

(C) No Conflict. To the best of its knowledge, neither the execution and delivery by the Company of this Service Contract nor the performance by the Company of its obligations in connection with the transactions contemplated hereby or the fulfillment by the Company of the terms or conditions hereof: (1) conflicts with, violates or results in a breach of any constitution, law or governmental regulation applicable to the Company; or (2) conflicts with, violates or results in a breach of any order, judgment or decree, or any contract, agreement or instrument to which the Company is a party or by which the Company or any of its properties or assets are bound, or constitutes a default under any of the foregoing.

(D) No Approvals Required. No approval, authorization, order or consent of, or declaration, registration or filing with, any Governmental Body is required for the valid execution and delivery of this Service Contract by the Company; and no approval, authorization, order or consent of, or declaration, registration or filing with, any Governmental Body (except for the registration of this Service Contract by the City) is required for the performance by the Company of its performance or other obligations hereunder except such as have been duly obtained or, with respect to the Contract Services System Improvements, those which are not obtainable as of the date hereof, but for which the Company will apply on a timely basis and which the Company reasonably believes will be obtained at such time and with such terms and conditions as will not interfere with the Company's ability to perform the Contract Services.

(E) No Litigation. To the best of its knowledge, there is no Legal Proceeding before or by any Governmental Body pending, overtly threatened or publicly announced against

the Company, in which an unfavorable decision, ruling or finding could reasonably be expected to have a material and adverse effect on the execution and delivery of this Service Contract by the Company, or the validity, legality or enforceability of this Service Contract against the Company or any other agreement or instrument entered into by the Company in connection with the transactions contemplated hereby, or on the ability of the Company to perform its obligations hereunder or under any such other agreement or instrument.

(F) Applicable Law Compliance. To the best of its knowledge, neither the Company nor the Guarantor is in material violation of any law, order, rule or regulation that (1) is applicable to any of the Authorized Disposal Sites, (2) would adversely affect the Company's ability to perform the Contract Services, or (3) if continuing beyond any applicable notice and cure period under this Service Contract, would constitute a default hereunder.

(G) Claims or Demands. To the best of its knowledge, there are no material and adverse claims or demands based in environmental, contract or tort law pending or threatened against the Company or any of its Affiliates that (1) would materially adversely affect the Company's ability to perform the Contract Services, or (2) if continuing beyond any applicable notice and cure period under this Service Contract, would constitute a default hereunder.

(H) Procurement of Service Contract. No person or selling agency has been employed or retained by the Company or an Affiliate to solicit or secure this Service Contract upon an agreement or understanding for a commission, percentage, brokerage fee, contingent fee, or any other compensation that is conditioned on securing this Service Contract. No payment, gift or thing of value has been made, given or promised to obtain this Service Contract or any other agreement between the parties.

(I) Practicability of Performance. The Company assumes the risk of the practicability and possibility of performance of the Contract Services on the scale, within the time for completion and in the manner required hereunder, even though such performance may involve technological or market breakthroughs or overcoming facts, events or circumstances (other than Uncontrollable Circumstances) which may be different from those assumed by the Company in entering into this Service Contract, and agrees that sufficient consideration for the assumption of such risks and duties is included in the Service Fee. No impracticability or impossibility of any of the foregoing shall itself be deemed to constitute an Uncontrollable Circumstance, but if an Uncontrollable Circumstance causes such impracticability or impossibility, the Uncontrollable Circumstance shall be treated no differently under this Service Contract by reason of this subsection.

(J) Patents and Licenses. The Company owns, or is expressly authorized to use under patent rights, licenses, franchises, trademarks or copyrights, the technology necessary to perform the Contract Services without any known material conflict with the rights of others.

(K) Information Supplied by the Company and the Guarantor. To the best of its knowledge, the information supplied and representations and warranties made by the Company and the Guarantor in all submittals, as amended and supplemented, made in response to the RFP and in all post-proposal submittals with respect to the Company and the Guarantor (and, to the best of its knowledge, all information supplied in such submittals with respect to any Subcontractor) are true, correct and complete in all material respects.

(L) Conflict of Interest. Neither the Company nor any of its directors, officers, members, partners or employees, has any interest nor shall they acquire any interest, directly or indirectly, which would or may conflict in any manner or degree with the performance or rendering of the Contract Services, and, in the performance of this Service Contract, no person having such interest or possible interest shall be employed by it.

(M) Fair Practices. Under penalty of perjury, to the best of its knowledge:

(1) The prices in this Service Contract have been arrived at independently without collusion, consultation, communication, or agreement (for the purpose of restricting competition, as to any matter relating to such prices) with any other proposer or with any competitor;

(2) Unless otherwise required by law, the prices which have been quoted in this Service Contract and on the proposal submitted by the Company have not been knowingly disclosed by the Company prior to the proposal opening, directly or indirectly, to any other proposer or to any competitor; and

(3) No attempt has been made or will be made by the Company to induce any other person, partnership or corporation to submit or not to submit a proposal for the purpose of restricting competition.

The fact that the Company (1) has published price lists, rates, or tariffs covering items being procured, (2) has informed prospective customers of proposed or pending publication of new or revised price lists for such items, or (3) has sold the same items to other customers at the same prices being proposed, does not constitute, without more, a disclosure within the meaning of the above.

SECTION 2.2. REPRESENTATIONS AND WARRANTIES OF THE CITY. The City represents and warrants that:

(A) Existence and Powers. The City is a municipal corporation duly organized, validly existing under the laws of the State, with the full legal right, power and authority to enter into and perform its obligations under this Service Contract.

(B) Due Authorization and Binding Obligation. This Service Contract has been duly authorized, executed and delivered by all necessary corporate action of the City and, when registered with the office of the Comptroller, will constitute a legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms, except to the extent that its enforceability may be limited by the Bankruptcy Code or by equitable principles of general application, and subject in all respects to the provisions of Section 12.8.

(C) No Approvals Required. No approval, authorization, order or consent of, or declaration, registration or filing with, any Governmental Body, except for registration with the office of the Comptroller, is required for the valid execution and delivery of this Service Contract by the City or the performance of its payment or other obligations hereunder except such as have been duly obtained or made; provided, however, that payment obligations are subject in all respects to the provisions of Section 12.8.

ARTICLE III

TERM

SECTION 3.1. CONTRACT EFFECTIVE DATE.

(A) Requirements. This Service Contract shall be effective, and the Contract Effective Date shall be deemed to have occurred, when:

- (1) it has been executed and delivered by the Company;
- (2) if and to the extent required by Applicable Law it has been:
  - approved by the Mayor of the City of New York (the “Mayor”) pursuant to the provisions of Executive Order No. 42, dated October 9, 1975, in the event the Executive Order requires such approval;
  - certified by the Mayor (Mayor’s Fiscal Committee created pursuant to Executive Order No. 43, dated October 14, 1975) that performance of this Service Contract will be in accordance with the City’s financial plan; and
  - approved by the New York State Financial Control Board (the “Board”) pursuant to the New York State Financial Emergency Act for the City of New York, as amended, (the “Act”), in the event regulations of the Board pursuant to the Act required such approval;
- (3) it has been executed and delivered by the City (delivery by the City shall be deemed to occur concurrently with registration by the Comptroller);
- (4) it has been registered in accordance with New York City Charter Section 328 and the PPB Rules; and
- (5) the New York Container Terminal Agreement has been executed by the Company and New York Container Terminal, LLC and all required approvals and ratifications have occurred.

The requirements of this Section shall be in addition to, and not in lieu of, any approval or authorization otherwise required for the expenditure of City funds.

(B) Rights and Obligations. All rights, obligations and liabilities of the parties shall commence on the Contract Effective Date, subject to the terms and conditions of this Service Contract. If the Company has executed and delivered this Service Contract but the

Contract Effective Date has not occurred within nine months following such execution and delivery, then the Company shall have the right, in its sole and absolute discretion, to terminate this Service Contract by providing written notice of termination to the City.

SECTION 3.2. TERM.

(A) Initial Term. With respect to MTS-1, this Service Contract shall become effective on the Contract Effective Date, and shall continue in effect for 20 years following MTS-1 Service Date (the period from the Contract Effective Date to the twentieth anniversary of such MTS-1 Service Date constituting the “Initial Term”), unless terminated earlier or renewed pursuant to subsection (B) or (C) of this Section. With respect to MTS-2, this Service Contract shall become effective on the MTS-2 Notice to Proceed Date, and shall continue in effect to the end of the Initial Term, unless terminated earlier or renewed pursuant to subsection (B) or (C) of this Section.

(B) Renewal Terms. At the City’s sole option, this Service Contract may be renewed and extended, with respect to MTS-1 or both MTS-1 and MTS-2, for up to two additional five-year terms beyond the end of the Initial Term. The first such renewal term would be the “Initial Renewal Term”. The second such renewal term would be the “Additional Renewal Term”. Each such renewal term individually or in the aggregate would be a “Renewal Term”. The Company shall give the City notice of the approaching expiration of the Initial Term and any additional five-year Renewal Term no later than 360 days and no earlier than 540 days prior to such expiration (the “Company Notice of Expiration Date”). The City, not later than 270 days prior to the expiration of the Initial Term and any Renewal Term, shall give the Company notice of its intent, if applicable, to exercise its renewal option with respect to MTS-1 or both MTS-1 and MTS-2 (the “City Notice of Renewal Date”). Failure by the Company to deliver the notice required under this Section by the Company Notice of Expiration Date shall not constitute a default hereunder; the sole remedy of the City shall be, for each day of Company delay in delivering the notice to the City, to extend the City Notice of Renewal Date by one day; and, if the Company’s delay in delivering the notice results in the expiration of the then applicable Term prior to the City Notice of Renewal Date (as extended), the City may, at its sole discretion, for each day of Company delay, extend the then applicable Term by one day. If the City delivers the notice required by this subsection, this Service Contract shall remain in effect during the Renewal Term specified in the City’s notice.

(C) Term. The Initial Term and any Renewal Term constitute the “Term”. If this Service Contract is terminated pursuant to the termination provisions of Article XII, (i) with respect to MTS-2 only, the Term as it applies to MTS 2 shall be deemed to have ended as of the



date of such termination, and (ii) with respect to both MTS-1 and MTS-2, the Term shall be deemed to have ended as of such date of termination.

## ARTICLE IV

### DEVELOPMENT PERIOD

SECTION 4.1. DEVELOPMENT PERIOD GENERALLY. With respect to each Marine Transfer Station, the Development Period is that period beginning on the date of Notice to Proceed and ending on the Service Date for the applicable Marine Transfer Station.

SECTION 4.2. CITY NOTICES TO PROCEED. The City shall issue a Notice to Proceed for MTS-1 promptly upon satisfaction of the conditions in Section 3.1 to the Company directing the Company to commence performance of Company MTS-1 Development Period Obligations. The City shall have the right but not the obligation (as determined by the City in its sole discretion), to issue a Notice to Proceed for MTS-2 to the Company directing the Company to commence performance of Company MTS-2 Development Period Obligations. Each Notice to Proceed shall include (1) with respect to MTS-1, the date when the City reasonably expects to complete the work described in clause (1) of subsection 4.4(A), and (2) with respect to MTS-2, the date when the City reasonably expects to complete the work described in clause (1) of subsection 4.4(B), (with respect to a Marine Transfer Station, the “MTS Modification Projected Completion Date”). The date of the Notice to Proceed for MTS-1 shall be the “MTS-1 Notice to Proceed Date”. The date of the Notice to Proceed for MTS-2 shall be the “MTS-2 Notice to Proceed Date”. If the MTS-1 Notice to Proceed Date has not occurred within 12 months following the Contract Effective Date, then the Company shall have the right, in its sole and absolute discretion, to terminate this Service Contract by providing written notice of termination to the City by the 15<sup>th</sup> month following the Contract Effective Date.

SECTION 4.3. CITY TERMINATION RIGHTS DURING THE DEVELOPMENT PERIOD. During the Development Period, the City shall have the right to terminate this Service Contract, with respect to either MTS-2 or both of the Marine Transfer Stations, for convenience as set forth in Section 12.4, and for an Event of Default by the Company as set forth in Section 12.2. The City may not terminate this Service Contract pursuant to this Section with respect to just MTS-1 and not MTS-2.

#### SECTION 4.4. CITY DEVELOPMENT PERIOD OBLIGATIONS.

(A) City MTS-1 Development Period Obligations. Following the issuance of the MTS-1 Notice to Proceed, the City shall proceed with reasonable diligence to perform the following obligations (“City MTS-1 Development Period Obligations”), each of which shall be a condition precedent to the establishment of the MTS-1 Service Date:

(1) City Modification and Completion of MTS-1. The City shall proceed with the planning, permitting, environmental review, public approval, design and

construction work necessary to modify MTS-1 so as to be capable of delivering Containerized Waste in accordance with this Service Contract, including installation of the Cranes.

(2) City to Make Plans Available to Company. The City shall make available to the Company, upon the reasonable request of the Company, plans and designs relating to that portion of MTS-1 affecting the Contract Services, including Barge loading and docking areas, Crane design and specifications and other areas reasonably requested by the Company.

(3) Governmental Approvals. The City shall submit all applications for all Governmental Approvals which it is obligated to submit under Applicable Law with respect to operations of MTS-1, and shall cooperate with the Company in the submission of all applications for the Governmental Approvals, which the Company is obligated to obtain in order to perform the Contract Services.

(4) Notice of Completion of MTS-1 Modifications. The City shall notify the Company upon completion of the Marine Transfer Station Modifications at MTS-1, including installation and testing of the Cranes, and of the readiness of MTS-1 for the commencement of the Training Period and the Ramp-Up Period as set forth in Section 5.1.

(B) City MTS-2 Development Period Obligations. Following the issuance of the MTS-2 Notice to Proceed, the City shall proceed with reasonable diligence to perform the following obligations (“City MTS-2 Development Period Obligations”), each of which shall be a condition precedent to the establishment of the MTS-2 Service Date:

(1) City Modification and Completion of MTS-2. The City shall proceed with the planning, permitting, environmental review, public approval, design and construction work necessary to modify MTS-2 so as to be capable of delivering Containerized Waste in accordance with this Service Contract, including installation of the Cranes.

(2) City to Make Plans Available to Company. The City shall make available to the Company, upon the reasonable request of the Company, plans and designs relating to that portion of MTS-2 affecting the Contract Services, including Barge loading and docking areas, Crane design and specifications and other areas reasonably requested by the Company.

(3) Governmental Approvals. The City shall submit all applications for all Governmental Approvals which it is obligated to submit under Applicable Law with

respect to operations of MTS-2, and shall cooperate with the Company in the submission of all applications for the Governmental Approvals, which the Company is obligated to obtain in order to perform the Contract Services.

(4) Notice of Completion of MTS-2 Modifications. The City shall notify the Company upon completion of the Marine Transfer Station Modifications at MTS-2, including installation and testing of the Cranes, and of the readiness of MTS-2 for the commencement of the Training Period and the Ramp-Up Period as set forth in Section 5.1.

SECTION 4.5. CITY RIGHTS TO CEASE OR DEFER WORK. The City shall have the right, in its sole discretion, to cease or defer work on either MTS-1 or MTS-2, or both, and upon any such cessation, the City shall so notify the Company.

SECTION 4.6. COMPANY DEVELOPMENT PERIOD OBLIGATIONS.

(A) Company MTS-1 Development Period Obligations. Following the issuance of the MTS-1 Notice to Proceed and prior to the MTS-1 Scheduled Service Date, the Company shall perform the following obligations (“Company MTS-1 Development Period Obligations”), each of which shall be a condition precedent to the establishment of the MTS-1 Service Date:

(1) Preparation of Company Development Plan. The Company shall prepare and deliver to the City the Company Development Plan required pursuant to Section 4.9.

(2) Company Emergency Plan. At least 180 days prior to the beginning of the Ramp-Up Period for MTS-1, the Company shall prepare and deliver to the City the emergency plan required in accordance with Section 10.15.

(3) Governmental Approvals. The Company shall (i) apply for and obtain all Company Governmental Approvals, and (ii) provide reasonable assistance to the City in connection with the City’s obtaining any City Governmental Approvals or obtaining amendments to any City Governmental Approvals, in each case as are necessary to commence and continue the performance of the Contract Services.

(4) Disposal Capacity. The Company shall arrange for, obtain, secure and provide evidence in form and substance satisfactory to the City, of the necessary disposal capacity sufficient to comply with Section 8.10, including identification of all Authorized Disposal Sites, Primary Disposal Capacity and Reserve Disposal Capacity.

(5) Acquiring Transportation Equipment and Operating Equipment. The Company shall place an order for the manufacture and purchase or leasing of new Transportation Equipment (other than Tugboats, which may be Fleet Tugboats) in quantities sufficient to perform the Contract Services, and shall acquire and accept delivery of the Transportation Equipment in an amount at least equal to the Minimum Transportation Equipment Requirement and all Operating Equipment necessary to perform the Contract Services with respect to MTS-1.

(6) Control of the Contract Services System. The Company shall arrange for, obtain and provide evidence in form and substance satisfactory to the City of ownership of, or a leasehold or other contractual interest in (including obtaining adequate financing for or otherwise providing sufficient capital for the development of the Contract Services System pursuant to Section 4.10), all components of the Contract Services System sufficient to permit the Company to provide the Contract Services as of the Scheduled Service Date.

(7) Construction of the Contract Services System Improvements. The Company shall design, construct and commission the Contract Services System Improvements in accordance with the Contract Standards. Once completed, the Company shall provide evidence in form and substance satisfactory to the City that the Contract Services System is complete in all material respects sufficient to permit the Company to operate the Contract Services System in accordance with the Contract Standards.

(8) Completion of Practice Operations at MTS-1 and Achievement of the MTS-1 Service Date. The Company shall complete such practice operations as it requires at MTS-1 in accordance with Article V and achieve the MTS-1 Service Date.

(9) Host Community Agreement. The Company shall certify to the City that the Host Community Agreements with the City of Chester, PA and Lee County, SC remain in full force and effect, and do not contain any term or condition that would materially impair the ability of the Company to perform the Contract Services, and confirm that there are no other Host Community Agreements relating to the Contract Services.

(10) Insurance. The Company shall certify and provide evidence that all Required Insurance provided by the Contract Execution Date is in full force and effect, and obtain all additional Required Insurance required by this Service Contract on or prior to the times set forth in this Service Contract, and deliver copies of the applicable

policies of Required Insurance to the City. The Company shall deliver the certifications required pursuant to subsections 13.1(C) and 13.1(D).

(11) Contact Information. The Company shall submit to the City the contact information specified in Section 15.22.

(12) Company Compliance with Applicable Law. The Company shall certify to the City that, as of the MTS-1 Service Date, the Company is in substantial compliance with all Applicable Law, non-compliance with which would have a material and adverse effect upon its business or its ability to perform its obligations under this Service Contract.

(13) Financial Condition. The Company shall submit to the City evidence of availability of financing for the Contract Service System Improvements necessary to provide the Contract Services required for MTS-1 pursuant to Section 4.10.

(14) Documents Evidencing Required Activities. The Company shall have provided to the City copies of all filings and reports conducted, prepared or obtained with respect to or evidencing the Company's activities pursuant to this Section.

(15) Delivery of Service Period Letter of Credit. The Company shall have delivered to the City the Service Period Letter of Credit required pursuant to subsection 14.2(A).

(B) Company MTS-2 Development Period Obligations. Following the issuance of the Notice to Proceed for MTS-2 and prior to the MTS-2 Service Date, and to the extent not already completed as part of the Company MTS-1 Company Development Period Obligations, the Company shall perform the following obligations ("Company MTS-2 Development Period Obligations"), each of which shall be a condition precedent to the establishment of the MTS-2 Service Date:

(1) Completion of All MTS-1 Development Period Obligations. The Company shall complete all of the MTS-1 Development Period Obligations as they may apply to MTS-2.

(2) Acquiring Transportation Equipment. The Company shall place an order for the manufacture and purchasing or leasing of new Transportation Equipment (other than Tugboats, which may be fleet Tugboats) in incremental quantities sufficient to perform the Contract Services applicable with respect to MTS-1 and MTS-2 combined, and shall acquire and accept delivery of the incremental quantities of Transportation Equipment in an amount sufficient to satisfy the Minimum Transportation Equipment Requirement at the WCAL Level that will then be in effect

and all additional Operating Equipment necessary to perform the Contract Services with respect to MTS-2.

(3) Completion of Practice Operations at MTS-2 and Achievement of the MTS-2 Service Date. The Company shall complete such practice operations as it requires at MTS-2 in accordance with Article V and achieve the MTS-2 Service Date.

(4) Documents Evidencing Required Activities. The Company shall provide to the City copies of all filings and reports conducted, prepared or obtained with respect to or evidencing the Company's activities pursuant to this Section.

SECTION 4.7. SITE SUITABILITY; MARINE TRANSFER STATION MODIFICATIONS, AND ACCESS.

(A) City Representation as to the Marine Transfer Stations and the Marine Transfer Station Modifications. The City represents that the Marine Transfer Station Modifications shall be built substantially in accordance with the plans and specifications that have previously been made available to the Company. If the City makes material revisions to the plans and specifications of a Marine Transfer Station or the Marine Transfer Station Modifications, the City will provide such revisions to the Company for its review and determination whether such revisions will affect the Contract Services. Any agreement reached with respect to such revisions will be set forth in a Contract Administration Memorandum.

(B) Company Confirmation of Review of Sites and Specifications. The Company acknowledges that its agents and representatives have visited, inspected, examined, and are familiar with the Marine Transfer Stations. The Company further acknowledges that it has reviewed the most recent plans and specifications provided by the City with respect to the Marine Transfer Station Modifications (including the design of, and construction and installation of the Cranes), and, if the Marine Transfer Station Modifications are completed substantially in accordance with such plans and specifications, the Company is satisfied that the Marine Transfer Stations will be adequate to enable the Company to perform the Contract Services.

(C) Marine Transfer Station Site Access During the Development Period. During the Development Period, the City shall provide the Company with reasonable access to each Marine Transfer Station for the purpose of reviewing the progress of the construction of the Marine Transfer Station and performing all necessary onsite activities. Such access shall be subject to the City's prior approval which shall not be unreasonably withheld.

(D) ADA Exemption. The City has received confirmation from the New York City Department of Buildings that under Applicable Law the Marine Transfer Station and the

Marine Transfer Station Modifications are exempt from compliance with the Americans with Disabilities Act of 1990 (ADA), 42 U.S.C. §§ 12101 et seq (2008).

SECTION 4.8. CRANE ACCEPTANCE TEST.

(A) Company Review of Crane Acceptance Test Protocols. The Company has reviewed the testing protocols and standards set forth in the Crane Acceptance Test. The Crane Acceptance Test protocols and standards are acceptable to the Company. The City shall provide the Company with adequate notice of the Crane Acceptance Test and the Company Representative may be present to observe the Crane Acceptance Test.

(B) Certification. Upon successful completion of the Crane Acceptance Test, the City shall furnish the Company a certificate acknowledging that the Cranes have successfully passed the Crane Acceptance Test.

SECTION 4.9. COMPANY PREPARATION OF A DEVELOPMENT PLAN. Within 30 days following the Notice to Proceed with respect to MTS-1, the Company shall prepare and deliver to the City a development plan detailing the efforts to be made by the Company in satisfying the Company MTS-1 Development Period Obligations and the Company MTS-2 Development Period Obligations set forth in Section 4.6 (the “Company Development Plan”). The Company Development Plan shall be consistent with the preliminary development plan set forth in Appendix 13, and shall include a schedule identifying all critical tasks to be performed by the Company during the Development Period, the interrelationship between such tasks, and the estimated dates for the completion of such tasks. In particular, the Company Development Plan shall: (1) identify all Company Governmental Approvals necessary to perform the Contract Services (including any required modifications to existing Company Governmental Approvals); (2) identify all responsible Governmental Bodies with respect to each Company Governmental Approval; (3) summarize the application requirements of each Company Governmental Approval; (4) set forth the estimated schedule for obtaining all such Company Governmental Approvals; and (5) identify the resources the Company will use to obtain all such Company Governmental Approvals. If an entity other than the Company is or will be the holder of any such Company Governmental Approvals, the Company shall identify such entity.

SECTION 4.10. COMPANY FINANCING. The Company shall have sole responsibility for and shall bear all costs associated with the financing of the development of the Contract Services System. The obligations of the Company under this Section shall be absolute and unconditional and shall apply notwithstanding the occurrence of an Uncontrollable Circumstance or any other event or circumstance within or outside the control of the Company. The Company specifically agrees to bear the risk of any adverse change in the financial markets or in the financial condition of the Company, the Guarantor or any Affiliate of



the Company or the Guarantor, unfavorable interest rate conditions, the unavailability for any reason of third party financing, or the unwillingness of banks, insurance companies or other corporate or financial institutions to provide any credit enhancement, derivative product or other instrument judged to be necessary to secure financing or hedge or otherwise manage financial risk. The Company shall not be permitted to pledge this Service Contract as security for the financing of any of the assets comprising the Contract Services System, but the Company may pledge revenues the Company receives as Service Fee.

SECTION 4.11. RESPONSIBILITY FOR DEVELOPMENT PERIOD COSTS.

(A) Company Development Period Costs. Except as provided in Sections 12.4 and 13.2, the Company shall bear its own costs and expenses incurred during the Development Period in its efforts to satisfy its Company Development Period Obligations, without reimbursement from the City. The Company shall have no obligation to incur costs and expenses with respect to a Marine Transfer Station until the Notice to Proceed applicable to such Marine Transfer Station has been issued.

(B) City Development Period Costs. The City shall bear its own costs and expenses incurred during the Development Period in its efforts to obtain Governmental Approvals required by Applicable Law to construct and operate the Marine Transfer Stations, and to make the Marine Transfer Stations Modifications.

(C) No Payment to Either Party for Development Period Expenses of the Other. All costs and expenses incurred by each party in performing its obligations during the Development Period shall be for the account of such party and shall not be reimbursable by the other party, except as set forth in Sections 12.4 and 13.2.

SECTION 4.12. GENERAL COMPANY RESPONSIBILITIES.

(A) Company Assumption of Permitting Risk.

(1) Generally. The Company shall be solely responsible for obtaining (or causing Affiliates of the Company, Subcontractors or others to obtain) all Initial Company Governmental Approvals required for the development of the Contract Services System and the performance of the Contract Services, and, subject to Uncontrollable Permit Delay, City Fault and the provisions of this subsection, the Company accepts the risk of delay, non-issuance or the imposition of any term or condition in connection therewith by a Governmental Body. In accepting this responsibility, the Company acknowledges in particular that: (a) unless caused by an Uncontrollable Permit Delay or City Fault, the delay or non-issuance for any reason of any of the Company Governmental Approvals beyond the Scheduled Service Date shall give the City the right, in accordance with subsection 5.2(D), to impose delay damages; and (b) the

Governmental Body issuing any Company Governmental Approval may impose terms and conditions which require the Company to make changes or additions to the Contract Services System or the performance of the Contract Services which may increase the cost or risk to the Company of performing the Contract Services, all of which costs or risks shall be for the account of and borne by the Company.

(2) Alternate Components to the Contract Services System. If the Company (a) believes that certain components of the Contract Services System will be affected by an Uncontrollable Permit Delay, (b) can identify one or more alternate components to substitute for such components of the Contract Services System which the Company reasonably believes would be more readily granted Initial Company Governmental Approvals, and (c) believes that the use of the proposed alternate components will result in no increase in cost or risk to the City, the Company shall provide written notice to the City which documents all such details. The City shall respond to the Company in writing within a reasonable amount of time as to whether it approves such change, which approval shall not be unreasonably withheld. The identification and approval of the use of the alternate components of the Contract Services System shall be set forth in a Contract Administration Memorandum.

(B) Responsibility for Design and Construction. The Company shall have complete responsibility for the design and construction of the Contract Services System Improvements in accordance with the Contract Standards. The Company shall develop and comply with a construction management plan for project organization, design, procurement, construction, supervision, worker safety, and testing of the Contract Services System Improvements. Neither the City nor the Consulting Engineer will have any such responsibility, notwithstanding their role in preparing the RFP or establishing the Design Requirements. The City shall have the right to review the final designs of the Contract Services System Improvements to ensure consistency with the Design Requirements.

(C) Changes to Design Requirements. No changes whatsoever to the Design Requirements shall be permitted without City approval, unless required by Applicable Law.

(D) Payment of Construction Costs. Subject to the provisions of Sections 12.4 and 13.2, the Company shall be solely responsible for (i) all costs and expenses incurred in constructing the Contract Services System Improvements, and (ii) cost overruns associated with the construction of the Contract Services System Improvements.

(E) City Monitoring. The City or its agents, at the City's expense, shall have the right to monitor the development of the Contract Services System for progress and compliance with the Contract Standards. City personnel, the Consulting Engineer, and any Governmental Body personnel shall have reasonable access to all construction sites for such

monitoring purposes. The Company shall be responsible for preparing and submitting to the City monthly progress reports relating to its Company Development Period Obligations.

SECTION 4.13. PRACTICABILITY OF PERFORMANCE. The Company acknowledges that the Design Requirements and the technology to be used in the construction of the Contract Services System Improvements, the management of the Contract Services System and the performance of the Contract Services are furnished exclusively by the Company, and the Company assumes and shall have exclusive responsibility for their efficacy, notwithstanding the negotiation of the terms of the Contract Standards, including the Design Requirements.

SECTION 4.14. ESTABLISHING THE SERVICE DATE FOR MTS-1 AND MTS-2.

(A) Company Certification. With respect to each Marine Transfer Station, upon the satisfaction by the Company or waiver by the City of all of the Company Development Period Obligations applicable at such Marine Transfer Station, a duly authorized representative of the Company shall deliver a written certification to the City: (1) stating that the Company has completed all of the Company Development Period Obligations applicable at such Marine Transfer Station as set forth in Section 4.6 (other than such Company Development Period Obligations that the City has waived and subject to such punch list items that do not interfere with the Company's ability to perform the Contract Services); and (2) identifying the date on which the Company will start performing Contract Services at a minimum of Ramp-Up Service Level 1 and stating that the Company is capable of performing the Contract Services at the applicable Marine Transfer Station at the applicable Ramp-Up Service Level on a continuous basis. In no event shall a Service Date occur prior to a Scheduled Service Date, unless agreed to by the City, in its sole discretion.

(B) Formal Closing. Within five days of receipt by the City of the written certification delivered pursuant to subsection (A) of this Section, the parties shall hold a formal closing acknowledging delivery and receipt of such certification and delivering any additional copies of all relevant documents. The City shall determine the exact date and location of the formal closing. The date that is the next Operating Day after the date of such closing shall be deemed the "MTS-1 Service Date" or the "MTS-2 Service Date", and thereupon the Development Period shall close and the MTS-1 Service Period or MTS-2 Service Period, as applicable, shall commence.

ARTICLE V

RAMPING-UP OF SERVICE; SCHEDULED SERVICE DATE;  
ACHIEVING SERVICE DATE

SECTION 5.1. RAMP-UP PERIOD.

(A) Ramp-Up Plan. The commissioning and starting-up of the services at each Marine Transfer Station shall be conducted in accordance with a ramp-up plan for each of MTS-1 and MTS-2 (each a “Ramp-Up Plan”). The Company will furnish the City with a satisfactory Ramp-Up Plan for MTS-1 (the “MTS-1 Ramp-Up Plan”) and MTS-2 (the “MTS-2 Ramp-Up Plan”) developed in accordance with the Contract Standards at least 90 days prior to the scheduled start of the Ramp-Up Period at the applicable Marine Transfer Station. Each Ramp-Up Plan shall be designed to demonstrate, using accepted methodologies, that the Company will be capable of performing the Contract Services relating to the applicable Marine Transfer Station in accordance with the Contract Standards for the full Term. The MTS-1 Ramp-Up Plan shall provide for a minimum 90-day Ramp-Up Period for MTS-1 (from the time the first Ramp-Up Service Level begins to the time full service is implemented at MTS-1). The MTS-2 Ramp-Up Plan shall provide for a minimum 60-day Ramp-Up Period for MTS-2 (from the time the first Ramp-Up Service Level begins to the time full service is implemented at MTS-2).

(B) City and Company Training Period. Each Ramp-Up Plan will include the option, available at the request of either the City or the Company, for training in the operation of the applicable MTS and the Cranes prior to the start of the Ramp-Up Period with operation at Ramp-Up Service Level 1 (the “Training Period”). The purpose of such training period is to provide the City and the Company practice in moving Containers, transporting Containers via the Shuttle Car to the Cranes, operating the Cranes to transfer Containers from the MTS to the Barge, transfer Containers from the Barge to the MTS, moor, un-moor and move Barges in the vicinity of and at the MTS, and transfer Containers from the Cranes to the waste loading area at the MTS, all without the applicability of performance guarantees. Such training shall be performed with empty Containers. The City and the Company will work cooperatively to develop the plan for such training period, including developing schedules for Barge and Container availability. With respect to the MTS to which the training period applies, the City shall have no payment obligations to the Company during the training period.

(C) Contract Services During the Ramp-Up Period, Generally. On the applicable Scheduled Service Date, the Company shall commence a Ramp-Up Period by providing the Contract Services at Ramp-Up Service Level 1, or at one of the other Ramp-Up Service Levels provided in subsection (G) of this Section for MTS-1 or subsection (H) of this

Section for MTS-2. These Ramp-Up Service Levels have been established in order to provide for the staged sequencing of Transportation Equipment acquisition and the orderly introduction of Transportation Equipment into commercial service. All of the Performance Guarantees and other terms and conditions of this Service Contract shall apply during the Ramp-Up Period, except as otherwise provided in this Service Contract.

(D) City Waste Delivery. During the Ramp-Up Period, the City shall use reasonable efforts to deliver to MTS-1 or MTS-2, as applicable, the quantities of Loaded Containers reasonably requested by the Company in order for the Company to demonstrate operability of the Contract Services System at the then-applicable Ramp-Up Service Level, subject to the availability of waste and the Solid Waste Management Plan. The Company shall receive, transport and dispose of such Containerized Waste at Designated Disposal Sites in accordance with the Ramp-Up Plan, the applicable Ramp-Up Service Level, and the Contract Standards.

(E) Ramp-Up Period Container Acceptance Guarantee. During the Ramp-Up Period, the Company shall comply with the Container Acceptance Guarantee modified by the Company's right to refuse Loaded Containers in excess of the Ramp-Up WCAL amounts set forth in subsection (G) and subsection (H) of this Section, as applicable.

(F) Compliance with Container Availability Guarantee. During the Ramp-Up Period, the Company shall comply with the Container Availability Guarantee modified by the Container Replacement Cycles per Operating Hour and Container Replacement Cycle Time set forth in subsection (G) and subsection (H) of this Section, as applicable.

(G) MTS-1 Ramp-Up Period; Ramp-Up Service Levels. The Ramp-Up Period for MTS-1 shall be implemented in accordance with the Ramp-Up Plan. The parties shall have the right from time to time to mutually agree to elect to commit to provide Contract Services at one of the following Ramp-Up Service Levels:

MTS-1 Ramp-Up Service Level	Ramp-Up WCAL	Ramp-Up Fixed Components of Service Fee	Ramp-Up Container Replacement Cycles per Operating Hour	Ramp-Up Container Replacement Cycle Times (minutes/Container)
Ramp-Up Service Level 1	256	50%	4	15
Ramp-Up Service Level 2	524	75%	6	10
Ramp-Up Service Level 3	524	75%	8	7.5

The initial MTS-1 Ramp-Up Service Level shall begin on the MTS-1 Service Date established pursuant to Section 4.14. Any subsequent MTS-1 Ramp-Up Service Level elected by the Company (and service at the full WCAL, when the Company elects to start service at the full WCAL) shall take effect only on the first day of a month. After commencement of an MTS-1 Ramp-Up Service Level, the Company may elect a higher MTS-1 Ramp-Up Service Level (or service at the full WCAL) but not a lower MTS-1 Ramp-Up Service Level. The Ramp-Up Period for MTS-1 shall begin on the MTS-1 Service Date and shall end when the Company first begins service at the full WCAL at MTS-1, provided, however, the Ramp-Up Period for MTS-1 shall not be less than 90 days except by agreement of the parties (which agreement shall be evidenced by a Contract Administration Memorandum).

(H) MTS-2 Ramp-Up Period; Ramp-Up Service Levels. The Ramp-Up Period for MTS-2 shall be implemented in accordance with the Ramp-Up Plan. The parties shall have the right from time to time to mutually agree to elect to commit to provide Contract Services at one of the following Ramp-Up Service Levels:

MTS-2 Ramp-Up Service Level	Ramp-Up WCAL	Percent of Incremental Fixed Components of Service Fee	Ramp-Up Container Replacement Cycles per Operating Hour	Ramp-Up Container Replacement Cycle Times (minutes/Container)
Ramp-Up Service Level 1	96	50%	6	10
Ramp-Up Service Level 2	192	75%	8	7.5

The initial MTS-2 Ramp-Up Service Level shall begin on the MTS-2 Service Date established pursuant to Section 4.14. Any subsequent MTS-2 Ramp-Up Service Level elected by the Company (and service at the full WCAL, when the Company elects to start service at the full WCAL) shall take effect only on the first day of a month. After commencement of an MTS-2 Ramp-Up Service Level, the Company may elect a higher MTS-2 Ramp-Up Service Level (or service at the full WCAL) but not a lower MTS-2 Ramp-Up Service Level. The Ramp-Up Period for MTS-2 shall begin on the MTS-2 Service Date and shall end when the Company first begins service at the full WCAL at MTS-2; provided, however, the Ramp-Up Period for MTS-2 shall not be less than 60 days except by agreement of the parties (which agreement shall be evidenced by a Contract Administration Memorandum).

(I) City Right to Inspect Commissioning. For purposes of ensuring compliance with the Ramp-Up Plan and the Contract Standards and reviewing the integrity of the performance of the Contract Services System, the Company shall permit the designated representatives of the City to inspect the preparations for commissioning of the Contract Services System, and to be present for the conduct of the commissioning.

(J) Payments During Ramp-Up Period. During the Ramp-Up Period the City shall pay the Company the Service Fee set forth in Article XI, but as modified in accordance with Article XI for the Ramp-Up Period.

(K) Service Fee Adjustments.

(1) Service Fee Reduction for Non-Compliance with the Ramp-Up Period Container Acceptance Guarantee. During the Ramp-Up Period, with respect to each Marine Transfer Station, if the Company fails to comply with the Container Acceptance Guarantee set forth in subsection (E) of this Section, the Service Fee shall be reduced as set forth in subsection 7.5(B).

(2) Failure to Meet the Ramp-Up Container Availability Guarantee. During the Ramp-Up Period, with respect to each Marine Transfer Station, if the Company fails to comply with the Container Availability Guarantee set forth in subsection (F) of this Section, the Service Fee shall be reduced as set forth in subsection 7.5(B) and Section 7.8, except that the Container Cycle Time for each Loaded Container shall equal: (a) 15 minutes during periods the Container Availability Guarantee requires the Company to provide 4 Loaded Containers per hour; (b) 10 minutes during periods the Container Availability Guarantee requires the Company to provide 6 Loaded Containers per hour; and (c) 7.5 minutes during periods the Container Availability requires the Company to provide 8 Loaded Containers per hour.

(L) Storage of Loaded Containers During Ramp-Up Period. During the Ramp-Up Period, the Company shall store Loaded Containers on Barges at each Marine Transfer Station, and at each Intermodal Facility (whether on or off Barges or Railcars), while awaiting transport, in a manner to reasonably prevent and control odors, insects, rodents, vermin, vectors, or other nuisance condition or environmental hazard. The Company shall ensure that no Loaded Container remains at any site longer than permitted by Applicable Law, including at a Marine Transfer Station (where the City and the Company shall cooperate to achieve timely Container removal) and at each Intermodal Facility. The Company and the City shall cooperate so that the Company is able to remove Loaded Containers from a Marine Transfer Station by placing such Containers on a Barge and moving the Barge toward an Intermodal Facility no later than 96 hours following the delivery of the DSNY-managed Waste contained in such Loaded Containers to such Marine Transfer Station, provided that if the City perceives an odor emanating from the Containers stored for more than 48 hours at the MTS or on a Barge tied the MTS, the Company shall, within 3 hours of receiving an Operating Notice from the City, load such Containers onto a Barge and move the Barge towards an Intermodal Facility.

SECTION 5.2. SCHEDULED SERVICE DATE.

(A) Obligation to Achieve MTS-1 Service Date or MTS-2 Service Date. The Company shall cause the MTS-1 Service Date to occur on the MTS-1 Scheduled Service Date. The Company shall cause the MTS-2 Service Date to occur on the MTS-2 Scheduled Service Date.

(B) Delays of the Scheduled Service Date Due to Uncontrollable Circumstances. The Scheduled Service Date may be delayed due to the following:

(1) Uncontrollable Circumstances Delay. If an Uncontrollable Circumstance occurs which, despite the Company's mitigation efforts employed or required to be employed pursuant to this Service Contract, results in delay in the Company's ability to achieve the Service Date for a Marine Transfer Station by the applicable Scheduled Service Date, the provisions of Section 13.2 shall apply and the Scheduled Service Date for such Marine Transfer Station shall be delayed one day for each day of delay caused by the Uncontrollable Circumstance.

(2) Delay in Completion of Marine Transfer Station Modifications. If the completion of the Marine Transfer Station Modifications (including successful completion of the Crane Acceptance Test) applicable to a Marine Transfer Station is delayed beyond the Scheduled Service Date, the Scheduled Service Date shall be



delayed one day for each day of such delay beyond the otherwise applicable Scheduled Service Date.

(3) Termination Because of City Failure to Complete Marine Transfer Station Modifications. If the City fails to complete the Marine Transfer Station Modifications at MTS-1 (including successful completion of the Crane Acceptance Test) and the MTS-1 Service Date is delayed for 12 months after the MTS-1 Scheduled Service Date (or the date the Company is ready to start the Service Date, if later), then the Company shall have the right, in its sole and absolute discretion, to terminate this Service Contract by providing written notice of termination to the City within 90 days after such 12 month delay. If the Company exercises its termination rights pursuant to this clause, the Company shall be entitled to the termination payment set forth in subsection 12.4(B), except that as to the amount described in clause (2) of subsection 12.4(B) the City will pay the lesser of: (i) the amount set forth in Schedule C of Appendix 15 corresponding to the month during which termination will occur; and (ii) the Substantiated Costs that are directly related to the performance of the Contract Standards incurred by New York Container Terminal, Inc. from the MTS-1 Notice to Proceed Date until the date that the Company delivers a written notice pursuant to this clause.

(C) Extension Period; Termination.

(1) Extension Period. If, with respect to a Marine Transfer Station, the Service Date does not occur on the Scheduled Service Date, the Company may attempt to achieve the Service Date during a 6 month extension period following the Scheduled Service Date (the “Extension Period”). With respect to MTS-1, if the Company’s failure to have the MTS-1 Service Date occur by the MTS-1 Scheduled Service Date is due to a failure by the Company to provide a Service Period Letter of Credit (regardless of whether there may be other reasons for not achieving the MTS-1 Service Date as well), the Extension Period shall be zero instead of six months.

(2) Termination Because of Company Failure to Achieve MTS-1 Service Date. If the Company fails to achieve the MTS-1 Service Date by the end of the applicable Extension Period, the City may terminate this Service Contract for an Event of Default by the Company pursuant to clause (2) of subsection 12.2(A).

(3) Termination Because of Company Failure to Achieve MTS-2 Service Date. If the Company fails to achieve the MTS-2 Service Date by the end of the applicable Extension Period, the City may, in its discretion, either terminate this Service Contract or terminate the Contract Services with respect to MTS-2 for an Event of Default by the Company pursuant to clause (3) of subsection 12.2(A).

(D) Delay Damages Payable by Company for Failure to Achieve the MTS-1 Service Date or MTS-2 Service Date by the MTS-1 Scheduled Service Date or MTS-2 Scheduled Service Date. For each MTS, for each day the Service Date falls after the Scheduled Service Date, the Company shall pay the City damages in the amount equal to (a) the daily interest for the applicable MTS accruing on an amount of debt equal to the cost to the City of the Marine Transfer Station Modifications at an assumed interest rate equal to the interest rate on City general obligation fixed rate bonds with a 30-year maturity, determined as of the Contract Effective Date, plus (b) the City’s daily personnel costs associated with the staffing of the applicable MTS. Delay damages shall be calculated separately for each Marine Transfer Station.

(E) Delay Damages Payable by City for Delay in Completion of Marine Transfer Station Modifications.

(1) General Calculation of Delay Damages. Following the applicable Notice to Proceed Date, if the completion of Marine Transfer Station Modifications applicable to a Marine Transfer Station is delayed beyond the MTS Modification Projection Completion Date (for reasons other than Uncontrollable Circumstances), and such delay results in a delay in the applicable Service Date beyond the Scheduled Service Date, the City shall be liable to the Company for damages in an amount equal to (a) daily interest costs at an assumed interest rate equal to the interest rate on City general obligation fixed rate bonds with a 30-year maturity, determined as of the Contract Effective Date, on Intermodal Facility Improvements plus Transportation Equipment; plus (b) the Company’s and its Subcontractors’ daily personnel costs associated with the staffing of the Contract Services System.

(2) Special Additional Damages Related to New York Container Terminal. In addition, with respect to a delay in completion of MTS-1, if New York Container Terminal continues to be the Designated Intermodal Facility for receipt of Barges with Loaded Containers from the Marine Transfer Stations, for each full month of delay the City shall be liable to the Company for an amount equal to \$192,000. This amount shall be proportionately reduced for any period of delay by the City that is less than a full month. This provision shall not apply to a delay by the City in completing MTS-2.

(3) Recoupment of Amounts Paid by the City as Special Additional Damages. The amount (or portion thereof) paid by the City to the company pursuant to clause (2) of this subsection shall be reimbursed to the City as a one-time adjustment to the Service Fee (the “Recoupment Amount”) on the last day of the Initial Term, regardless of whether the Term is extended beyond the Initial Term. If this Service Contract terminates for any reason before the date which is prior to the end of the Initial Term by a period (the “Recoupment Period”) equal to

the overall period of such delay, no Recoupment Amount shall be due. If this Service Contract terminates for any reason during the Recoupment Period, then the Recoupment Amount shall be reduced by the product of (i) the quotient obtained by dividing the aggregate amount of damages paid by the City pursuant to clause (2) of this subsection by the number of days of City delay and (ii) the number of days by which the Service Contract terminates prior to the end of the Initial Term. If the Service Contract is extended for a Renewal Term, the Recoupment Amount shall be credited to the City as an Extraordinary Item Component as set forth in clause (2)(l) of subsection 11.24(A). If the Service Contract is not extended for a Renewal Term, any Recoupment Amount that is payable to the City is due on the last day of the Term.

(4) Invoices For Delay Damages. The Company may submit an invoice for delay damages due from the City pursuant to this subsection that have accrued during any month following the end of such month.

## ARTICLE VI

### TRANSPORTATION EQUIPMENT AND OTHER OPERATING EQUIPMENT

#### SECTION 6.1. TRANSPORTATION EQUIPMENT.

##### (A) Availability of Transportation Equipment.

(1) Transportation Equipment Availability. The Company shall manage the Contract Services System in such a manner as to assure that, at all times, a sufficient number of Tugboats, Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers are available and in serviceable condition to perform the Contract Services. Accordingly, notwithstanding the Minimum Transportation Equipment Requirement, the Company shall be required to supply such additional numbers of Tugboats, Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers without any adjustment to the Service Fee, except as otherwise provided herein. The Tugboats may be part of a larger fleet, used in other services, while the Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers shall be used exclusively for the performance of the Contract Services.

(2) Transportation Equipment Specifications. Except for any City Owned Transportation Equipment as may be provided by the City pursuant to subsection 6.2(D), all Transportation Equipment shall be owned or leased by the Company (or by a Subcontractor) and shall at all times conform to the specifications set forth in Appendix 2, reasonable wear and tear excepted. At the commencement of this Service Contract the Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers shall be new.

(B) Minimum Transportation Equipment Requirement. The following obligations of the Company constitute the "Minimum Transportation Equipment Requirement":

(1) Transportation Equipment Required. During the Service Period, the Company shall at all times maintain a minimum number of Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers in an amount at least equal to the Minimum Barge Requirement, Minimum Railcar Requirement, Minimum Container Requirement, Minimum Reach Stacker Requirement, Minimum Yard Jockey Requirement, Minimum Chassis Requirement and Minimum Railcar Mover Requirement, respectively, all as set forth in Appendix 4. Such Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers shall be identified in an inventory as set forth in subsection (C) of this Section, and are referred

to in this Service Contract as the Designated Barges, Designated Railcars, Designated Containers, Designated Reach Stackers, Designated Yard Jockeys, Designated Chassis and Designated Railcar Movers respectively.

(2) Changes in Minimum Transportation Equipment Requirement. In connection with a change in the Weekly Container Acceptance Limit (whether due to inclusion or exclusion of MTS-2, Resets, or in connection with a Linehaul Carrier Reprourement), the Minimum Barge Requirement, the Minimum Railcar Requirement, the Minimum Container Requirement, the Minimum Reach Stacker Requirement, the Minimum Yard Jockey Requirement, the Minimum Chassis Requirement and the Minimum Railcar Mover Requirement may be increased or decreased. The WCAL Tables in Appendix 4 set forth the respective Minimum Transportation Equipment Requirements for different Marine Transfer Station and WCAL combinations.

(3) Quarterly Review. On a quarterly basis, the Company shall conduct a review of the number and condition of Designated Transportation Equipment. In addition, the Company shall order new Designated Transportation Equipment on a commercially reasonable basis so as to consistently maintain, a minimum inventory of Designated Transportation Equipment which have not reached the end of their useful lives and which are either available for service or are undergoing repair or refurbishment equal to the then-applicable Minimum Transportation Equipment Requirement.

(C) Transportation Equipment Inventory.

(1) Transportation Equipment Inventory On or Prior to the Service Date. On or prior to the Service Date applicable to each Marine Transfer Station, the Company shall provide the City with an inventory uniquely identifying, in accordance with the specifications set forth in Appendix 2, the Transportation Equipment that it is providing in order to comply with the Minimum Transportation Equipment Requirement (comprising the Minimum Barge Requirement, the Minimum Railcar Requirement, the Minimum Container Requirement, the Minimum Reach Stacker Requirement, the Minimum Yard Jockey Requirement, the Minimum Chassis Requirement and the Minimum Railcar Mover Requirement) applicable for each Marine Transfer Station. Such Transportation Equipment shall be the Designated Transportation Equipment (comprising Designated Barges, Designated Railcars, Designated Containers, Designated Reach Stackers, Designated Yard Jockeys, Designated Chassis and Designated Railcar Movers). During periods when Contract

Services are being provided at both Marine Transfer Stations, such Designated Transportation Equipment may be shared between the two Marine Transfer Stations.

(2) Transportation Equipment Inventory Updates. The Company shall deliver to the City an updated inventory of Designated Transportation Equipment: (a) at the beginning of each new Contract Year; (b) upon a replacement of Barges, Railcars, Containers, Reach Stackers, Yard Jockey, Chassis or Railcar Movers; or (c) upon an increase or decrease in the Minimum Transportation Equipment Requirement. When Transportation Equipment is placed into service by the Company for use in performing the Contract Services to replace then existing Designated Transportation Equipment, such replacement Transportation Equipment shall thereupon become Designated Barges, Designated Railcars, Designated Containers, Designated Reach Stackers, Designated Yard Jockeys, Designated Chassis and Designated Railcar Movers and the replaced Transportation Equipment shall no longer constitute Designated Barges, Designated Railcars, Designated Containers, Designated Reach Stackers, Designated Yard Jockeys, Designated Chassis and Designated Railcar Movers.

(D) Maintenance, Repair and Replacement of Transportation Equipment. The Company shall, without any adjustment to the Service Fee, operate, maintain, repair and replace the Designated Transportation Equipment, as well as any other Transportation Equipment used in performing the Contract Services except: (i) as set forth in Sections 10.16 and 10.18; (ii) to the extent modified by the provisions relating to Uncontrollable Circumstances; or (iii) as otherwise may be expressly provided herein. In the case of Tugboats and Barges, the following shall apply (and the requirements of this subsection are satisfied, without limitation, by the Tugboat being in compliance with the Tugboat Standards and by the Barges being in compliance with the Barge Standards):

(1) Special Requirements For Design and Maintenance of Tugboats. Tugboats shall be designed and maintained in accordance with the Tugboat Standards.

(2) Special Requirements For Design and Maintenance of Barges. Barges shall be designed, constructed and maintained in accordance with the Barge Standards set forth below (the “Barge Standards”). On or prior to the date a new Barge is placed in service, the Company shall deliver to the City a Certificate of Classification for such Barge. Thereafter, each Barge shall be inspected annually by a marine surveyor who (i) has been certified by the National Association of Marine Surveyors, Inc.; (ii) has expertise in Classification Society requirements; and (iii) is able to attest that the surveyed Barge is in conformance with the applicable Classification Society

requirements. The Company shall deliver to the City a written survey inspection document which shall include confirmation by such marine surveyor that such Barge is in compliance with the requirements for such Barge to be considered “in class” as set forth by a Classification Society.

(E) Survey of Transportation Equipment Condition.

(1) Condition Material to the City. The condition of the Fleet Tugboats and the Designated Transportation Equipment, including (a) compliance of the Fleet Tugboats, Designated Barges, Designated Railcars, Designated Containers, Designated Reach Stackers, Designated Yard Jockeys, Designated Chassis and Designated Railcar Movers with the specifications set forth in Appendix 2, (b) the projected remaining useful life of Designated Barges, Designated Railcars, Designated Containers, Designated Reach Stackers, Designated Yard Jockeys, Designated Chassis and Designated Railcar Movers, (c) the market value of Designated Barges, Designated Railcars, Designated Containers, Designated Reach Stackers, Designated Yard Jockeys, Designated Chassis and Designated Railcar Movers, and (d) the actual condition of Fleet Tugboats, Designated Barges, Designated Railcars, Designated Containers, Designated Reach Stackers, Designated Yard Jockeys, Designated Chassis and Designated Railcar Movers, is material to the rights of the City under this Service Contract. In the case of Tugboats and Barges, the condition requirements of this Service Contract are satisfied, without limitation, by the Tugboats being in Compliance with the Tugboat Standards and the Barges being in compliance with the Barge Standards.

(2) Inspection of Transportation Equipment. In order for the City to evaluate Company compliance with the terms of this Service Contract, to more knowledgeably make decisions permitted of the City under this Service Contract and to accurately assess relative useful lives of items of Designated Transportation Equipment and their respective values, the City shall have the right to perform an assessment of the condition of the Designated Transportation Equipment at a Marine Transfer Station, at an Intermodal Facility, at a Designated Disposal Site or at such other locations as the City elects at the times and in the manner set forth herein, in each case as may be appropriate for the type of Transportation Equipment being assessed. The City may inspect the Designated Transportation Equipment for the foregoing purposes at the following times:

- (a) Upon submission by the Company to the City of the initial inventory of Designated Transportation Equipment pursuant to subsection (C) of this Section;
- (b) Upon any update of the inventory of Designated Transportation Equipment pursuant to subsection (C) of this Section;
- (c) In connection with any adjustment to the Minimum Transportation Equipment Requirement pursuant to subsection (B) of this Section;
- (d) In connection with any termination of this Service Contract (or in connection with the termination of Contract Services with respect to MTS-2);
- (e) Upon the expiration of the Term; and
- (f) At such other times as the City reasonably requests.

The City shall perform such inspections during normal business hours and shall not unreasonably interfere with the Company's operations at the inspection site during the performance of the inspections permitted under this subsection, and the Company shall cooperate with the City in the City's performance of such inspections.

(3) Information To be Provided by the Company. To assist the City in performing this assessment, the Company shall: (a) make available to the City all purchase and maintenance records and a brief operating history relating to each item of Designated Transportation Equipment; (b) provide the City with the Company's assessment of the remaining useful life and then-current market value of each item of Designated Transportation Equipment; (c) permit the City to inspect each item of Designated Transportation Equipment over a reasonable period of time (provided that for any item of Designated Transportation Equipment that is undergoing repairs and is not available to be inspected at the inspection location during the inspection period, the Company and the City may make other arrangements for inspection); and (d) provide such other information relating to remaining useful life and condition of the Designated Transportation Equipment as the City reasonably requests.

(F) Sales Tax.

(1) Payment of Sales, Use and Similar Taxes. In its performance of the Contract Services, the Company acknowledges that sales, use and similar Taxes may be payable by it, its suppliers or Subcontractors in connection with the acquisition of Equipment or the performance of Contract Services. The Company further



acknowledges that these Taxes have been priced into the Service Fee, and agrees to pay all such Taxes without reimbursement from the City, except to the extent an increase in such Taxes constitutes an Uncontrollable Circumstance entitling the Company to additional compensation.

(2) Exemptions from Sales, Use and Similar Taxes.

(a) Obtaining a Refund. The Company acknowledges that sales, use and similar Taxes relating to the Contract Services and acquisition of the Equipment, including Transportation Equipment, at the rates applicable in the applicable tax jurisdictions as of the Contract Execution Date, have been included in the Service Fee. If either Party reasonably believes that an exemption from payment of any Taxes in connection with the acquisition of Equipment or performance of Contract Services hereunder is available (“Exemptions”), such Party shall deliver to the other Party a notice setting forth such belief. Upon delivery of such notice, the Company shall use reasonable efforts to apply to the applicable taxing authorities for and obtain a refund of such Taxes previously paid and for which Exemptions may apply, and shall claim such exemptions with respect to such future Taxes as to which Exemptions may apply.

(b) Adjustment to the Extraordinary Items Component for Refundable Taxes. The Service Fee for the Billing Period during which either: (i) the Company becomes entitled to refunds of Taxes pursuant to subclause (a) of this clause; or (ii) the Company would be obligated to pay such Taxes, but for the availability of the Exemption, will be adjusted to include within the Extraordinary Items Component an amount equal to the amount of such refunds of Taxes or Exemptions.

(G) Company Rights to Replaced Company Owned Containers. The Company shall have exclusive rights to Containers that were Company Owned Containers and that have been removed from service and replaced by other Company Owned Containers such that the replaced Containers no longer count towards the Minimum Container Requirement (“Replaced Containers”). Such rights shall include rights to sell or otherwise use such Replaced Containers for any purpose not related to the Contract Services and any proceeds thereof. The provisions of Section 6.2 shall not be applicable to Replaced Containers.

SECTION 6.2. IMPLEMENTATION OF CHANGES IN THE MINIMUM TRANSPORTATION EQUIPMENT REQUIREMENT.

(A) Procurement of Transportation Equipment to be Purchased or Leased. If the number of Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis, or Railcar Movers is adjusted upwards in connection with an increase in the Minimum Transportation

Equipment Requirement, unless the City and the Company otherwise agree, prior to placing any order for purchase or lease of such Additional Barges, Additional Railcars, Additional Containers, Additional Reach Stackers, Additional Yard Jockeys, Additional Chassis or Additional Railcar Movers so required, the Company shall use a competitive process, as it deems appropriate, to determine the most favorable terms and conditions, including purchase price or lease rate, as applicable, for such Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers that comply with the specifications set forth in Appendix 2. The Company shall give the City reasonable notice, not less than two weeks in advance of such procurement, deliver copies of procurement documents, if any, or specifications to the City prior to distribution to potential vendors, provide reasonable opportunity (but in no event less than one week) for the City to comment on or suggest modifications to any procurement documents, and use good faith efforts to incorporate City comments into any procurement document. If the procurement is to be conducted telephonically, the Company will provide the City an opportunity to participate on all scheduled telephone calls and will promptly advise the City of the substance of any unscheduled calls or scheduled calls on which the City was unable to participate. Price and other factors, together constituting best value, in the reasonable judgment of the Company, shall be used as the Company's basis for selecting the vendor or lessor. If the Company intends to select a vendor or lessor whose purchase price is not lowest, the Company shall furnish the City with a written explanation as to why the selected proposal nonetheless represents best value. The pricing of the selected proposal pursuant to such competitive procedures shall be used in the determination of the Barge Capital Cost Component, Railcar Capital Cost Component, Container Capital Cost Component, Reach Stacker Capital Cost Component, Yard Jockey Capital Cost Component, Chassis Capital Cost Component and Railcar Mover Capital Cost Component as provided in Article XI. Unless the City directs otherwise, all Designated Transportation Equipment shall be acquired new. If the City authorizes or directs the Company to acquire Designated Transportation Equipment that is not new, nothing in this subsection shall preclude the Company, as part of the competitive process described in this subsection, from submitting price proposals of Transportation Equipment then owned by the Company or an Affiliate of the Company (or a Subcontractor) and not being utilized as Designated Transportation Equipment.

(B) Sale of Company Owned Transportation Equipment. Unless the City and the Company otherwise agree, prior to selling any Company Owned Transportation Equipment that is required to be sold by the Company due to a decrease in the Minimum Transportation Equipment Requirement (and for which the City is responsible for making a payment equal to the Unamortized Value of such equipment), the Company shall use a competitive process, as it

deems appropriate, to solicit the most favorable purchase price for such Decommissioned Barges, Decommissioned Railcars, Decommissioned Containers, Decommissioned Reach Stackers, Decommissioned Yard Jockeys, Decommissioned Chassis or Decommissioned Railcar Movers. The Company shall give the City reasonable notice of any solicitation of purchase offers (not less than two weeks in advance of such solicitation), deliver copies of solicitation documents to the City prior to distribution to potential purchasers, provide reasonable opportunity (but in no event less than one week) for the City to comment on or suggest modifications to any solicitation documents, and use good faith efforts to incorporate City comments into any solicitation document. Price and other factors, together constituting best value, in the judgment of the City, shall be used as the Company's basis for selecting the purchaser. If the Company thinks the City should select a purchaser whose price is not highest, the Company shall furnish the City with a written explanation as to why the selected proposal nonetheless represents best value. The pricing of the purchaser selected by the City pursuant to such competitive procedures shall be used in the determination of the adjustment to the Extraordinary Items Component. If the purchaser of Company Owned Transportation Equipment is an Affiliate of the Company and the purchase price of any such Transportation Equipment is less than its Unamortized Value, such Transportation Equipment will be treated as having been retained by the Company and not sold.

(C) City Right to Direct Leasing of Transportation Equipment. If the number of Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis or Railcar Movers is adjusted upwards in connection with an increase in the Minimum Transportation Equipment Requirement (other than in response to a Notice to Proceed for MTS-2), the City may direct the Company to lease such Transportation Equipment in lieu of purchasing them, with a lease term expiring concurrently with the expiration of the Term, with the expiration of the duration of the event that required the acquisition of additional Transportation Equipment, or on such other date as is agreed to by the City and the Company, as applicable and if so directed and if such Transportation Equipment is available on commercially reasonable terms, the Company shall lease such Transportation Equipment. The Company shall ensure that all leases it enters into for Leased Transportation Equipment pursuant to this subsection shall be assignable to the City or its designee that is satisfactory to the lessor, solely at the City's election and without cost or penalty to the City. The quality and the state of repair for any Transportation Equipment leased pursuant to this subsection shall be reasonably satisfactory to both parties. The City acknowledges that any lease entered into pursuant to this subsection may include a provision to adjust monthly rental payments to take account of less favorable schedules of depreciation to the lessor if the City becomes the lessee.

(D) City Right to Request Use of City Owned Transportation Equipment. If the number of Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis or Railcar Movers is adjusted upwards in connection with an increase in the Minimum Transportation Equipment Requirement (other than in response to a Notice to Proceed for MTS-2), the City may request the Company to use Transportation Equipment owned, leased or otherwise controlled by the City that meet the specifications set forth in Appendix 2 in lieu of requiring the Company to purchase or lease the Transportation Equipment. The City shall identify the Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers it proposes to make available, and the City and the Company shall cooperate in reviewing the condition, providing the Company full access to the records relating to City Owned Barges (including to the extent applicable, compliance with and enforcement of the Tugboat Standards), City Owned Railcars, City Owned Containers, City Owned Reach Stackers, City Owned Yard Jockeys, City Owned Chassis and City Owned Railcar Movers and remaining useful life of such proposed Transportation Equipment, evaluating their utility in performing the Contract Services, and identifying any other factors that would materially affect either the City's or the Company's rights or obligations under this Service Contract. If the parties agree that the proposed Transportation Equipment will be used in the performance of the Contract Services and make arrangements for such use, such Transportation Equipment shall become, and the Company shall utilize them as, Designated Barges, Designated Railcars, Designated Containers, Designated Reach Stackers, Designated Yard Jockeys, Designated Chassis and Designated Railcar Movers, respectively, and such Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers will thereafter constitute "City Owned Barges", "City Owned Railcars", "City Owned Containers", "City Owned Reach Stackers", "City Owned Yard Jockeys", "City Owned Chassis" and "City Owned Railcar Movers" for purposes of this Service Contract. The Company shall repair, maintain and insure the City Owned Transportation Equipment in accordance with the same standards applicable to Company Owned Transportation Equipment. At the end of the Term, or upon decommissioning of any City Owned Transportation Equipment, the Company shall return any City Owned Barges, City Owned Railcars, City Owned Containers, City Owned Reach Stackers, City Owned Yard Jockeys, City Owned Chassis and City Owned Railcar Movers to the City in the same condition in which they were delivered to the Company, ordinary wear and tear excepted. If any City Owned Transportation Equipment ceases to have any remaining useful life prior to the end of the Term, the Company shall dispose of such City Owned Transportation Equipment in accordance with instructions provided by the City, and any revenues received from such disposition, less costs of such disposition, shall be paid by the Company to the City and the

City shall direct the Company under which subsection of this Section a replacement Barge, Railcar, Container, Reach Stacker, Yard Jockey, Chassis and Railcar Mover shall be procured.

(E) City Right to Request Transfer of Transportation Equipment, or Assignment or Assumption of Leases. If the number of Barges, Railcars Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers is adjusted upwards or downwards in connection with an increase or decrease in the Minimum Transportation Equipment Requirement, the City may direct the Company to: (1) in the case of a decrease in the Minimum Transportation Equipment Requirement, transfer such Decommissioned Barges, Decommissioned Railcars, Decommissioned Containers, Decommissioned Reach Stackers, Decommissioned Yard Jockeys, Decommissioned Chassis and Decommissioned Railcar Movers that are leased in accordance with Section 12.9; and (2) in the case of an increase in the Minimum Transportation Equipment Requirement, assume leases where the City or another Person is the lessee relating to Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis or Railcar Movers to become Designated Barges, Designated Railcars, Designated Containers, Designated Reach Stackers, Designated Yard Jockeys, Designated Chassis and Designated Railcar Movers and assume the obligations of the City or other person as lessee with respect to such Transportation Equipment. Upon making a direction for the Company to assume a lease, the City shall identify the Transportation Equipment proposed to be made available, and the City and the Company shall cooperate in reviewing the condition and remaining useful life of the proposed Transportation Equipment, evaluating their utility in performing the Contract Services, and identifying any other factors that would materially affect either the City's or the Company's rights or obligations under this Service Contract. The Company shall have the right to decline to assume a lease of any Barge, Railcar, Container, Reach Stacker, Yard Jockey, Chassis or Railcar Mover (1) if such item of equipment is not suitable for performing the Contract Services or (2) if the applicable lease is not commercially reasonable. The City and the Company shall execute a Contract Administration Memorandum to acknowledge the applicable assignments, assumptions and transfers.

(F) Decommissioned Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers. If the number of Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers is adjusted downwards in connection with a decrease in the Minimum Transportation Equipment Requirement, the reduction in the number of Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers shall be completed in accordance with the following principles:

(1) Selection of Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers. The City shall select those Designated Barges,

Designated Railcars, Designated Containers, Designated Reach Stackers, Designated Yard Jockeys, Designated Chassis and Designated Railcar Movers to be decommissioned and the method of decommissioning. The excess Designated Barges to be decommissioned are herein referred to as the “Decommissioned Barges”. The excess Designated Railcars to be decommissioned are herein referred to as the “Decommissioned Railcars”. The excess Designated Containers to be decommissioned are herein referred to as the “Decommissioned Containers”. The excess Designated Reach Stackers to be decommissioned are herein referred to as the “Decommissioned Reach Stackers.” The excess Designated Yard Jockeys to be decommissioned are herein referred to as the “Decommissioned Yard Jockeys”. The excess Designated Chassis to be decommissioned are herein referred to as the “Decommissioned Chassis”. The excess Designated Railcar Movers to be decommissioned are herein referred to as the “Decommissioned Railcar Movers”. If any Designated Transportation Equipment is City Owned Transportation Equipment, the City may direct that the reduction in Designated Transportation Equipment be made first from such City Owned Transportation Equipment.

(2) Methods of Disposition of Company Owned Transportation Equipment. The Company may request by written notice that the City permit the Company to retain the Decommissioned Barges, Decommissioned Railcars, the Decommissioned Containers, Decommissioned Reach Stackers, Decommissioned Yard Jockeys, Decommissioned Chassis and Decommissioned Railcar Movers (other than City Owned Transportation Equipment) for its own purposes. The City shall, at its sole discretion, approve or reject the Company’s request within 30 days following the receipt of such request, and failure by the City to respond within such time period shall be deemed a rejection of such request. If the City approves such request, such Transportation Equipment shall be retained by the Company. Decommissioned Barges, Decommissioned Railcars, Decommissioned Containers, Decommissioned Reach Stackers, Decommissioned Yard Jockeys, Decommissioned Chassis and Decommissioned Railcar Movers that are not derived from City Owned Transportation Equipment, and which are not retained by the Company, shall, at the direction of the City, be: (1) sold in accordance with the provisions of subsection (B) of this Section; (2) transferred to the City to become City Owned Transportation Equipment; or (3) if leased in accordance with subsection (C) of this Section, assigned to the City or its designee that is satisfactory to the lessor in accordance with subsection (C) of this Section.

(G) Increasing Number of Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers. Except with respect to acquiring the Minimum Barge Requirement, Minimum Railcar Requirement and Minimum Container Requirement upon an MTS-2 Notice to Proceed (in which case all equipment shall be acquired new), if the number of Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers is adjusted upwards in connection with an increase in the Minimum Transportation Equipment Requirement, the increase in the number of Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers shall be completed, at the direction of the City, by:

- (1) purchase in accordance with subsection (A) of this Section;
- (2) entering into leases for Leased Transportation Equipment if required by the City in accordance with subsection (C) of this Section;
- (3) using City Owned Transportation Equipment in accordance with subsection (D) of this Section;
- (4) assuming existing leases of the City or another Person with respect to Transportation Equipment in accordance with subsection (E) of this Section; or
- (5) utilizing Transportation Equipment made available by the Company in its sole discretion from the Company or from any Affiliate of the Company in accordance with subsection (A) of this Section.

(H) Determining Pricing of Increases or Decreases in Designated Transportation Equipment. On each Designated Transportation Equipment Adjustment Effective Date, the then-applicable Transportation Equipment Capital Cost Component set forth in Sections 11.14 through 11.20, as applicable, shall be adjusted as follows:

(1) Increases in Designated Transportation Equipment. If the number of any item of Designated Transportation Equipment is increased, the then-applicable Transportation Equipment Capital Cost Component set forth in Sections 11.13 through 11.19, as applicable, shall be adjusted as follows:

- (a) For an item of City Owned Transportation Equipment, the amount of the increase shall be \$0.00;
- (b) For an item of Additional Transportation Equipment purchased or leased by the Company (other than as Leased Transportation Equipment), whether new or used, the amount of the increase shall be the product of (i) the Additional Transportation Equipment Monthly Unit Cost, and

(ii) the number of items of such Additional Transportation Equipment purchased or so leased;

- (c) For a category of Additional Transportation Equipment transferred by the Company from its existing inventory of equipment of that category to become Designated Transportation Equipment, the amount of the increase shall be the product of (i) the Additional Transportation Equipment Monthly Unit Cost, and (ii) the number of items of such Additional Transportation Equipment transferred by the Company from its existing inventory, provided that in calculating the amount, the Unamortized Value of such item of Transportation Equipment shall be substituted for its purchase price; and
- (d) For Leased Transportation Equipment, the amount of the increase shall be the product of (i) the monthly lease rate per unit of such Leased Transportation Equipment and (ii) the number of items of such Leased Transportation Equipment leased at that same rate.

(2) Decreases in Number of Designated Transportation Equipment. If the number of Designated Transportation Equipment is decreased, the then-applicable Transportation Equipment Capital Cost Component set forth in Sections 11.13 through 11.19 shall be adjusted as follows:

- (a) For City Owned Transportation Equipment, the amount of the decrease shall be \$0.00;
- (b) For Company Owned Transportation Equipment, whether such an item of Transportation Equipment is sold by the Company or retained by the Company for its own use, the amount of the decrease shall be the product of (i) the monthly cost per item of Transportation Equipment included in the applicable Designated Transportation Equipment Capital Cost Component set forth in Sections 11.14 through 11.20, as applicable, of each such item of Company Owned Transportation Equipment and (ii) the number of such items of Company Owned Transportation Equipment; and
- (c) For Leased Transportation Equipment, the amount of the decrease shall be the product of (i) the monthly lease rate per unit of such Leased Transportation Equipment and (ii) the number of items of such Leased Transportation Equipment leased at that same rate.



Each adjustment made pursuant to this subsection shall be a one-time adjustment, subject to the remaining provisions of Article IX.

(I) Additional Transportation Equipment Monthly Unit Cost. “Additional Transportation Equipment Monthly Unit Cost” shall be determined as set forth in this subsection.

(1) For a new item of Designated Transportation Equipment (other than Replacement Containers, which are addressed in Section 11.15) the Additional Transportation Equipment Monthly Unit Cost shall be an amount equal to the monthly debt service that would be payable on the cost of the new item of Designated Transportation Equipment, assuming a Designated Transportation Equipment Adjustment Interest Rate determined as set forth in Section 11.23, constant monthly payments over 360 months for all Transportation Equipment except Containers (and 120 months for Containers) and a mortgage style amortization. For a new item of Designated Transportation Equipment, the cost is an amount equal to the actual purchase price of the item of Designated Transportation Equipment (including applicable State and City sales tax and delivery costs) determined pursuant to a procurement conducted in accordance with subsection 6.2(A). The Additional Transportation Equipment Monthly Unit Cost shall be calculated in accordance with the formula set forth in Section 11.23.

(2) For a used item of Designated Transportation Equipment (other than used items of Transportation Equipment transferred by the Company from its existing inventory), the Additional Transportation Equipment Monthly Unit Cost shall be an amount equal to the monthly debt service that would be payable on the cost of the used item of Designated Transportation Equipment, assuming an interest rate determined as set forth in Section 11.23, and constant monthly payments over an assumed repayment period equal to the then applicable remaining useful life of such item of Designated Transportation Equipment, measured in months. For a used item of Designated Transportation Equipment (other than a used item of Designated Transportation Equipment transferred by the Company from its existing inventory), the cost is an amount equal to the actual purchase price of the item of Designated Transportation Equipment (including applicable State and City sales tax and delivery costs) determined pursuant to a procurement conducted in accordance with subsection 6.2(A). The then-applicable remaining useful life of the item of Designated Transportation Equipment shall be 360 months for all Transportation Equipment except Containers (and 120 months for Containers) less the age of the item of Designated Transportation Equipment measured in months or zero, whichever is greater. If the age of the item of Designated Transportation Equipment is not known, then a reasonable mutually agreed-to-remaining useful life shall be used.

(3) For used items of Designated Transportation Equipment transferred by the Company from its existing fleet, the Additional Monthly Unit Cost for such item of Designated Transportation Equipment shall be an amount equal to the monthly debt service that would be payable on the deemed cost of the used item of Designated Transportation Equipment, assuming a monthly interest rate determined as set forth in Section 11.23, and constant monthly payments over an assumed repayment period equal to the then-applicable remaining useful life, measured in months, of the item of Designated Transportation Equipment. For a used item of Designated Transportation Equipment transferred by the Company from its existing inventory, the deemed cost is an amount equal to the Unamortized Value of the item of Designated Transportation Equipment. The then-applicable remaining useful life of the item of Designated Transportation Equipment shall be 360 months for all Designated Transportation Equipment except Containers (and 120 months for Containers) less the age of the item of Designated Transportation Equipment measured in months or zero, whichever is greater. If the age of the item of Designated Transportation Equipment is not known, then a reasonable mutually agreed-to-remaining useful life shall be used.

(J) Calculation Procedures Generally. In any adjustment to the applicable Designated Transportation Equipment Capital Cost Component set forth in Sections 11.13 through 11.19 pursuant to this Section, if items of Designated Transportation Equipment are purchased at different costs, leased at different lease rates or valued at different amounts, the calculation described for determining the amount of the increase or decrease shall be performed independently for each group of similar items of Designated Transportation Equipment with the same cost, lease rate, value or monthly payment amount, as applicable (each such group being a Tranche), and the sum of the products of each separate calculation shall be the amount of the increase or decrease.

(K) Limitation on Replacement of Designated Transportation Equipment after Notice of Termination. Unless a Designated Barge, Designated Railcar, Designated Container, Designated Reach Stacker, Designated Yard Jockey, Designated Chassis or Designated Railcar Mover is no longer serviceable for use in performance of the Contract Services, the Company may not replace Designated Barges, Designated Railcars, Designated Containers, Designated Reach Stackers, Designated Yard Jockeys, Designated Chassis or Designated Railcar Movers with replacement Designated Transportation Equipment if: (1) the City has given the Company notice that the City will terminate this Service Contract pursuant to Section 12.2, and the City has elected the alternate damage remedy set forth in subsection 12.2(D), or Section 12.5; or (2) the Company has given notice to the City that the Company will terminate this Service Contract pursuant to Section 12.3. If a Designated Barge, Designated Railcar, Designated Container, Designated Reach Stacker, Designated Yard Jockey, Designated Chassis or

Designated Railcar Mover is no longer serviceable for use in performance of the Contract Services, such Designated Barge, Designated Railcar, Designated Container, Designated Reach Stacker, Designated Yard Jockey, Designated Chassis or Designated Railcar Mover shall be replaced with a replacement Barge, Railcar, Container, Reach Stacker, Yard Jockey, Chassis or Railcar Mover with a remaining useful life which is reasonably consistent with the remaining time to the expected Termination Date. Barges will be considered serviceable if, without limitation, they are in compliance with the Barge Standards.

SECTION 6.3. OPERATING EQUIPMENT. The Company shall provide all Operating Equipment for the Contract Services System necessary to perform the Contract Services. The Company shall maintain, repair and replace all such Operating Equipment, as necessary in order to perform the Contract Services.

SECTION 6.4. DE-ICING CONTAINERS. The Company shall be responsible for any and all actions necessary to enable DSNY-managed Waste to be unloaded from the Containers in freezing or icy conditions.

## ARTICLE VII

### WASTE DELIVERY, ACCEPTANCE AND MARINE TRANSFER STATION OPERATIONS

SECTION 7.1. OWNERSHIP OF MARINE TRANSFER STATIONS. The Marine Transfer Stations are owned by the City. The Company shall not have any legal, equitable, tax, beneficial or other ownership or leasehold interest in the Marine Transfer Stations.

#### SECTION 7.2. COMPANY ACCESS TO MARINE TRANSFER STATIONS.

(A) Company Access to Marine Transfer Stations. The Company shall have the non exclusive but absolute right to enter upon and use those portions of each Marine Transfer Station necessary (1) to perform the Contract Services (provided that areas for storage of spare parts for the cranes and for performing actual repairs shall be identified and limited as set forth in Appendix 14), to transfer Loaded Containers onto Barges, and to unload empty Containers from Barges, and (2) for the use of a single office for two people, restrooms, a locker room, storage areas, and a lunch room by Company personnel, but for no other purpose. A description of the facilities described in clause (2) of the preceding sentence is set forth in Appendix 14. No parking facilities shall be provided by the City at either Marine Transfer Station. When exercising the Company's rights of entry and use at those portions of a Marine Transfer Station under the operation and control of the City, all Company personnel, agents and contractors shall comply with the City's reasonable operating and safety procedures and shall follow the directions of City personnel with respect to the movement of Company personnel so as to ensure the safety of all persons at the Marine Transfer Station and the orderly performance of the parties' obligations under this Service Contract. Obligations with respect to safety and security are set forth in Section 10.4.

(B) Company Access When MTS is Closed. If the Company requires access to either Marine Transfer Station when such Marine Transfer Station is closed, the Company shall provide the City with reasonable notice, and the City shall provide reasonable access to such MTS.

#### SECTION 7.3. DELIVERY AND LOADING OF WASTE.

(A) Waste Deliveries to Marine Transfer Stations. The City shall have the right, but not the obligation, to deliver, or cause to be delivered, DSNY-managed Waste to the Marine Transfer Stations from any wasteshed in the City. The City shall be solely responsible for accepting DSNY-managed Waste delivered to the Marine Transfer Stations. The City makes no representation or guarantee as to the actual quantity (daily, weekly, monthly, annual or any other total or average amounts) of waste or numbers of Loaded Containers that will be delivered to the Company pursuant to this Service Contract. The City and the Company shall

have the rights and obligations with respect to the screening of waste delivered to a Marine Transfer Station, as set forth in Section 7.14. Nothing in this Service Contract shall restrict the right or create an obligation of the City to recycle or source-separate waste.

(B) Management of Waste; Loading of Containers. The City shall be responsible for management of (1) the movement of trucks delivering DSNY-managed Waste on the tipping floor of the Marine Transfer Station, (2) the weighing of DSNY-managed Waste delivered to the Marine Transfer Station in accordance with Section 7.12, (3) the operation of equipment and movement of DSNY-managed Waste on the tipping floor of the Marine Transfer Station, (4) the loading and weighing using Load Cells of Containers of DSNY-managed Waste using Load Cells and delivery of weight information to the Company, (5) the tamping of DSNY-managed Waste in the Containers, and (6) the lidding and sealing of the Containers. The City shall use reasonable efforts to ensure that the amount of DSNY-managed Waste loaded into a Container does not exceed any maximum amount imposed by Applicable Law or by the design specifications of the Container or the Cranes. The City makes no representation or guarantee as to the load density in any Container. In the event the Company accepts for transport and disposal a Loaded Container loaded in excess of the weight allowed by Applicable Law or the design specifications of the Container or the Cranes, and such acceptance could have been avoided by monitoring weight data for such Loaded Containers as measured by the Load Cells or the scales on the Cranes, the Company assumes the risk and responsibility associated with the weight for transport of such Loaded Container.

(C) Moving Loaded Containers to Barge Loading Area from Container Loading Area. The City shall be responsible for moving Loaded Containers on Shuttle Cars to the Barge Loading Area.

(D) Moving Empty Containers from Barge Loading Area to the Container Loading Area. The City shall be responsible for moving empty Containers which are returned by the Company to the Barge Loading Area and placed by the Company into Shuttle Cars from the Barge Loading Area to the Container loading area for loading with DSNY-managed Waste.

SECTION 7.4. COMPANY DELIVERY OF EMPTY CONTAINERS AND ACCEPTANCE OF LOADED CONTAINERS.

(A) Container Acceptance Guarantee.

(1) Barge and Container Availability. During the Service Period applicable to a Marine Transfer Station, the Company shall manage the Contract Services System in such a manner as to guarantee that, at all times, at least one Barge is available for use

by the Company at such Marine Transfer Station and sufficient empty Containers are available for use by the City at all times during an Operating Day.

(2) Loaded Container Acceptance; Empty Container Delivery. Subject to clause (3) of this subsection, the Company shall (a) accept custody of, and responsibility for all Loaded Containers delivered by the City to the Company at the Barge Loading Area, (b) remove the Loaded Container from the Shuttle Car and place it on a Barge, and (c) remove an empty Container from a Barge and place it on the Shuttle Car at all times during each Operating Shift. If, before the Crane's spreader clamps onto the Loaded Container, the Company identifies that the empty Container is not seated properly on the Shuttle Car, the Company shall notify the City so that the parties can identify the responsible party and remedy the seating of the Container before the Crane's spreader clamps onto the Loaded Container. The Company shall be deemed to have taken custody of, and responsibility for, a Loaded Container at the moment that the Company causes the Crane's spreader to clamp onto the Loaded Container at the Barge Loading Area. The Company shall be deemed to have delivered custody of, and responsibility for, an empty Container to the City at the moment that the Company causes the Crane's spreader to un-clamp from the empty Container properly seated on the Shuttle Car. The Company shall maintain a reasonable supply of empty Containers on the pier level of each Marine Transfer Station to ensure a supply of empty Containers to be placed on Shuttle Cars during exchanges of Barges leaving a Marine Transfer Station with Loaded Containers for Barges arriving at a Marine Transfer Station with empty Containers.

(3) Company Right to Refuse Loaded Containers. Except as provided in clause (4) of this subsection 7.4(A), the Company shall have the right to refuse for transport, with respect to each Marine Transfer Station: (a) in any Operating Week, any Loaded Containers delivered pursuant to this Service Contract in excess of the Weekly Container Acceptance Limit applicable at such Marine Transfer Station or in any Operating Day, any Loaded Containers delivered pursuant to this Service Contract in excess of the Daily Container Acceptance Limit; (b) any Loaded Container loaded in excess of the weight allowed by Applicable Law or the design specifications of the Container or the Cranes (as measured by the Load Cells or the Crane weighing system) or which the Company believes in good faith poses an immediate threat to safety; (c) any Loaded Container delivered pursuant to this Service Contract on a day that is not an Operating Day; (d) any Loaded Container delivered pursuant to this Service Contract reasonably believed to contain Unacceptable Waste; (e) any Loaded Container delivered pursuant to this Service Contract that appears to be damaged; (f) any

improperly lidded Container; and (g) any Loaded Container delivered pursuant to this Service Contract which cannot be accepted due to the occurrence of an Uncontrollable Circumstance.

(4) Excess Waste. The Company, notwithstanding its rejection rights set forth in clause (3)(a) of this subsection, shall use reasonable efforts to accept and transport all Loaded Containers delivered to the Barge Loading Area which could otherwise be rejected by the Company pursuant to such clause, and dispose of all DSNY-managed Waste in such Loaded Containers, pursuant to this Service Contract.

(5) Container Acceptance Guarantee. The obligations of the Company set forth in this subsection comprise the “Container Acceptance Guarantee”.

(B) Effect of Performance Occurring on Subsequent Operating Days or Operating Weeks. The Container Acceptance Guarantee is applied on a daily and weekly basis and the Company shall not be permitted to make up any unexcused failure of compliance on any particular Operating Day through performance on any subsequent Operating Day or in any particular Operating Week through performance in any subsequent Operating Week.

(C) Operating Shifts. On each Operating Day, the Company will perform the Contract Services described in subsection (A) of this Section (i) during three full Operating Shifts at MTS-1, and (ii) during the period when Contract Services are being provided at MTS-2, during two full Operating Shifts at MTS-2, except as the provisions of this subsection are modified by subsections (D) and (E) of this Section.

(D) Temporary Modifications to Number of Operating Shifts. Upon 24 hours’ prior Operating Notice by the City to the Company (except for an increase in the number of Operating Shifts on a Monday that is a holiday, in which case the City must deliver an Operating Notice before 11:00 a.m on the preceding Friday), the City may direct the Company to, and if so directed the Company shall: (i) reduce the number of Operating Shifts from three to two at MTS-1 (the specific shift to be eliminated to be as directed by the City) on a temporary basis; and (ii) increase the number of Operating Shifts from two to three at MTS-2 on a temporary basis. An Operating Notice delivered pursuant to this subsection may state that it applies to one or more Operating Days, but shall be limited in scope to a period of not greater than ten Operating Days for each Operating Notice. Upon the temporary modification to the number of Operating Shifts in accordance with this subsection, the Service Fee shall be increased or decreased, in an amount to be included as an Extraordinary Items Component, as follows:

(1) Temporary Reduction from Three to Two Operating Shifts at MTS-1.

Upon the temporary reduction in the number of Operating Shifts from three to two at MTS-1 in accordance with this subsection, the Service Fee for the applicable Monthly Billing Period shall be decreased in an amount equal to the product of: (1) \$2,177.73 for each Operating Day that the reduction is in effect; and (2) the CPINY Adjustment Factor.

(2) Temporary Increase from Two to Three Operating Shifts at MTS-2.

Upon the temporary increase in the number of Operating Shifts from two to three at MTS-2 in accordance with this subsection, the Service Fee for the applicable Monthly Billing Period shall be increased in an amount equal to the product of: (1) \$2,177.72 for each Operating Day that the increase is in effect; and (2) the CPINY Adjustment Factor.

(E) Long-Term Modifications to Number of Operating Shifts.

Upon 30 days' prior Operating Notice by the City to the Company, the City may direct the Company to, and if so directed the Company shall: (i) reduce the number of Operating Shifts from three to two at MTS-1 (the specific shift to be eliminated to be as directed by the City) on a long-term basis; and (ii) increase the number of Operating Shifts from two to three at MTS-2 on a long-term basis. An Operating Notice pursuant to this subsection shall remain in effect until such time as it may be rescinded by a subsequent Operating Notice directing the Company to reduce or increase Operating Shifts, as applicable. Upon the long-term modification to the number of Operating Shifts in accordance with this subsection, the Service Fee shall be increased or decreased, in an amount to be included as an Extraordinary Items Component, as follows:

(1) Long-Term Reduction from Three to Two Operating Shifts at MTS-1.

Upon a long-term reduction in the number of Operating Shifts from three to two at MTS-1 in accordance with this subsection, the Service Fee for the applicable Monthly Billing Period shall be decreased in an amount equal to the product of: (1) \$54,806.19 per month; and (2) the CPINY Adjustment Factor.

(a) Long-Term Restoration of Three Operating Shifts at MTS-1. If the long-term implementation of operation using two Operating Shifts at MTS-1 is reversed and operation using three Operating Shifts at MTS-1 is restored, the adjustment made pursuant to this clause shall be terminated.

(b) Temporary Restoration of Three Operating Shifts at MTS-1. Following a long-term reduction in the number of Operating Shifts from three to two at MTS-1 in accordance with this Section, the City may direct the Company to, and if so directed the Company shall, increase the number of Operating Shifts from two to three at MTS-1 on a temporary basis in the same manner as set forth in subsection (D) of this Section with respect to MTS-2. Upon such temporary



increase in the number of Operating Shifts from two to three at MTS-1, the Service Fee for the applicable Monthly Billing Period shall be increased in an amount equal to the product of: (1) \$2,177.72 for each Operating Day that the temporary restoration is in effect; and (2) the CPINY Adjustment Factor.

(2) Long-Term Increase from Two to Three Operating Shifts at MTS-2. Upon the long-term increase in the number of Operating Shifts from two to three at MTS-2 in accordance with this subsection, the Service Fee for the applicable Monthly Billing Period shall be increased in an amount equal to the product of: (1) \$380,522.76 per month; and (2) the CPINY Adjustment Factor.

(a) Long-Term Restoration of Two Operating Shifts at MTS-2. If the long-term implementation of operation using three Operating Shifts at MTS-2 is reversed and operation using two Operating Shifts at MTS-2 is restored, the adjustment made pursuant to this clause shall be terminated.

(b) Temporary Restoration of Two Operating Shifts at MTS-2. Following a long-term increase in the number of Operating Shifts from two to three at MTS-2 in accordance with subsection (E) of this Section, the City may direct the Company to, and if so directed the Company shall, decrease the number of Operating Shifts from three to two at MTS-2 on a temporary basis in the same manner as set forth in subsection (D) of this Section with respect to MTS-1. Upon such temporary decrease in the number of Operating Shifts from three to two at MTS-2, the Service Fee for the applicable Monthly Billing Period shall be decreased in an amount equal to the product of: (1) \$2,177.72 for each Operating Day that the temporary restoration is in effect; and (2) the CPINY Adjustment Factor.

(F) Pro Rata Adjustments. For portions of adjustments of the number of Operating Shifts comprising less than a full Monthly Billing Period made pursuant to subsection (D) or (E) of this Section, the adjustment to the Service Fee calculated in subsection (D) or (E) shall be appropriately pro rated for the applicable period.

(G) Operating Shifts on Sundays, Holidays and During Emergency Operations. The number of Operating Shifts during which the Contract Services described in subsection (A) of this Section shall be performed during Sunday, Holiday or emergency operations will be as set forth in the Operating Notice delivered by the City to the Company pursuant to Section 7.6.

SECTION 7.5. DAMAGES OR SERVICE FEE REDUCTION UPON NON-COMPLIANCE WITH THE CONTAINER ACCEPTANCE GUARANTEE. For failure by the Company to comply with the Container Acceptance Guarantee (unless such failure is excused due to City Fault or Uncontrollable Circumstances), the Service Fee shall be reduced by an amount equal to the amounts calculated pursuant to subsection (A) or subsection (B) of this Section, whichever is greater.

(A) Actual Damages. (1) If during a Billing Period there is a failure to comply with the Container Acceptance Guarantee, the Company shall pay the City an amount (if a positive number) equal to the sum of:

(a) the Service Fee actually payable to the Company in that Billing Period (after the Service Fee has been adjusted by the Waste Acceptance Fraction, but without taking into account the damage amount to be calculated pursuant to this subsection to be included as an Extraordinary Items Component);

plus

(b) (i) after the City's mitigation efforts employed or required to be employed pursuant to this Service Contract (which includes the ability for the City to deliver DSNY-managed Waste to a third party facility pursuant to a single contractual arrangement which is either competitively procured or existing at the time of the Company's failure to comply with the Container Acceptance Guarantee, even if such arrangement is not the nearest facility or the lowest cost), the cost and expense incurred by the City in connection with any required removal from the Marine Transfer Station, diversion, transportation and disposal of the Wrongfully Rejected Waste during that Billing Period, plus (ii) an amount equal to (x) the average per Ton cost charged by the City for Commercial Waste accepted at such Marine Transfer Station during the 30-day period immediately preceding the particular non-compliance with the Container Acceptance Guarantee, multiplied by (y) each Ton of Commercial Waste that the City certifies to the Company that it would have accepted at a Marine Transfer Station but for the failure to comply with the Container Acceptance Guarantee based on tickets from the City for disposal of Commercial Waste at the Marine Transfer Station given to subsequently wrongfully rejected Commercial Trucks, and the average number of Tons of Commercial Waste accepted at such Marine Transfer Station during the 30-day period immediately preceding the particular non-compliance with the Container Acceptance Guarantee (provided that no damages shall be due for Commercial Waste, which together with the City's

Municipal Solid Waste would have exceeded the limits set forth in clause 3(a) of subsection 7.4(A));

plus

(c) any fines or fees imposed by a Governmental Body as a result of such failure to comply with the Container Acceptance Guarantee; provided, however any fine or fee imposed by the City shall be of a customary nature;

minus

(d) the Service Fee that the City would have paid that month to the Company had the Company not failed to comply with the Container Acceptance Guarantee;

minus

(e) any operation and maintenance cost savings the City experienced because of the Company's failure to comply with the Container Acceptance Guarantee.

(2) The cost and expense described in clause (1)(b) of this subsection shall include: (x) any third party costs and expenses incurred by the City in obtaining such services; and (y) the costs and expenses incurred directly by the City in self-performing such services.

(3) For the purpose of calculating the costs and expenses incurred by the City to third parties pursuant to clause (1)(b) of this subsection, if the City is delivering Municipal Solid Waste to such third party's facility pursuant to a single contractual arrangement, the per Ton cost for Wrongfully Rejected Waste delivered to such third party's facility shall be the average cost per Ton to the City of all Municipal Solid Waste delivered by the City to that third party's facility during the applicable period.

(4) For the purpose of calculating the costs and expenses incurred directly by the City in self-performing the services pursuant to clause (1)(b) of this subsection, the costs incurred directly by the City in self-performing these services shall include the allocable cost of operating personnel and direct operating supervisory personnel (reflecting both actual overtime labor costs and imputed labor costs during regular working hours), fuel and vehicle depreciation, plus an amount equal to 10% of such self-perform costs for arranging, administering and supervising such remedial measures.

(B) Service Fee Reduction. For any Contract Year, an amount equal to the product of: (1) \$60 per Ton, (2) the CPINY Adjustment Factor, and (3) the number of Tons of Wrongfully Rejected Waste.

(C) Extraordinary Item Component. Amounts payable as damages pursuant to this Section shall be included in the calculation of the Extraordinary Items Component.

(D) Interplay Between Container Acceptance Guarantee and Container Availability Guarantee. Compliance with the Container Availability Guarantee does not relieve the Company from its obligation to comply with the Container Acceptance Guarantee, and vice versa. Nevertheless, the Company shall not owe damages or have the Service Fee reduced pursuant to this Section (for failure to comply with the Container Acceptance Guarantee) and also have the Service Fee reduced pursuant to Section 7.8 (for failure to comply with the Container Availability Guarantee) for the same Container.

(E) City's Diversion Rights. During any period during which the Company is not in compliance with the Container Acceptance Guarantee, the City shall have the rights and remedies set forth in subsection 7.11(B).

#### SECTION 7.6. SPECIAL DELIVERIES OF DSNY-MANAGED WASTE.

(A) Emergency Deliveries.

(1) City Operating Notice. Notwithstanding the Weekly Container Acceptance Limit and the Daily Container Acceptance Limit and the Company's rights to reject Loaded Containers set forth in clause (3)(a) of subsection 7.4(A), within six hours following a declaration by the Commissioner that an emergency condition exists and delivery by the City to the Company of an Operating Notice informing the Company of such declaration, the Company shall use commercially reasonable efforts to accept Loaded Containers at a Marine Transfer Station in excess of the Weekly Container Acceptance Limit and the Daily Container Acceptance Limit and provide empty Containers as needed by the City; provided that the Company shall not be required to accept Loaded Containers in amounts which exceed the Company's Barge transport capacity or limits applicable at any Intermodal Facility or the Designated Disposal Site. Any additional compensation owed to the Company by the City for deliveries made pursuant to this Section will be determined pursuant to Article XI.

(2) Company Operating Notice. Prior to the commencement of operation under emergency conditions pursuant to this subsection, and at least daily thereafter during the continuance of the emergency conditions, the Company shall deliver to the

City an Operating Notice setting forth the Company's reasonable estimate of the impact of the emergency operations on the Company's ability to satisfy the Container Acceptance Guarantee during the course of the emergency and the period immediately thereafter.

(B) Sunday and Holiday Deliveries.

(1) Company Obligations. Upon request by the City, the Company shall accept Containerized Waste at a Marine Transfer Station pursuant to this Service Contract on Sundays or Holidays.

(2) City Operating Notice. The City shall deliver to the Company an Operating Notice of the City's expectation of delivering Loaded Containers to the Company pursuant to subsection 7.4(D).

(3) Service Fee Adjustment. If the City requests to make deliveries of Loaded Containers (and deliveries are made and accepted) pursuant to this Service Contract on a Sunday or a Holiday, an adjustment will be made to the Service Fee, in an amount to be included as an Extraordinary Items Component, as follows:

(a) Sunday or Holiday Service at MTS-1. For Contract Services at MTS-1 implemented pursuant to this subsection, the adjustments to the Service Fee shall be the sum of: (i) the product of (x) \$30,240.22 per day of Sunday or Holiday service and (y) the CPINY Adjustment Factor applicable for that Monthly Billing Period; plus (ii) the product of (x) \$38,540.85 per day of Sunday or Holiday service and (y) the Marine Diesel Index Adjustment Factor applicable for that Monthly Billing Period.

(b) Sunday or Holiday Service at MTS-2. For Contract Services at MTS-2 implemented pursuant to this subsection, the adjustments to the Service Fee shall be the sum of: (i) the product of (x) \$30,240.22 per day of Sunday or Holiday service and (y) the CPINY Adjustment Factor applicable for that Monthly Billing Period; plus (ii) the product of (x) \$13,174.88 per day of Sunday or Holiday service and (y) the Marine Diesel Index Adjustment Factor applicable for that Monthly Billing Period.

(c) Sunday or Holiday Service Regardless of Whether at MTS-1 or MTS-2. For Contract Services implemented pursuant to this subsection at either MTS-1 or MTS-2, or at both of MTS-1 and MTS-2, there shall be a further adjustment to the Service Fee equal to the product of: (x) \$31,563.25 per day of Sunday or Holiday service; and (y) the NYCT Adjustment Factor.

SECTION 7.7. CONTAINER AVAILABILITY GUARANTEE.

(A) Container Availability Guarantee.

(1) Generally. Subject to the Company's right to reject Loaded Containers pursuant to subsection 7.4(A), the Company shall complete at least: (i) 12 Container Replacement Cycles each Operating Hour from 9:00 a.m. to 1:00 p.m.; and (ii) at least 10 Container Replacement Cycles each other Operating Hour. The parties may modify the periods during which the Company must complete at least 10 or 12 Container Replacement Cycles on hourly basis by setting forth such adjustment in a Contract Administration Modification. The obligations of the Company set forth in this subsection comprise the "Container Availability Guarantee."

(2) Container Replacement Cycles on Post-Emergency and Post-Snowfall Days. If the City needs to temporarily adjust its Municipal Solid Waste collection operations because of the continuing effects of an emergency or a snowfall, upon 24 hours' Operating Notice delivered by the City to the Company, the number of Container Replacement Cycles the Company must complete on an hourly basis shall be adjusted as follows: (i) at least 12 Container Replacement Cycles each Operating Hour for any two separate 4 Operating Hour blocks of time, as such blocks of time are specified in the Operating Notice, provided they are separated by at least 8 Operating Hours (e.g. 3 a.m. to 7 a.m. and 3 p.m. to 7 p.m.); and (ii) at least 10 Container Replacement Cycles each other Operating Hour.

(3) Determining the Number of Container Replacement Cycles in an Operating Hour. During any Operating Hour, the first Container Replacement Cycle is the one that begins closest after the top of the Operating Hour, and the last one is the one that begins closest before the end of the Operating Hour.

(B) Company Ability to Provide Extra Empty Containers During an Hour. If the City requests the Company to complete more Container Replacement Cycles than that set forth in subsection (A) of this Section, and the Company determines that it can do so without negatively impacting the Company's ability to subsequently comply with the Container Acceptance Guarantee or the Container Availability Guarantee, the parties shall cooperate to achieve such higher rate.

(C) Interplay Between Container Acceptance Guarantee and Container Availability Guarantee. Compliance with the Container Acceptance Guarantee does not relieve the Company from its obligation to comply with the Container Availability Guarantee, and vice versa. Nevertheless, the Company shall not owe damages or have the Service Fee reduced pursuant to Section 7.5 (for failure to comply with the Container Acceptance Guarantee) and

have the Service Fee reduced pursuant to Section 7.8 (for failure to comply with the Container Availability Guarantee) for the same Container.

SECTION 7.8. SERVICE FEE REDUCTION UPON NON-COMPLIANCE WITH THE CONTAINER AVAILABILITY GUARANTEE.

(A) Calculation. For any Monthly Billing Period the Service Fee shall be reduced by an amount equal to the product of: (1) the Container Availability Service Fee Reduction Amount; and (2) the number of Non-Compliant Cycles.

(B) Determining the Number of Non-Compliant Replacement Cycle Time Increments.

(1) Generally. Non-Compliant Container Replacement Cycle Time Increments are used as part of the calculation to determine the number of Non-Compliant Cycles for purposes of computing the Container Availability Service Fee Reduction Amount in subsection (A) of this Section.

(2) Joint Review. If during any Operating Hour the Company fails to meet the Container Availability Guarantee, the City Site Supervisor shall have 24 hours to request the Company Site Supervisor to jointly review recorded video or similar electronic means to determine the number of Non-Compliant Replacement Cycle Time Increments during such Operating Hour.

(3) Non-Compliant Container Replacement Cycle Time Increment. The number of Non-Compliant Replacement Cycle Time Increments for a Loaded Container is calculated as follows:

- (a) during periods that the Container Availability Guarantee requires the Company to complete at least 12 Container Replacement Cycles per Operating Hour, the number of Non-Compliant Container Replacement Cycle Time Increments for a Loaded Container is equal to the number of whole or partial 5 minute intervals beginning 5 minutes after the beginning of the Container Replacement Cycle; and
- (b) during periods that the Container Availability Guarantee requires the Company to complete at least 10 Container Replacement Cycles per Operating Hour, the number of Non-Compliant Container Replacement Cycle Time Increments for a Loaded Container is equal to the number of whole or partial 6 minute

intervals beginning 6 minutes after the beginning of the Container Replacement Cycle.

A Non-Compliant Container Replacement Cycle Time Increment that spans the course of two consecutive Operating Hours shall be deemed to occur during the Operating Hour in which such increment began.

(C) City's Diversion Rights. During any period during which the Company is not in compliance with the Container Availability Guarantee, the City shall have the rights and remedies set forth in subsection 7.11(B).

SECTION 7.9. COMPANY OPERATION OF THE CRANES.

(A) Company Responsibility for Crane Operations and Maintenance. Commencing on the MTS-1 Service Date, the Company shall operate, maintain and repair the Cranes in accordance with all manufacturer's specifications and recommendations, the Contract Standards, and consistent with the requirements of Section 7.10. The Company's obligations under this Section shall include all repairs and replacements of machinery, equipment and parts that may be reasonable or necessary. At the end of the Term, the Company shall return the Cranes to the City in the same condition as the Cranes were in when the Company assumed responsibility for Crane operations and maintenance, ordinary wear and tear excepted.

(B) Review After Second Anniversary. During the first month after the second anniversary of the Service Date, the parties shall jointly review each Crane's actual maintenance, repair and replacement history. If (i) the Company has operated the Cranes in accordance with all manufacturer's specifications and recommendations by a properly trained Crane operator, and (ii) records indicate that the level of required replacements of parts and downtime for repairs over such two year period was materially greater than that set forth in the manufacturer's specifications and recommendations, then the parties shall agree to a reasonable adjustment in the Service Fee to compensate the Company for such extra costs on an ongoing basis. The agreement between the parties reached with respect to such adjustments shall be set forth in a Contract Administration Memorandum.

(C) Minimum Crane Availability. At least one Crane shall be available and operated by the Company at all operating times during each Operating Shift.

(D) Costs of Crane Operations. The Company shall pay for all costs of operating, maintaining and repairing the Cranes and their components (including replacement required pursuant to subsection (A) of this Section), and for any damage to the Cranes and



their components, ordinary wear and tear excepted, subject to those costs that are otherwise provided for in the Crane Warranty and the Crane Service Agreement.

SECTION 7.10. CRANE WARRANTY AND CRANE SERVICE AGREEMENT.

(A) Crane Warranty. With respect to each Marine Transfer Station, the City expects to enter into a contract with the applicable Crane supplier providing a 3-year warranty of the Cranes by the Crane supplier (each a “Crane Warranty”). The City shall assign to the Company each Crane Warranty if such warranties are assignable by their own terms. The terms and conditions of the Crane Warranty have been reviewed by the Company and the Company accepts such terms and conditions.

(B) Enforcement of Crane Warranty. The Company shall promptly notify the City of any defect in any Cranes that may give rise to a claim under a Crane Warranty. The City and the Company shall cooperate with each other in enforcing the City’s rights under the Crane Warranties.

(C) Operation, Maintenance and Repair of Cranes During Crane Warranty and Crane Service Agreement Period. Until the applicable Crane Warranty expires (and, with respect to MTS-1, the Warranty Relief End Date has passed), the Company shall operate, maintain and manage the relevant Cranes in a manner in accordance with such Crane Warranty, and which neither contravenes nor invalidates such warranty or agreement (and, with respect to MTS-1, following the expiration of the Crane Warranty until the Warranty Relief End Date, as if such Crane Warranty had remained in effect during such period).

(D) Performance Excuse for Crane Failure Due to Defect Covered by Warranty. If there is a failure of any Crane due to a defect covered by a Crane Warranty, the Company shall be entitled to an excuse of performance to the same extent as if the Company’s inability to perform were the direct result of an Uncontrollable Circumstance.

(E) Crane Operation and Maintenance Manual. The City shall make available to the Company each Crane Operation and Maintenance Manual.

(F) Shortened Crane Warranty Period at MTS-1. The parties acknowledge and understand that the warranty period under the Crane Warranty with respect to MTS-1 may start before the beginning of the MTS-1 Service Date and that the warranty period may expire before the third anniversary of the MTS-1 Service Date. The expiration date of the Crane Warranty, as it may be extended from time to time, is referred to as the “Warranty Expiration Date”.

1. Performance Relief. The City agrees that if the Warranty Expiration Date occurs before the date that is 1,030 days following the MTS-1 Service

Date (the “Warranty Relief End Date”), for the period starting at the Warranty Expiration Date and ending on the Warranty Relief End Date, the Company shall be entitled to the performance excuse set forth in subsection (D) of this Section, to the same extent the Company would have been entitled to excuse under that subsection if the Crane Warranty had remained in full force and effect during such period, provided that the Company shall not be entitled to such relief if and to the extent Company failure to comply with the provisions of subsection (B) or (C) of this Section would have been grounds for excusing the warrantor under the Crane Warranty. For purposes of clarification, the 1,030 days referred to above is 65 days shorter than the full three years that would have been available under the Crane Warranty due to an extension of the time to achieve the MTS-1 Scheduled Service Date of 65 days that was agreed to by the parties. The Warranty Relief End Date shall be shortened by one day for each day that the MTS-1 Service Date is extended beyond the MTS-1 Scheduled Service Date due to Company Fault.

2. Financial Relief. If during the period between the Warranty Expiration Date and the Warranty Relief End Date there shall occur an event that requires a repair or replacement that is covered by the Crane Warranty, to the extent that such repair or replacement is not covered by the Crane Warranty because it occurred after the Warranty Expiration Date, the Company’s responsibilities under Section 7.9 shall apply, but the Company shall be entitled to reimbursement by the City for Substantiated Costs incurred by the Company that would have been covered under the Crane Warranty prior to the Warranty Expiration Date; provided that the City shall have the right to assert any defense to the Company’s warranty claim that the warrantor would have had under the Crane Warranty if the Crane Warranty had remained in effect. Such amount shall be paid by the City as an Extraordinary Items Component pursuant to Section 11.24.

(G) Crane Service Agreement. With respect to each Marine Transfer Station, the City expects to enter into a contract with a crane maintenance company to provide routine maintenance for the Cranes at such Marine Transfer Station for a period commencing on the Service Date and ending three years thereafter, such end date being one day earlier, however, for each day of delay in the occurrence of the Service Date due to Company Fault (the “Crane

Covered Service Period”) (and each such contract a “Crane Service Agreement”). The routine maintenance that will be provided shall be that routine maintenance that is set forth in and recommended by the applicable Crane Operation and Maintenance Manual (the “Covered Maintenance”). The City shall assign each Crane Service Agreement to the Company if such agreements are assignable by their terms, provided that if a Crane Service Agreement is assigned to the Company, the City and not the Company will be responsible for payment for the Covered Maintenance thereunder. The City authorizes the Company to accept service of the Cranes as the City’s agent pursuant to the Crane Service Agreements. The City will not be responsible for costs of any services beyond the Covered Maintenance that the Company may request pursuant to the Crane Service Agreement. If, with respect to a Marine Transfer Station, the City is unable to provide a Crane Service Agreement for all or any portion of the Crane Covered Service Period, the Company shall provide such Covered Maintenance, provided that during the portion of the Crane Covered Service Period for which the City has not provided a Crane Service Agreement, the City shall reimburse the Company for the Substantiated Costs of the Covered Maintenance. Such amounts shall be paid as an Extraordinary Items Component pursuant to Section 11.24.

SECTION 7.11. CURTAILMENTS AND SHUTDOWNS.

(A) Notification by Company. If any component of the Contract Services System is partially or completely shut down or its use curtailed, or the Company reasonably expects an imminent curtailment of its ability to accept Containerized Waste at or comply with the Container Availability Guaranty at a Marine Transfer Station, whether on a temporary or extended basis and regardless of cause, the Company shall immediately give an Operating Notice to the City as to the nature and probable duration of the shutdown or curtailment and begin and continue all commercially reasonable measures required to resume full performance of the Contract Services. If the Company reasonably expects an imminent curtailment of its ability to accept Containerized Waste at a Marine Transfer Station that will result in the Company being liable for damages or Service Fee reductions under Section 7.5 or Section 7.8, and the City diverts deliveries of DSNY-managed Waste from the applicable Marine Transfer Station and re-routes such deliveries to the other Marine Transfer Station or to alternate disposal facilities, such DSNY-managed Waste so diverted shall be deemed to constitute Wrongfully Rejected Waste. Upon commencement of such diversions of DSNY-managed Waste, the provisions of subsection (B) of this Section shall apply to resumption of deliveries at the Marine Transfer Station.

(B) Rights and Responsibilities of the Parties Upon Curtailments or Shutdowns. If any curtailment or shutdown of service occurs or is deemed to have occurred

pursuant to subsection (A) of this Section, the Company shall remove, secure, transport and dispose of all Loaded Containers accepted by the Company prior to the curtailment or shutdown in the manner and within the time requirements established in this Service Contract. Any DSNY-managed Waste diverted or removed from the Marine Transfer Station pursuant to this Section for reasons other than City Fault, Uncontrollable Circumstances or Exceptional Environmental Conditions shall be deemed to constitute Wrongfully Rejected Waste. The characterization of such waste as Wrongfully Rejected Waste shall cease when the City determines, in its discretion reasonably exercised, that the Company is ready to accept deliveries of Loaded Containers in compliance with the Container Acceptance Guarantee and the Container Availability Guarantee, and is otherwise capable of resuming its performance of the Contract Services.

SECTION 7.12. SCALES AND RECORDS.

(A) City Responsibility. At each Marine Transfer Station, the City shall operate and maintain the scales and manage the computer-based record keeping system at the Marine Transfer Station for the purposes of determinations required in connection with the calculation of the Service Fee. Such City responsibilities shall include weighing in, weighing out and recording the weight, date and time of delivery of each collection vehicle delivering DSNY-managed Waste to the Marine Transfer Station.

(B) Scale Calibrations and Malfunction. The City shall examine the scales from time to time, and in no event less than once every 30 days, and, if needed, calibrate the scales in accordance with Applicable Law. The City shall provide the Company with an Operating Notice and opportunity to witness the inspection and calibration, and a copy of the records of these calibrations. In the event a Marine Transfer Station's scales are inoperable or malfunctioning and are not being used to weigh in or weigh out the vehicles delivering waste to or removing waste from the Marine Transfer Station, the Company shall accept the City's reasonable estimate of the weight of the DSNY-managed Waste delivered to the Marine Transfer Station as the official record of the measurement. The City, at its sole option, may make its reasonable estimate by: (1) weighing the vehicles delivering waste to the Marine Transfer Station at another City facility; (2) using the historical records of the weight of DSNY-managed Waste delivered to the Marine Transfer Station for the 30-day period prior to the scale malfunction; or (3) any other reasonable means that the City deems appropriate. The City shall use reasonable efforts to promptly repair or replace any such inoperable scale.

(C) Voided Loads. If a vehicle delivering DSNY-managed Waste to a Marine Transfer Station is weighed in by passing over the scales, but does not unload its contents at

the Marine Transfer Station, the load shall be voided and the weight of such load shall not be considered when calculating the Service Fee unless such waste is Wrongfully Rejected Waste.

(D) Basis For Determining Tons of DSNY-managed Waste Delivered. The number of Tons of DSNY-managed Waste crossing the Weigh Scales in any Billing Period as delivered pursuant to this Section shall be used to determine the number of Tons for which a per Ton amount is paid for that Billing Period.

(E) Basis For Determining Loaded Containers Delivered. For Service Fee billing purposes, the number of Loaded Containers deemed to be delivered by the City to the Company during any period shall be that number of Loaded Containers for which the Company has received custody at the Barge Loading area during the applicable period.

SECTION 7.13. LOAD CELLS.

(A) City Responsibility. At each Marine Transfer Station, the City shall operate and maintain four Load Cells in each Shuttle Car and manage a record keeping system at the Marine Transfer Station for the purposes of enabling the Company to comply with its obligations under Applicable Law with respect to the weight of Loaded Containers when being transported to the Designated Disposal Site. The City shall weigh and record the weight, date and time of delivery of each Loaded Container to the Barge Loading Area and each empty Container delivered back to the Shuttle Car from the Barge Loading Area. The City may, in its sole discretion, weigh each Empty Container once and retain a permanent record of each Empty Container's tare weight.

(B) Load Cell Malfunction. In the event a Load Cell is inoperable or malfunctioning and is not being used to weigh Loaded Containers, the City shall move the Shuttle Car containing the inoperable or malfunctioning Load Cell to another loading slot where the Load Cell can be adjusted or replaced. The City shall use reasonable efforts to promptly adjust or replace any such inoperable Load Cell in a manner that reasonably limits the disruption to the Contract Services.

SECTION 7.14. WASTE SCREENING AT THE MARINE TRANSFER STATIONS. The City does not segregate solid waste by type, and does not guarantee waste composition or guarantee that waste delivered to the Company shall constitute Municipal Solid Waste. The City shall, however: (i) perform any waste screening practices required by Applicable Law, including screening for radioactive waste; and (ii) segregate and dispose of any waste identified through such screening processes as waste constituting Unacceptable Waste. The Company shall have the right, but no obligation, to screen at the Marine Transfer Stations any waste delivered to the tipping floor and prior to such waste being loaded into Containers,

provided that any screening of waste done by the Company shall not interfere with normal operations of the City at the Marine Transfer Stations and Company personnel shall comply with all safety and operating rules established by the City for City operations at the Marine Transfer Stations.

SECTION 7.15. TITLE TO AND LIABILITY FOR WASTE.

(A) DSNY-Managed Waste. Title to and liability for DSNY-managed Waste shall pass to the Company upon acceptance of the DSNY-managed Waste, which shall be deemed to occur when the Company receives custody of a Loaded Container at the Barge Loading Area.

(B) Unacceptable Waste. Title to Unacceptable Waste delivered to the Marine Transfer Station pursuant to this Service Contract shall not pass to the Company upon acceptance of the Unacceptable Waste as long as such Unacceptable Waste is identified by the Company with evidence reasonably satisfactory to the City that the Unacceptable Waste was delivered to the Company pursuant to this Service Contract.

SECTION 7.16. WASTE SCREENING AT THE DESIGNATED DISPOSAL SITE. The Company shall perform all waste screening practices required by Applicable Law at the Designated Disposal Site, and may perform such additional screening practices as it may determine to be appropriate from time to time. The Company may segregate any Unacceptable Waste which is identified through such screening practices, and transport and dispose of any such Unacceptable Waste in accordance with Applicable Law. The Company, bearing the burden of proof, shall document that any such Unacceptable Waste was delivered by the City hereunder as Containerized Waste. The City shall reimburse the Company for any incremental costs associated with such removal, transport and disposal as set forth in clause (1)(a) of subsection 11.24(A).

SECTION 7.17. RESETS.

(A) Agreed Upon Reset Points. With respect to each Marine Transfer Station, the City shall have the right to implement a Reset at any of the agreed upon Reset points set forth in Appendix 4. The City shall exercise its rights under this subsection by written notice to the Company, stating: (1) the City is exercising its rights to a Reset under this subsection; (2) which Marine Transfer Station(s) the Reset will apply to; and (3) which agreed upon Reset point in Appendix 4 the City is implementing. The parties shall agree upon a WCAL Level Effective Date and memorialize the entire understanding in a Contract Administration Memorandum.

(B) Between Agreed Upon Reset Points. If the City would like to Reset at a point in between the agreed upon Reset points set forth in Appendix 4, the City shall deliver to the Company a notice identifying the point or points at which the City is interested in implementing a Reset. Within 30 days of such notice, the Company shall notify the City in writing whether the Company will provide service at such point at a price that is interpolated between the two closest agreed upon Reset points in Appendix 4. If the Company can provide such service at such price, the parties shall agree upon a WCAL Level Effective Date and memorialize the entire understating in a Contract Administration Memorandum.

(C) Reset Frequency. With respect to each MTS, the City may not implement a Reset pursuant to this Section more than once every three years.

(D) Adjustment to WCAL Level. Upon the WCAL Level Effective Date, the WCAL Level will be modified to the appropriate level set forth in Appendix 4.

(E) Company Procurement of Additional Barges, Additional Railcars, Additional Containers, Additional Reach Stackers, Additional Yard Jockeys, Additional Chassis and Additional Railcar Movers. If, in connection with a Reset, the Minimum Barge Requirement, the Minimum Railcar Requirement or the Minimum Container Requirement is increased, the Company shall procure the required number of Additional Barges, Additional Railcars, Additional Containers, Additional Reach Stackers, Additional Yard Jockeys, Additional Chassis and Additional Railcar Movers in accordance with subsection 6.2(A), to be delivered and in service by the WCAL Level Effective Date.

(F) Adjustment to Service Fee. Upon the WCAL Level Effective Date, the Service Fee shall be adjusted in accordance with Article XI and Appendix 4.

SECTION 7.18. ELECTRICITY FOR CRANES PROVIDED BY THE CITY.  
The City will provide electricity required to operate the Cranes. Such electricity will not be separately metered, and the City shall be responsible for the cost of such electricity.

SECTION 7.19. RELIEF FROM CERTAIN PERFORMANCE GUARANTEES FOR SAFETY CONSIDERATIONS.

(A) Importance of Safety. The parties intend that the operation of the Contract Services System be subject to ensuring simultaneously the safety of all operating personnel, the Contract Services Assets, the Marine Transfer Stations and the Cranes. The parties acknowledge and agree that Exceptional Environmental Conditions may occur which may make it reasonable or necessary for safety reasons for the Company to modify its operations such that the Company may not be able to perform the Contract Services in a

manner which complies with the Container Acceptance Guaranty or the Container Availability Guaranty.

(B) Relief for Exceptional Environmental Conditions. Any of the following events or conditions (“Exceptional Environmental Conditions”) shall be grounds for the relief set forth in this Section if such conditions make it reasonable or necessary for the Company to modify its operations by slowing or temporarily ceasing movements of Tugboats or Barges or operations of the Cranes.

(1) Tugboats and Barges. Exceptional Environmental Conditions when used with respect to the operation of Tugboats or Barges means:

- (a) A navigational restriction or official warning is issued by the United States Coast Guard or other Governmental Body with jurisdiction that would restrict, delay or preclude normal Tugboat or Barge operations;
- (b) Sustained winds equal to 30 miles per hour or higher or Beaufort scale of 6 or higher;
- (c) Visibility of 0.5 miles or less; and
- (d) An exceptional environmental condition or event that the Master of the affected Tugboat or Barge has determined, based on verifiable and credible information that has been promptly provided to the City, will make or has made it reasonable or necessary for safety reasons for the Company to modify the operations of the affected Tugboats or Barges.

(2) Cranes. Exceptional Environmental Conditions related to the operation of the Cranes at a Marine Transfer Station or cranes at New York Container Terminal means:

- (a) Ambient temperatures above 104° F or below -4° F;
- (b) Visibility of 200 feet or less;
- (c) Severe lightning in the immediate vicinity of the MTS or New York Container Terminal;
- (d) Wind or wave conditions causing Barge motions in excess of 5 degrees;
- (e) Wind speeds in excess of the speed set forth in the applicable Crane Operation and Maintenance Manual that causes the Crane to respond with acceleration reduction; and



(f) Wind speeds in excess of the speed set forth in the applicable Crane Operation and Maintenance Manual that causes or requires the Crane to be shut down.

(C) Mitigation of Exceptional Environmental Conditions; Notice.

(1) Monitoring Weather Conditions. The Company shall monitor environmental conditions using weather reporting and notification services generally available for marine operations in the vicinity of New York Harbor and Long Island Sound. Upon becoming aware of an environmental condition that is reported to be likely to become an Exceptional Environmental Condition, the Company will promptly notify the City by means of an Operating Notice.

(2) Mitigation in Advance of Exceptional Weather Condition. Upon becoming aware of an anticipated Exceptional Weather Condition, the Company and the City will cooperate to develop a plan to mitigate the effects of such Exceptional Weather Condition on the Company's ability to perform the Contract Services in compliance with the Container Acceptance Guaranty and the Container Availability Guaranty to mitigate the interruption of operations by the City at the Marine Transfer Stations. Such mitigation may include, by way of example, staging 48 empty Containers on the pier level of the MTS and a Barge loaded with Empty Containers in the vicinity of each Marine Transfer Station at which Contract Services are being provided together with such Tugboats as may be needed to move such Barges to replace a Barge filled with Loaded Containers, so Barge moving at the Marine Transfer Stations might proceed with minimal interruption.

(D) Conditions for Relief. As a condition of getting the relief set forth in subsection (E) of this Section, the Company shall promptly deliver an Operating Notice to the City setting forth in reasonable detail the nature and expected duration of the Exceptional Environmental Conditions that the Company reasonably expects will result, is then resulting or has resulted, in an inability to comply with either the Container Acceptance Guaranty or the Container Availability Guaranty or both, the proposed plan of mitigating the effects of such conditions, and the expected impact on such guaranties.

(E) Nature and Extent of Relief. The Company shall be relieved of any and all damages and Service Fee reductions set forth in Sections 7.5 and 7.8, and shall not be considered to be in breach for failure to meet the Container Acceptance Guaranty or the Container Availability Guaranty or both to the extent the Company has complied with the provisions of this Section (including such notice and mitigation as may be required by this Section) and to the extent such failure was reasonable or necessary to maintain the safety of

Company (including Subcontractor) personnel or City personnel, the Contract Services Assets, the Marine Transfer Stations or the Cranes. With respect to events described in clause (2)(e) or (2)(f) of subsection (B) of this Section, relief shall be limited to the extent that the acceleration reduction or shutdown, as applicable, is the cause of the Company's failure to meet the Container Acceptance Guaranty or the Container Availability Guaranty or both and that but for the applicable event, the Company would have been in compliance with such guarantees.

## ARTICLE VIII

### WASTE TRANSPORT AND DISPOSAL

#### SECTION 8.1. MANAGEMENT OF THE CONTRACT SERVICES SYSTEM.

Subject to the provisions of this Service Contract, the Company shall establish the Contract Services System, perform the Contract Services and manage the Contract Services System on a continuous basis so as to ensure that all Loaded Containers are accepted by the Company (subject to the Company's right to reject Loaded Containers pursuant to subsection 7.4(A)) and are transported to a Designated Disposal Site, and that Containerized Waste is disposed of at the Designated Disposal Site.

#### SECTION 8.2. WASTE TRANSPORT AND DISPOSAL GUARANTEE.

(A) General. The Company shall: (1) transport Loaded Containers from a Marine Transfer Station to a disposal site authorized pursuant to and in accordance with subsection 8.8(A); (2) dispose of all Containerized Waste at such disposal sites; and (3) transport empty Containers from such disposal sites to a Marine Transfer Station, in each case via the Designated Intermodal Facilities set forth in Section 8.3 and by the modes of transportation set forth in Section 8.4. The obligations of the Company set forth in this Section shall constitute the "Waste Transport and Disposal Guarantee".

(B) Backhaul. The Company shall transport Containers that are empty, reasonably clean and reasonably odor free from the applicable disposal site back to a Marine Transfer Station. The Company shall use Containers exclusively for transporting Containerized Waste to an Authorized Disposal Site and shall not use empty Containers for transporting any other waste, commodities or products without the prior approval of the City, which may be given in its sole discretion.

(C) Storage of Loaded Containers After the Ramp-Up Period. This subsection applies only following the end of the Ramp-Up Period.

(1) Generally. The Company shall store Loaded Containers on Barges at each Marine Transfer Station, and at each Intermodal Facility (whether on or off Barges or Railcars), while awaiting transport, in a manner to reasonably prevent and control odors, insects, rodents, vermin, vectors, or other nuisance condition or environmental hazard. The Company shall ensure that no Loaded Container remains at any site longer than permitted by Applicable Law, including at a Marine Transfer Station (where the City and the Company shall cooperate to achieve timely Container removal) and each Intermodal Facility. Except as set forth in clause (2) the Company and the City shall cooperate so that the Company is able to remove Loaded Containers from a Marine Transfer Station by placing such Containers on a

Barge and moving the Barge toward an Intermodal Facility no later than 48 hours following the delivery of the DSNY-managed Waste contained in such Loaded Containers to such Marine Transfer Station.

(2) Storage and Removal of Loaded Containers Before Holidays. The Company and the City shall cooperate so that the Company is able to remove Loaded Containers from a Marine Transfer Station by placing such Containers on a Barge and moving the Barge toward an Intermodal Facility no later than: (i) 60 hours following the delivery of DSNY-managed Waste contained in such Loaded Containers to such Marine Transfer Station, if such DSNY-managed Waste is received on an Operating Day immediately prior to a Holiday; and (ii) 80 hours following the delivery of DSNY-managed Waste contained in such Loaded Containers to such Marine Transfer Station, if such DSNY-managed Waste is received on Saturday preceding a Holiday falling on a Monday.

### SECTION 8.3. DESIGNATED INTERMODAL FACILITIES.

(A) Required Intermodal Facilities. The Company shall transfer Containers from one mode of transportation to another (including but not limited to) (i) between Barge and Railcar, (ii) between Railcar and truck or similar short-haul vehicle at the Designated Intermodal Facilities, selected from time to time pursuant to this Section and Article IX, and at no other location except as provided in subsection (D) or (E) of this Section.

(B) Initial Designated Intermodal Facilities. Commencing on the Service Date, the Designated Intermodal Facilities shall, subject to substituting a replacement intermodal facility as an Initial Designated Intermodal Facility pursuant to subsection (E) of this Section, be the Initial Designated Intermodal Facilities.

(C) Changes in Intermodal Facilities. Except as set forth in this Service Contract, there shall be no change in an Intermodal Facility without the consent of the City, given in its sole discretion.

(D) Uncontrollable Circumstances, City Fault or Cannot Physically Be Accepted Condition Precluding Transfers of Containers at a Designated Intermodal Facility. If an Uncontrollable Circumstance (before an Event Response Measure is instituted), City Fault or a Cannot Physically be Accepted condition precludes the Company from using a Designated Intermodal Facility for the transfer of Containers from one mode of transport to another, the Company shall have the right to use another Intermodal Facility to do such transfers during the period of preclusion to the extent such Containers cannot be so transferred at such Designated Intermodal Facility.

(E) Effect of a Change in Designated Intermodal Facility on Service Fee. In the event of a change in a Designated Intermodal Facility made pursuant to subsection 8.8(C), the Service Fee shall not be adjusted, except as expressly provided otherwise in this Service Contract or as otherwise agreed to by the City, which agreement shall be documented with a Contract Administration Memorandum. A change in the New York Container Terminal Intermodal Facility resulting from an Uncontrollable Circumstance set forth in item (14) under the heading “Inclusions” shall be governed by the provisions relating to Uncontrollable Circumstances.

SECTION 8.4. MODES OF TRANSPORTATION.

To transport empty containers and Loaded Containers to and from a Marine Transfer Station, a Designated Intermodal Facility, and a Designated Disposal Site, the Company shall use the Designated Transportation Equipment along with other Transportation Equipment and Operating Equipment, as appropriate. Tugboats shall not be “designated”, but shall be made available as and when needed to perform the Contract Services.

SECTION 8.5. TRANSPORTATION AND DISPOSAL RECORDS. The Company shall ensure that each item of Designated Transportation Equipment is individually identifiable for tracking purposes. The Company shall maintain a computer-based record keeping system capable of uniquely identifying each item of Designated Transportation Equipment and the date and time of departure and arrival and destination of each Designated Barge, Designated Railcar and Designated Container from each origin point and to each Marine Transfer Station, Intermodal Facility and Authorized Disposal Site. The Company shall maintain a similar tracking system and records for Tugboats. In the case of Tugboats and Barges, use of the Automated Identification System (“AIS”) shall satisfy the foregoing requirements of this Section. The Company shall make current tracking information available to the City at any time upon request in order to respond to emergencies or for other City waste management purposes. The Company shall provide the City, in its monthly reports submitted in accordance with Section 10.10, with records as to the disposition of Loaded Containers transported from the Marine Transfer Station to the Designated Disposal Sites. These records shall include: (1) Container ID number; (2) any weight records maintained by the Company; and (3) the date and time of (a) the arrival of each Loaded Container at each Designated Intermodal Facility, (b) the departure of each Loaded Container from each Designated Intermodal Facility, (c) the arrival of each Loaded Container at the applicable Designated Disposal Site, and (d) the departure of each empty Container from the applicable Designated Disposal Site.

SECTION 8.6. ACCIDENTS. The Company shall give an Operating Notice to the City and all appropriate Governmental Bodies promptly upon becoming aware of the

occurrence of any accident involving the Contract Services System, and shall commence remedial action pursuant to its contingency plan in accordance with Applicable Law and the Operating Protocol. In the event of any such accident, the Company shall pay any resulting fines, assessments, penalties or damages resulting therefrom. Company payment of such costs is excused due to City Fault or Uncontrollable Circumstances. The City shall pay any fines, assessments, penalties, or damages resulting from City Fault.

SECTION 8.7. AUTHORIZED DISPOSAL SITES.

(A) Authorized Disposal Site Requirements. Each existing Authorized Disposal Site (or new site proposed by the Company to be included as an Authorized Disposal Site) shall meet all the following requirements throughout the Term: (a) it shall be located in the United States; (b) it shall be subject to the jurisdiction of the EPA; (c) it shall possess all Governmental Approvals required to accept Containerized Waste; (d) it shall operate in compliance with Applicable Law, as evidenced by the absence of any significant regulatory sanctions or any significant enforcement actions with respect to material environmental matters; (e) it shall not appear on any federal or state list of sites, including the EPA's national priority list, which list is maintained for the purpose of designating landfills or other sites which are reasonably expected to require remediation due to the release or threat of release of Hazardous Materials; (f) it shall be subject to a permit, Host Community Agreement or other authorization allowing the acceptance of Containerized Waste regardless of origin or from the City and regions around the City specifically; and (g) it shall not otherwise unreasonably expose the City to any material risk as a "generator" or "transporter" of waste under CERCLA or any similar law, or to any material risk under product liability, tort, environmental impairment or any similar law, notwithstanding the indemnities provided by the Company under this Service Contract. Those sites initially approved by the City at the Company's request as constituting Authorized Disposal Sites are listed in Appendix 3.

(B) Additional Authorized Disposal Sites. The Company may not, without the City's prior approval, add a new facility to the list of Authorized Disposal Sites set forth in Appendix 3. The City's approval shall be evidenced through a Contract Administration Memorandum.

(C) Disposal Capacity Documentation. The Company shall have on file, and provide to the City upon request: (1) a copy of then-current permits and other documents of Governmental Bodies establishing capacity and setting forth permit limits of each Authorized Disposal Site; (2) evidence of ownership by the Company or, if not owned by the Company, evidence of ownership by the owner of each Authorized Disposal Site; (3) if an Authorized Disposal Site is not owned by the Company, a copy of instruments granting rights for disposal

capacity sufficient to comply with Section 8.10; and (4) a statement indicating that the Company has available to it disposal capacity for the City sufficient to comply with Section 8.10. The items delivered pursuant to clauses (1), (2), (3) and (4) shall be certified as to completeness and accuracy by the Company.

SECTION 8.8. DESIGNATED DISPOSAL SITES, DESIGNATED ALTERNATE DISPOSAL SITE AND DESIGNATED INTERMODAL FACILITIES.

(A) Required Disposal. The Company shall dispose of Containerized Waste at the Designated Disposal Sites and the Designated Alternate Disposal Site, selected from time to time pursuant to this Section and Article IX, and at no other location except as provided in Section 8.9 and subsection (D) of this Section.

(B) Initial Designated Disposal Sites, Initial Designated Alternate Disposal Site and Initial Designated Intermodal Facilities. Commencing on the Service Date, the Niagara Resource Recovery Facility and the Delaware Valley Resource Recovery Facility (and Lee County Landfill with respect to Tons in excess of 1,000,000 delivered pursuant to this Service Contract in any Contract Year) shall be the Initial Designated Disposal Sites, and the Lee County Landfill shall be the Initial Designated Alternate Disposal Site. The Initial Designated Intermodal Facilities shall be the New York Container Terminal Intermodal Facility, the Delaware Rail Receiving Site and the Niagara RTT Intermodal Facility.

(C) Changes in Designated Disposal Site, Designated Alternate Disposal Site or Designated Intermodal Facilities. The Company may propose the inclusion of a new facility or an additional facility as either a replacement or additional Designated Disposal Site, Designated Alternate Disposal Site or Designated Intermodal Facility, together with proposed modification to the Waste Allocation Methodology and Service Fee adjustments as may be required in connection therewith. The City shall have the right in its sole discretion to either approve or not approve such site. If the City approves such site, following the effective date of such approval such facility shall be treated for purposes of this Service Contract as set forth in the approved proposal, which shall be reflected in a Contract Administration Memorandum. There shall be no change in a Designated Disposal Site, the Designated Alternate Disposal Site or a Designated Intermodal Facility without the mutual agreement of the parties.

(D) Uncontrollable Circumstances, City Fault or Cannot Physically Be Accepted Condition Precluding Disposal at a Designated Disposal Site. If an Uncontrollable Circumstance (before an Event Response Measure is instituted), City Fault or a Cannot Physically be Accepted condition precludes the Company from using a Designated Disposal Site or the Designated Alternate Disposal Site for the disposal of all or some of the Containerized Waste, the Company shall have the right to dispose of Containerized Waste at another

Authorized Disposal Site (including another Designated Disposal Site) during the period of preclusion to the extent such Containerized Waste cannot be disposed of at such Designated Disposal Site or Designated Alternate Disposal Site.

SECTION 8.9. WASTE ALLOCATION METHODOLOGY.

(A) Waste Allocation Among the Niagara Resource Recovery Facility, the Delaware Valley Resource Recovery Facility and the Lee County Landfill. Notwithstanding the Company's rights set forth in subsection (B) of this Section, the Company expects that during any Contract Year:

(1) if the City delivers up to and including one million Tons of DSNY-managed Waste, the proportionate allocation of Loaded Containers by disposal facility shall be as follows: fifty percent (50%) of all Loaded Containers delivered to and accepted by the Company at the Marine Transfer Stations to each of the Niagara Resource Recovery Facility and the Delaware Valley Resource Recovery Facility; and

(2) if the City delivers more than one million Tons of DSNY-managed Waste, the proportionate allocation of Loaded Containers by disposal facility shall be as follows: to each disposal facility, that pro-rata number of the total number of Loaded Containers delivered corresponding to the pro-rata number of total Tons that would be delivered to such disposal facility assuming that of the total Tons of DSNY-managed Waste delivered to and accepted by the Company at the Marine Transfer Stations 500,000 Tons is delivered to each of the Niagara Resource Recovery Facility and the Delaware Valley Resource Recovery Facility, and the remaining Tons of DSNY-managed Waste is delivered to the Lee County Landfill.

The applicable waste allocation (expressed as a percent of total Containers to be delivered to each facility) determined as set forth in this subsection as it may be modified pursuant to subsection (E) of this Section is referred to as the "Designated Waste Allocation". Methodologies and examples for calculating and applying the Designated Waste Allocation for purposes of calculating the applicable percentages (such as rounding conventions), preparing the Monthly Billing Statements and performing reconciliations for Voluntary Diversions and Forced Diversions shall be as described in Appendix 16.

(B) Deliveries to the Designated Alternate Disposal Site. The Company will at all times designate one Authorized Disposal Site to be the Designated Alternate Disposal Site. Such Designated Alternate Disposal Site may be changed only in accordance with Section 8.8. Subject to subsection 12.2(A)(6), the Company shall have the right to divert Loaded



Containers from the Initial Designated Disposal Sites to the Designated Alternate Disposal Site. Initially the Designated Alternate Disposal Site shall be the Lee County Landfill.

(C) Deliveries to Other Authorized Disposal Sites. The Company may not deliver Containerized Waste to an Authorized Disposal Site other than the Designated Disposal Sites or the Designated Alternate Disposal Site unless Containerized Waste Cannot Physically Be Accepted at each of the Designated Disposal Sites and the Designated Alternate Disposal Site.

(D) Meaning of “Cannot Physically Be Accepted”. The term “Cannot Physically Be Accepted” means, with respect to a facility comprising a part of the Contract Service Assets, that such facility and/or the transfer, intermodal or transportation components of the system necessary to reach the facility are not physically capable of receiving, transferring, transporting and/or delivering DSNY-managed Waste within permit requirements and proper system operating principles. If a Designated Disposal Site which is leased, operated or owned by the Company or an Affiliate of the Company cannot accept DSNY-managed Waste because of unplanned outages or breakdowns of machinery or equipment at such Designated Disposal Site, or needed repairs or replacements or other required maintenance at such Designated Disposal Site that is not otherwise caused by an Uncontrollable Circumstance, such event shall not be within the meaning of the term “Cannot Physically Be Accepted”. Further, diverting waste in order to benefit from a more favorable commercial opportunity, including, but not limited to, accepting waste at a Designated Disposal Site from third parties is not grounds for claiming that waste “Cannot Physically Be Accepted”.

(E) Modifications of Designated Waste Allocation Upon Designation of a New Designated Disposal Site or a New Designated Alternate Disposal Site. Upon establishing a new Designated Disposal Site or a new Designated Alternate Disposal Site pursuant to the terms of this Service Contract, the new Designated Waste Allocation agreed to by the Company and the City in connection therewith shall replace the Designated Waste Allocation heretofore established by this Section. Any such revision in the Designated Waste allocation shall be effective only if evidenced by a Contract Administration Memorandum.

#### SECTION 8.10. DISPOSAL CAPACITY.

(A) Primary Disposal Capacity. At all times on and after the Service Date, the Company shall maintain Primary Disposal Capacity at the Designated Disposal Sites. Primary Disposal Capacity shall be an amount of uncommitted disposal capacity at the Designated Disposal Sites sufficient to dispose of 5,165,000 Tons of DSNY-managed Waste delivered to the Marine Transfer Station(s) pursuant to this Service Contract over a rolling 5-year period. The term “uncommitted” as used in this Section means capacity controlled by the

Company, reserved by the Company exclusively for purposes of the Contract Services, and with no other Person having a legal or contractual right to use such capacity. The City, at its sole option, may permit the Company to decrease the Primary Disposal Capacity.

(B) Reserve Disposal Capacity. The Company shall maintain Reserve Disposal Capacity at Authorized Disposal Sites other than the Designated Disposal Sites. Reserve Disposal Capacity shall be an amount of disposal capacity sufficient to dispose of 5,165,000 Tons of DSNY-managed Waste delivered to the Marine Transfer Station(s) pursuant to this Service Contract over a rolling 5-year period. Within 30 days of the beginning of each Contract Year, the Company must deliver to the City a copy of instruments granting rights sufficient to comply with the requirements of this subsection. Reserve Disposal Capacity need not be uncommitted capacity. The City, at its sole option, may permit the Company to decrease the Reserve Disposal Capacity.

(C) Failure to Secure Disposal Capacity Not an Uncontrollable Circumstance. The inability of the Company for any reason to initially obtain by ownership or contract by the end of the Development Period Primary Disposal Capacity and Reserve Disposal Capacity in accordance with this Section shall not constitute an Uncontrollable Circumstance, but maintaining the availability of Primary Disposal Capacity or Reserve Disposal Capacity may be affected by an Uncontrollable Circumstance in accordance with the provisions of this Service Contract. If either Primary Disposal Capacity or Reserve Disposal Capacity becomes unavailable for the Contract Services as a result of Uncontrollable Circumstances, the Company has an obligation (which obligation is not excused by the Uncontrollable Circumstance affecting the prior Primary Disposal Capacity) to make replacement disposal capacity available to meet the requirements for Primary Disposal Capacity or Reserve Disposal Capacity as applicable, subject to and in accordance with the Uncontrollable Circumstance provisions set forth in this Service Contract.

## ARTICLE IX

### LINEHAUL CARRIER AND DESIGNATED DISPOSAL SITE SELECTION

SECTION 9.1. LINEHAUL CARRIER AND DESIGNATED DISPOSAL SITE GENERALLY. The City and the Company acknowledge that the cost of transporting Containerized Waste by railroad to an Authorized Disposal Site is a material cost component of the Service Fee. The parties further acknowledge that: (1) there may be limited competition and alternatives in procuring Linehaul Carriers; and (2) the changes under a particular Linehaul Carrier Subcontract will affect the relative transportation charges the City will be responsible for at different Designated Disposal Sites. Therefore, the City has a significant interest in the procurement and terms and conditions of Linehaul Carrier Subcontracts. The provisions of this Article govern the respective rights of the City and the Company with respect to Linehaul Carrier procurements, the payment of Linehaul Carrier costs, the relationship between Linehaul Carrier Subcontracts and the selection of Designated Disposal Sites, and the impact of Changes in Law and other Uncontrollable Circumstances on the Contract Services System as it may be established from time to time

### SECTION 9.2. INITIAL AND SUBSEQUENT LINEHAUL CARRIERS AND LINEHAUL CARRIER SUBCONTRACTS.

(A) Carriers, Contracts, Amendments and Compliance. With respect to each Designated Disposal Site, the Company will enter into an Initial Linehaul Carrier Subcontract with terms and conditions, including pricing, substantially the same as the terms and conditions disclosed to the City as of the Contract Execution Date. Subsequent Linehaul Carrier Subcontracts shall be procured in the manner provided in Section 9.3. The Initial Linehaul Carrier Subcontracts, and any subsequent Linehaul Carrier Subcontracts, once approved and executed in accordance with this Article, shall not be modified or amended by the Company (including by any arrangement that, although might not be characterized as an amendment or modification, relates to the transport of DSNY-managed Waste pursuant to this Service Contract) in a manner that could materially and adversely affect (1) the City, or (2) the ability of the Company to perform the Contract Services, in each case without the approval of the City in its sole discretion. If any modification or amendment of any Linehaul Carrier Subcontract results in a decrease in the cost of service provided by the Linehaul Carrier to the Company (including by any arrangement that although may not be characterized as an amendment or modification, relates to the transport of DSNY-managed Waste pursuant to this Service Contract), the Rail Transport Variable Operating Charge shall be reduced by an amount equal to such decrease; except that any such reduction made in connection with the Niagara RTT Intermodal Facility shall be shared equally by the Company and the City. The Company

shall comply with the terms and conditions of all Linehaul Carrier Subcontracts necessary to perform the Contract Services.

(B) City Right to Receive and Review Linehaul Carrier Subcontracts. The City, acting through its counsel, auditors or other advisors, and subject to such counsel, auditors and other advisors entering into reasonable confidentiality agreements, shall have the right, upon request made to the Company by the City at any time, to review complete copies of the Linehaul Carrier Subcontract and any documentation provided by the Linehaul Carrier to the Company relating to performance of the Linehaul Carrier Subcontracts, however the City shall not retain original or copies of such contracts or documentation so revised.

SECTION 9.3. REPROCUREMENT OF LINEHAUL CARRIER SUBCONTRACTS.

(A) Reprocurement of Linehaul Carrier Subcontracts in General. This Section sets forth procedures and timetables for renewing or reprocuring a Linehaul Carrier Subcontract upon the upcoming expiration of such Linehaul Carrier Subcontract. The Company and the City will act in good faith to adhere to the schedule set forth in this Section, but acknowledge that deviations from the schedule may be either necessary, due to actions of the railroad company being negotiated with, or desirable to obtain more favorable terms, and as a result the schedule set forth below in this subsection shall be deemed to be a goal of the parties of which the failure to satisfy will not constitute a breach. The Company and the City shall cooperate to modify the schedule set forth in this Section by mutual agreement.

(B) Reprocurement Process upon Expiration of a Linehaul Carrier Subcontract. At least 545 days prior to the expiration of any Linehaul Carrier Subcontract, the Company shall commence negotiations or, if directed by the City, commence a competitive procurement under terms and conditions agreed to by the parties in order to enter into a Linehaul Carrier Subcontract to extend or replace the expiring contract. Any negotiations for reprocurement shall include: (1) a proposed new or renewal Linehaul Carrier Subcontract or Subcontracts for rail transport between the applicable Intermodal Facility and a Designated Disposal Site; and (2) if requested by the City, a proposed new Linehaul Carrier Subcontract or Subcontracts for rail transport between the applicable Intermodal Facility and one or more other Authorized Disposal Sites. Subject to the confidentiality limitations imposed by the Linehaul Carrier, the Company shall permit the City to review and comment on all aspects of the negotiations or procurement, including matters relating to the plan of rail service, the development of negotiation or procurement strategies, and the preparation of documents and communications with proposers. The Company shall provide a report to the City as to the outcome of the negotiations or as to the selected proposer and the terms and conditions of the

selected proposal. The parties shall confer throughout the negotiations or procurement process in order to assure that their respective interests are protected and addressed.

(C) City Approval or Rejection of Replacement Linehaul Carrier Subcontract.

The Company shall use commercially reasonable efforts to cause the negotiations or procurement process relating to an extension or replacement of a Linehaul Carrier Subcontract to be concluded in principle at least 365 days prior to the expiration of such Linehaul Carrier Subcontract and in a manner which presents the City with a definitive proposed replacement Linehaul Carrier Subcontract or Subcontracts for the City's comment, approval or rejection, in the City's sole discretion. At least 270 days prior to the expiration of the expiring Linehaul Carrier Subcontract, the City shall deliver a notice to the Company:

(1) Single Proposed Linehaul Carrier Subcontract. If a single proposed replacement Linehaul Carrier Subcontract had been presented to the City, approving or rejecting, in the City's sole discretion, the proposed replacement Linehaul Carrier Subcontract;

(2) Multiple Proposed Linehaul Carrier Subcontracts to a Designated Disposal Site. If more than one proposed replacement Linehaul Carrier Subcontract had been presented to the City for rail transport to a Designated Disposal Site, approving or rejecting, in the City's sole discretion, each proposed replacement Linehaul Carrier Subcontract; and

(3) Multiple Proposed Linehaul Carrier Subcontracts, Including to a New Designated Disposal Site. If more than one proposed replacement Linehaul Carrier Subcontract is presented to the City, and any of such proposed Linehaul Carrier Subcontracts requires rail transport to a proposed New Designated Disposal Site, approving or disapproving, in the City's sole discretion, each proposed replacement Linehaul Carrier Subcontract, provided that the City may not approve a replacement Linehaul Carrier Subcontract requiring rail transport to a proposed New Designated Disposal Site unless the City and the Company have agreed on adjustments to the Minimum Transportation Equipment Requirement, the Weekly Container Acceptance Limit and the Designated Disposal Site Waste Allocation permitted by Section 9.4.

The Company shall execute the proposed replacement Linehaul Carrier Subcontract that the City approves, and commencing on the effective date of the replacement Linehaul Carrier Subcontract, the rates and charges in the replacement Linehaul Carrier Subcontract shall apply. The effective date of a replacement Linehaul Carrier Subcontract shall be immediately following the expiration date of the then-effective Linehaul Carrier Subcontract, unless the Company and the City agree to a different effective date.

If the City rejects all proposed replacement Linehaul Carrier Subcontracts, the City shall exercise its right of convenience termination under Section 12.5. Neither failure of the Company to conclude negotiations for a replacement Linehaul Carrier Subcontract within the time period specified in this subsection nor rejection of such contract by the City shall constitute a Company Fault, City Fault or an Event of Default by either party.

(D) Rail Transport Variable Operating Charge. Except for costs arising out of any Company negligence, willful misconduct or unexcused failure to perform a Linehaul Carrier Subcontract, all per Railcar costs for transportation under a Linehaul Carrier Subcontract (other than an Initial Linehaul Carrier Subcontract) procured pursuant to this Section shall be used as the basis of determining the Rail Transport Variable Operating Charge pursuant to Section 11.20. All costs arising under the Linehaul Carrier Subcontracts shall be paid by the Company. The Company shall be paid by the City through the Rail Transport Variable Operating Charge. The Company acknowledges that the cost of its work in managing all Linehaul Carrier Reprocurements is included in other components of the Service Fee, and no adjustments shall be made to the Service Fee on account thereof. Except as set forth in Section 9.4, no other component of the Service Fee shall be changed based on a Linehaul Carrier Reprocurement.

SECTION 9.4. ADJUSTMENTS DUE TO CHANGE IN DESIGNATED DISPOSAL SITE IN CONNECTION WITH A LINEHAUL CARRIER REPROCUREMENT.

(A) Company Notice. Prior to the conclusion in principle of negotiations of a replacement Linehaul Carrier Subcontract pursuant to subsection 9.3(B) which, if approved by the City, would result in a New Designated Disposal Site, the Company shall notify the City if, in the Company's reasonable judgment, the projected average annual per-Railcar Linehaul Carrier turntime, to be calculated in accordance with Section 9.5, between the applicable Intermodal Facility and a proposed New Designated Disposal Site would be materially greater than or less than the Existing Designated Disposal Site Turntime. If the Company delivers such a notice, the Company shall include with the notice its written analysis of: (1) how much the Average Annual Per-Railcar Linehaul Carrier Turntime between the Intermodal Facility and the proposed New Designated Disposal Site is expected to differ from the Existing Designated Disposal Site Turntime; (2) how much the Minimum Transportation Equipment Requirement (at each WCAL Level) must be adjusted if the Weekly Container Acceptance Limit were to be maintained at its then-current level to compensate for the Projected Turntime Change; (3) how much the Weekly Container Acceptance Limit must be modified in order to maintain the then-current Minimum Transportation Equipment Requirement to compensate for the Projected Turntime Change; (4) required adjustments to the various components of the Service Fee in

accordance with Article XI; and (5) how the Waste Allocation Methodology would be modified, if at all. Any adjustments to the Minimum Transportation Equipment Requirement and the Weekly Container Acceptance Limit shall be an increase or decrease, as applicable, proportionate to the Projected Turntime Change set forth in the Company's analysis.

(B) City Response. Within a reasonable period of time following delivery by the Company to the City of the notice required by subsection (A) of this Section, the City shall comment on and begin discussions with the Company of its proposal, and within 60 days following delivery of such notice the City shall notify the Company, taking into account any adjustments to the Designated Waste Allocation, that it either: (1) accepts or rejects the adjustments to the Minimum Transportation Equipment Requirement and any related adjustments to the Service Fee; or (2) accepts or rejects the adjustments to the Weekly Container Acceptance Limit and the Service Fee at the then-current Minimum Transportation Equipment Requirement; or (3) any combination of the foregoing. Failure by the City to respond to the Company's notice required by subsection (A) of this Section shall be deemed a rejection of the proposed replacement Linehaul Carrier Subcontract unless the City expressly agrees otherwise.

(C) If City Accepts Adjustments. If the City accepts the adjustments referred to in clause (1), clause (2) or clause (3) of subsection (B) of this Section, or the City and the Company agree on other mutually acceptable adjustments, such adjustments shall become effective on the Change in Designated Disposal Site Date.

(D) If City Rejects Adjustments. If the City rejects all proposed adjustments, or other mutually acceptable adjustments are not agreed upon by the City and the Company, then the Designated Disposal Site shall not be changed and any proposed replacement Linehaul Carrier Subcontract proposing a New Designated Disposal Site shall be deemed rejected by the City.

(E) Changes Affecting the Minimum Transportation Equipment Requirement, but Not the Weekly Container Acceptance Limit. If, as a result of a change in a Designated Disposal Site made pursuant to this Section, there is an increase or decrease in the Minimum Transportation Equipment Requirement or number of Tugboats (but not the Weekly Container Acceptance Limit) required to be made on any Designated Transportation Equipment Adjustment Effective Date, then the adjustments set forth in this subsection will be made on such Designated Transportation Equipment Adjustment Effective Date.

(1) Reduction in the Minimum Transportation Equipment Requirement on a Designated Transportation Equipment Adjustment Effective Date. If, on a Designated Transportation Equipment Adjustment Effective Date, the Minimum Transportation

Equipment Requirement (but not the Weekly Container Acceptance Limit) is required to be reduced, the Designated Transportation Equipment shall be reduced in accordance with subsection 6.2(F) and the capital cost components of the Service Fee relating to the Designated Transportation Equipment shall be adjusted as set forth in Article XI.

(2) Increases in the Minimum Transportation Equipment Requirement on a Designated Transportation Equipment Adjustment Effective Date. If, on a Designated Transportation Equipment Adjustment Effective Date, the Minimum Transportation Equipment Requirement (but not the Weekly Container Acceptance Limit) is required to be increased, the Designated Transportation Equipment shall be increased in accordance with subsection 6.2(G) and the capital cost components of the Service Fee relating to the Designated Transportation Equipment shall be adjusted as set forth in Article XI.

(F) Changes Affecting Weekly Container Acceptance Limit, but Not the Minimum Transportation Equipment Requirement. If, as a result of a change in the Designated Disposal Site made pursuant to this Section, there is an increase or decrease in the Weekly Container Acceptance Limit (but not the Minimum Transportation Equipment Requirement) required to be made on any WCAL Level Effective Date, then the adjustments set forth in this subsection will be made on such WCAL Level Effective Date.

(1) Reduction in Weekly Container Acceptance Limit on an Designated Transportation Equipment Adjustment Effective Date. If, on a Designated Transportation Equipment Adjustment Effective Date, the Weekly Container Acceptance Limit (but not the Minimum Transportation Equipment Requirement) is required to be reduced, the Fixed Operating Cost Component will be reduced in accordance with Article XI.

(2) Increase in Weekly Container Acceptance Limit on a WCAL Level Effective Date. If, on a WCAL Level Effective Date, the Weekly Container Acceptance Limit (but not the Minimum Transportation Equipment Requirement) is required to be increased, the Fixed Operating Cost Component will be increased in accordance with Article XI.

(G) Changes Affecting the Minimum Transportation Equipment Requirement, the Container Acceptance Guarantee and the Weekly Container Acceptance Limit. If, pursuant to subsection (C) of this Section, there is mutual agreement to increase or decrease the Minimum Transportation Equipment Requirement as well as to increase or decrease the Weekly Container Acceptance Limit, on the Change in Designated Disposal Site Date, then the adjustments to the Minimum Transportation Equipment Requirement (at all applicable WCAL Levels) and the Service Fee so agreed to shall go into effect as of such date. The Company and



the City will act in good faith to agree on mutually acceptable adjustments to the Minimum Transportation Equipment Requirement of the Weekly Container Acceptance Limit and the Service Fee.

SECTION 9.5. LINEHAUL CARRIER PERFORMANCE. The Company shall maintain records for each Railcar used in making a trip from each Intermodal Facility to the applicable Designated Disposal Site, and for each Railcar used in making a trip from a Designated Disposal Site to an Intermodal Facility, as to: (1) the number of hours (rounded to a single decimal place) that elapsed from the time the Linehaul Carrier received custody from the Company of the Railcar at such Intermodal Facility to the time the Company received custody of the Railcar at the Designated Disposal Site (“Outbound Hours”); (2) the number of hours (rounded to a single decimal place) that elapsed from the time the Linehaul Carrier received custody from the Company of the Railcar at the Designated Disposal Site to the time the Company received custody of the Railcar at such Intermodal Facility (“Inbound Hours”); and (3) a daily log, in electronic format (e.g. Microsoft Excel), of the release times, arrival times, and identification numbers of all the Railcars traveling to and from such Intermodal Facility and Designated Disposal Site. Average Annual Per-Railcar Linehaul Carrier Turntime shall be separately calculated for each Designated Disposal Site and shall mean the arithmetic average of the number of the Outbound Hours and Inbound Hours in a 12-month period.

## ARTICLE X

### GENERAL SERVICE REQUIREMENTS

SECTION 10.1. SERVICE GENERALLY. The Company shall perform the Contract Services on an uninterrupted basis in accordance with the Contract Standards.

SECTION 10.2. OPERATING PROTOCOL. The City and the Company shall jointly develop and update from time to time an operating protocol to govern detailed and specific matters pertaining to the operating interface of the parties at the Marine Transfer Stations and the Barges (the "Operating Protocol"). The initial Operating Protocol acceptable to the Parties shall be delivered at least 60 days prior to the commencement date of the Ramp-Up Period for MTS-1. The Operating Protocol shall address operational issues such as notice, contacts, staffing plan, labor shifts, waste delivery patterns, Tugboat and Barge dispatch, Barge towing operations, emergencies and similar matters in order to assure that the delivery and acceptance of Containers is properly coordinated. The Contract Services shall be performed substantially in compliance with the Operating Protocol. The Operating Protocol and any updates made shall be in accordance with and shall be consistent with the Contract Standards. Nothing in the Operating Protocol shall: (1) relieve the Company of any of its responsibilities under this Service Contract; or (2) be deemed to constitute a representation by the City that performing the Contract Services pursuant to the Operating Protocol will be sufficient for the Company to comply with the Contract Standards.

### SECTION 10.3. STAFFING AND PERSONNEL TRAINING.

(A) Staffing. The Company shall provide qualified personnel (either directly or through Affiliates or Subcontractors) for the performance of the Contract Services who meet all the licensing and certification requirements of the State (or other applicable Governmental Body having jurisdiction), under a staffing plan which is consistent with the Contract Standards. The Company shall notify the City of any material change in staffing levels and positions from time to time, and shall not make any such material change if the new staffing level or staffing positions would adversely affect either the ability of the Company to provide the Contract Services or the ability of the City to operate the Marine Transfer Stations. The numbers and categories of personnel shall be set forth in Appendix 4.

(B) Training. The Company shall be responsible for training all Company personnel (including personnel of Subcontractors) during the Development Period and throughout the Service Period.

(C) Removal of Staff at City Direction. All Contract Services shall be performed in a skillful and professional manner. The City may require the removal of any of

the Company's personnel or any of its Subcontractors' personnel who are deemed incompetent, careless or otherwise objectionable by the City in its sole discretion by notifying the Company in writing that the City desires such removal. The Company agrees to remove the identified personnel upon receipt of notification and to replace such personnel with personnel reasonably acceptable to the City. In requiring the removal of any of the Company's personnel or any of its Subcontractors' personnel, the City shall not discriminate nor permit discrimination by any of its elected or appointed officers, employees, agents and representatives against any person because of age, race, creed, color, religion, national origin, gender, sex, disability, marital status, partnership status, sexual orientation, alienage or citizen status, military status, status of an individual as a victim of domestic violence, or, with respect to otherwise qualified individuals, handicap.

SECTION 10.4. SAFETY AND SECURITY.

(A) Safety. The Company shall maintain the safety of the Contract Services System and all assets owned or controlled by the Company or its Subcontractors.

(B) Security. The Company shall be responsible for the security of the Contract Services System provided that, with respect to the Marine Transfer Stations, the Company shall take all necessary actions required to secure those portions of the Marine Transfer Stations designated as being within the Company's control in Appendix 14. The Company shall guard against and be responsible for all damage or injury to such properties caused by trespass, negligence, vandalism or malicious mischief of third parties with respect to the areas for which it is responsible. With respect to Company storage areas inside the Marine Transfer Station area that is the City's responsibility to secure, the Company's responsibilities shall be satisfied by keeping such areas securely locked at all times that such areas are not being used or supervised by Company personnel. The City shall be responsible for the security of those portions of the Marine Transfer Stations designated as being within the City's control in Appendix 14, but shall not be responsible for the Company's storage areas inside a Marine Transfer Station during periods when such facilities and being used by the Company or are not securely locked. With respect to the Marine Transfer Stations, the Company and the City shall cooperate with each other to implement and enforce the security measures to be taken. Each party shall guard against and be responsible for all damage or injury to such properties caused by trespass, negligence, vandalism or malicious mischief of third parties with respect to the areas for which it is responsible. Both parties will carry out and cooperate as necessary to comply with their respective obligations under Security Regulations applicable to the Marine Transfer Stations, including Transportation Worker Identification Credential ("TWIC") requirements for personnel working at or requiring access to the Marine Transfer Stations.

SECTION 10.5. NO NUISANCE. The Company shall be responsible for keeping the Contract Services System and all assets owned or controlled by the Company or its Subcontractors reasonably neat, clean and litter free at all times in accordance with Good Industry Practice, to ensure that the performance of the Contract Services does not create any impermissible odor, litter, noise, fugitive dust, vector or other adverse environmental effects constituting, with respect to each of the foregoing, a nuisance condition (including a violation of any Applicable Law). Should any such nuisance condition occur except to the extent caused by a Uncontrollable Circumstance, the Company shall expeditiously remedy the condition and, without reimbursement from the City, pay any regulatory fines or penalties relating thereto, and make all changes in operating and management practices necessary to prevent a recurrence of the nuisance condition.

SECTION 10.6. COMPANY COMPLIANCE WITH APPLICABLE LAW AND TUGBOAT NOISE, EMISSIONS AND FUEL STANDARDS.

(A) Compliance With Applicable Law Obligation. The Company shall at all times perform the Contract Services in accordance with Applicable Law, and shall cause all Subcontractors to comply with Applicable Law. The Company shall comply, and shall cause its Subcontractors to comply (and promptly remedy any non-compliance), with the terms of all Governmental Approvals. The failure of the Company or any Subcontractor to comply with Applicable Law shall constitute a breach of this Service Contract by the Company.

(B) Investigations of Non-Compliance With Applicable Law. In connection with any actual or alleged event of non-compliance with Applicable Law with respect to the Contract Services, the Company shall, in addition to any other duties which Applicable Law may impose: (1) promptly upon receipt thereof, provide the City with a true, correct and complete copy of any written notice of violation or non-compliance with Applicable Law, and true and accurate transcripts or summary reports of any verbal notice of non-compliance with Applicable Law, issued or given by any Governmental Body; (2) fully and promptly respond to all inquiries, investigations, inspections, and examinations undertaken by any Governmental Body; (3) attend all meetings and hearings required by any Governmental Body; and (4) provide all corrective action plans, reports, submittals and documentation required by any Governmental Body. The Company shall furnish the City with a prompt notice describing the occurrence of any event or the existence of any circumstance which does or may result in any such notice of violation or non-compliance to the extent the Company has knowledge of any such event or circumstance, and of any Legal Proceeding alleging such non-compliance.

(C) Fines, Penalties and Remediation For Non-compliance With Applicable Law. In the event that the Company, an Affiliate of the Company or any Subcontractor fails at

any time to comply with Applicable Law with respect to the performance of the Contract Services or the management of the Contract Services System, the Company shall, without limiting any other remedy available to the City upon such an occurrence and notwithstanding any other provision of this Service Contract: (1) promptly correct such failure and resume compliance with Applicable Law; (2) bear all Loss-and-Expense of the Company and indemnify and hold harmless the City from any Loss-and-Expense resulting therefrom; (3) pay or reimburse the City for any resulting damages, fines, assessments, levies, impositions, penalties or other changes; (4) make all changes in operating and management practices which are necessary to assure that the failure of compliance with Applicable Law shall not recur; and (5) comply with any final and non-appealable corrective action plan filed with or mandated by any Governmental Body in order to remedy a failure of the Company to comply with Applicable Law.

(D) Third Party Responsibilities. To the extent that an Affiliate of the Company, a Subcontractor or any other person is directly or indirectly responsible for or in control of a portion of the Contract Services System or the Contract Services Assets such that such person is responsible for a non-compliance with Applicable Law with respect to the Contract Services, the Company shall cause such person or persons to perform the Company's obligations under this Section as if such person or persons were directly responsible for the obligations of the Company under this Section.

(E) VENDEX Requirements. The Company shall continue to comply throughout the Term and as required by the City with the requirements of the City's VENDEX process.

(F) Compliance With Tugboat Noise, Emissions and Fuel Specifications. The Company shall at all times comply with the Special Tugboat Noise Specifications, the Special Tugboat Emissions Specifications and the Special Tugboat Fuel Specifications, and shall cause all Subcontractors to comply with such specifications. The Special Tugboat Noise Specifications, the Special Tugboat Emissions Specifications and the Special Tugboat Fuel Specifications are set forth below:

(1) Special Tugboat Noise Specifications.

(a) General Applicability. In addition to the requirement that Tugboats comply with all noise requirements set forth under Applicable Law, the tugboats shall comply with the noise requirements set forth below (the "Special Tugboat Noise Specifications").

- (b) Maximum Noise Levels. Tugboats performing Contract Services shall at all times when located outside of the navigational channel approaching, operating at, or leaving a Marine Transfer Station operate at noise levels not exceeding 74 dBA  $L_{eq}$  and 82.6 dBA  $L_{max}$ .
- (c) Testing for Compliance with Special Tugboat Noise Specifications. The Company shall test a Tugboat for compliance with the Special Tugboat Noise Specifications at any time: (i) at the request of the City and (ii) upon receipt by the City of a noise complaint or request to test for excessive noise from any Person, including any Governmental Body and direction from the City to perform such test. The City shall not request the testing of any individual Tugboat pursuant to clause (i) more than once every year, unless the City reasonably believes that the Tugboat is not in compliance with the Special Tugboat Noise Specifications.
- (d) Testing Protocol. To demonstrate compliance with the Special Tugboat Noise Specifications, the test shall measure the following:
- Ambient noise level ( $L_{eq}$ ) for 20 minutes without any Tugboats being in operation;
  - Noise level from a Tugboat operating in conditions similar to what occur at the MTSs at the same location as the ambient noise level is obtained. The distance from the microphone to the Tugboat must be measured. The Tugboat should be monitored while:
    - Idling;
    - Hauling a similar load (in terms of weight) compared to the barges that would be hauled at the MTSs; and
    - Shifting gears under this similar load.

The Tugboat noise level provided should be the  $leq$  and  $Lmax$  of the Tugboat for these three scenarios at a reference distance of 50 feet.

Environmental conditions during the testing should consist of no precipitation or wind speed greater than 12 mph. In addition, the

microphone must be placed at a distance of 10 feet minimum from any solid surface (i.e. walls, containers, etc.).

(2) Special Tugboat Emissions Specifications.

- (a) General Applicability. In addition to the requirement that Tugboats meet all emissions requirements set forth under Applicable Law, the tugboats shall meet all emissions standards set forth below (the “Special Tugboat Emissions Specifications”).
- (b) Maximum Emissions Specifications. Beginning on the MTS-1 Service Date and thereafter, all Tugboats performing Contract Services shall meet the federal Tier 3 emissions standards or better for NO<sub>x</sub> and particulate matter requirements set forth in 40 CFR 1042.101, based on the engine category and power. The foregoing is referred to as the “Maximum Emissions Specifications”.
- (c) Limited Exception. Notwithstanding the requirement that Tugboats performing Contract Services have emissions meeting the Maximum Emissions Specifications set forth in clause (b) above, if during unforeseen emergency situations the Company is unable, after reasonable diligence, to have available a Tugboat (other than a Tugboat customarily used by the Company in performing the Contract Services) to perform Contract Services that meets the Maximum Emissions Specifications, the Company may use a Tugboat that is non-compliant; provided, however, such use shall not exceed the duration of the emergency situation.

(3) Special Tugboat Fuel Specifications. As of the Service Date, all Tugboats performing Contract Services shall use only Ultra Low Sulfur Diesel Fuel (“ULSD”). Notwithstanding the foregoing, during any period of time during which ULSD is unavailable (regardless of cost) within the operating area of the Tugboats that are performing the Contract Services, the Tugboats performing the Contract Services may operate using fuel that is not ULSD during such period of ULSD unavailability. ULSD contains 15ppm maximum sulfur by weight.

SECTION 10.7. COMPANY GOVERNMENTAL APPROVALS.

(A) General. The Company shall at all times be responsible for applying for, obtaining, complying with and maintaining (or causing Affiliates of the Company, Subcontractors or others to obtain and maintain) all Company Governmental Approvals. The Company shall provide copies of all Company Governmental Approvals to the City within 15 days of receipt.

(B) Company Responsibilities. The Company shall have sole responsibility for and shall diligently pursue: (1) the preparation of all applications required for Company Governmental Approvals; (2) providing all information requested by Governmental Bodies responsible for issuing Company Governmental Approvals; (3) completing and complying with all environmental reviews (including any supplemental environmental reviews), public hearings and all Applicable Law required as a condition of obtaining Company Governmental Approvals; (4) paying all fees associated with Company Governmental Approvals; and (5) performing such other acts as are reasonably necessary to obtain Company Governmental Approvals. The City shall have the right in advance to review and comment upon, and participate in all proceedings relating to, any submittals made by the Company in connection with all Company Governmental Approvals.

(C) Company Assumption of Risk of Initial Company Governmental Approvals. The Company expressly accepts the risk of delay (other than Uncontrollable Permit Delay), non-issuance or the imposition of any term or condition in connection therewith by a Governmental Body of Initial Company Governmental Approvals. In accepting this responsibility, the Company acknowledges that the Governmental Body issuing such Initial Company Governmental Approval may impose terms and conditions which may increase the cost or risk to the Company of performing the Contract Services, all of which costs or risks shall be for the account of and borne by the Company.

(D) Governmental Approvals Required by Law to be Issued by the City. Governmental Approvals required by this Service Contract may be required by law to be issued by the City. Nothing in this Service Contract shall obligate the City to issue such Governmental Approvals or affect the City's ministerial duties with respect thereto.

(E) City Permit Review Rights. The Company shall promptly provide copies of all Company Governmental Approvals requested by the City to the City. The Company shall provide reasonable notice to the City if any change is proposed in any Governmental Approval that may materially affect the performance by the Company of the Contract Services or the rights or obligations of the City under this Service Contract. The Company shall give the City reasonable opportunity to review and comment on such proposed changes.



(F) Non-Compliance and Enforcement. The Company shall report to the City, immediately upon obtaining knowledge thereof, all violations of the terms and conditions of any Company Governmental Approval. The City shall have the right independently to enforce compliance with the requirements of any Part 360 Permits as it may apply to the Company's performance of the Contract Services, regardless of whether a concurrent or different regulatory enforcement action has been undertaken by any other Governmental Body; provided, however, that this right shall not be construed as giving the City rights to take regulatory enforcement action that may be available to a Governmental Body under Applicable Law as a Service Contract remedy. The failure of the Company to comply with any Company Governmental Approval, or to cause Affiliates of the Company, Subcontractors or others to comply with any Governmental Approval, shall constitute a breach of this Service Contract as well as an event of non compliance with the Company Governmental Approval.

(G) Potential Regulatory Change. The Company shall use good faith efforts to keep the City regularly advised as to potential changes in regulatory requirements affecting the municipal solid waste industry as it relates to this Service Contract that are known to the Company, and shall provide recommended responses to such potential changes so as to mitigate any possible adverse economic impact on the City should a Change in Law actually occur.

(H) Third Party Responsibilities. To the extent that an Affiliate of the Company, a Subcontractor or any other person is directly or indirectly responsible for or in control of a portion of the Contract Services System or Contract Services Assets, such that such person is responsible for obtaining Company Governmental Approvals required for the performance by the Company of the Contract Services, the Company may comply with the requirements of this Section by causing such person or persons to perform the Company's obligations under this Section as if such persons were directly responsible for the obligations of the Company under this Section.

(I) City Assistance in Obtaining Company Governmental Approvals. The City shall provide reasonable and timely assistance to the Company in connection with the Company's obtaining Company Governmental Approvals that may be required in connection with the Company's performance of the Contract Services, and maintaining such Governmental Approvals.

SECTION 10.8. CITY GOVERNMENTAL APPROVALS.

(A) City Responsibilities. The City shall have responsibility for and shall diligently pursue: (1) the preparation of all applications required for City Governmental Approvals; (2) providing all information requested by Governmental Bodies responsible for

issuing City Governmental Approvals; (3) completing and complying with all environmental reviews, public hearings and all Applicable Law required as a condition of obtaining City Governmental Approvals; (4) paying all fees associated with City Governmental Approvals; and (5) performing such other acts as are reasonably necessary to obtain City Governmental Approvals.

(B) Company Assistance in Obtaining City Governmental Approvals. The Company shall provide reasonable and timely assistance to the City in connection with the City's obtaining City Governmental Approvals that may be required in connection with the Company's performance of the Contract Services, and maintaining such Governmental Approvals.

(C) Company Compliance with Part 360 Permits Included Conditions. The City will be the permittee under the Part 360 Permits. The Company agrees that it will assist the City in preparing and filing all reports required under the Part 360 Permits, and will be named as a co-permittee on the Part 360 Permits if so required by the DEC. Appendix 5 will also set forth certain conditions (the "Part 360 Permits Included Conditions") in the Part 360 Permits relating to matters which are in the knowledge and control of the Company as provider of the Contract Services. Such Part 360 Permits Included Conditions will be incorporated into this Service Contract by reference. The Company agrees that it will comply with the Part 360 Permits Included Conditions as and to the extent the City is obligated to comply with the Part 360 Permits Included Conditions as permittee, and any unexcused non-compliance therewith shall be deemed a breach of this Service Contract, regardless of the extent to which the DEC takes administrative enforcement action to secure compliance.

SECTION 10.9. PROSECUTION OF ACTIONS. The Company shall, at its own cost and expense and without reimbursement from the City (except to the extent the Company may otherwise be entitled to a fee adjustment due to Uncontrollable Circumstances), diligently: (1) defend itself against all causes of action pending or threatened against it which would adversely affect the ability of the Company to perform the Contract Services if the relief sought thereby were granted; and (2) prosecute any and all claims that the Company may have, which, if waived or permitted to lapse, would adversely affect the ability of the Company to perform the Contract Services. The Company shall immediately provide notice to the City of all such actions, causes of action and claims, including any potential actions, causes of action and claims, of which the Company has knowledge.

SECTION 10.10. MEETINGS AND REPORTS.

(A) Meetings. The Company Site Supervisor shall meet at least once per month with City representatives, and otherwise upon reasonable request, to review the

Company's performance of the Contract Services and discuss the Company's operating plans with respect to the Contract Services.

(B) Operating Reports. The Company shall prepare all reports relating to the Contract Services required to be prepared under Applicable Law and shall provide the City with copies of the same. In addition, the Company shall supply the City with the following reports:

(1) On a daily basis, a report prepared by the Company Site Supervisor and confirmed by the City Site Supervisor, detailing (a) the number of Loaded Containers accepted at each Barge Loading Area; (b) the number of Loaded Containers removed from each Barge Loading Area; (c) the number of Barges departing each Marine Transfer Station; (d) the number of Barges or Railcars departing an Intermodal Facility for an Authorized Disposal Site; (e) the number of Tons of Improperly Transported or Disposed of DSNY-managed Waste; and (f) the number of Tons of DSNY-managed Waste disposed of at each Designated Disposal Site;

(2) On a monthly basis, not later than 15 days after the end of each Billing Period:

(a) a summary of the daily reports described in clause (1) of this subsection;

(b) a report as to the aggregate number of Loaded Containers accepted during the month;

(c) (i) a report as to the Company's inventory of Containers, categorized by Containers in active service and spare Containers undergoing repair or in storage, on Railcars or at each Designated Disposal Site, (ii) a similar report as to the Company's inventory of Railcars, and (iii) a similar report as to the Company's inventory of Barges. The reports shall identify the status of all Designated Barges, Designated Railcars, and Designated Containers, as well as Tugboats, Barges, Railcars, and Containers used to perform the Contract Services in lieu of Designated Barges, Designated Railcars, and Designated Containers then in use by the Company elsewhere; and

(d) a report setting forth the information required in Section 8.5;

(3) Every three months, a list of all inspection and other regulatory documents and reports received from or submitted to a Governmental Body relating to the Contract Services, any of which shall be supplied to the City upon the City's request;

(4) On an annual basis, a summary of the items required by clauses (2) and (3) of this subsection for the preceding year; and

(5) Any other reports reasonably requested by the City.

(C) City Reports. On a daily basis, the City shall provide a report prepared by the City Site Supervisor and confirmed by the Company Site Supervisor, as to the number of Tons of DSNY-managed Waste delivered to each Marine Transfer Station on each Operating Day, the number of Loaded Containers delivered to the Company at the Barge Loading Area on such Operating Day and the approximate weight of each such Loaded Container.

(D) Financial Reports. Within 90 days after the end of each fiscal year of the Guarantor, commencing with its fiscal year ending December 31, 2012, the Company shall supply the City with either: (1) audited financial statements of the Guarantor, certified by the chief executive officer or treasurer of the Guarantor as to their accuracy, and consolidated balance sheets and income statements of the Company, for the preceding fiscal year; or (2) a copy of the annual report and Form 10-K of the Guarantor including the items listed in clause (1) of this subsection filed with the Securities and Exchange Commission by the Guarantor. The Company shall notify the City, and shall cause the Guarantor to promptly notify the City, as to any material and adverse change in the financial condition of the Company or the Guarantor during the Term.

SECTION 10.11. COMPLIANCE WITH PERFORMANCE GUARANTEES.

(A) Remedies. The Company shall at all times comply with each of the Performance Guarantees. If the Company at any time fails to comply with any Performance Guarantee it shall:

(1) promptly notify the City within twenty-four (24) hours of such failure;

(2) promptly provide the City with any notices received from any Governmental Body within twenty-four (24) hours of receipt;

(3) pay any other resulting damages, fines, levies, assessments, impositions, penalties, judgments and awards, including liquidated damages or other charges resulting from its failure to meet the Performance Guarantees or comply with Applicable Law, and indemnify the City and the City Indemnitees from all related liabilities and damages; and

(4) at its own cost and expense, take any action necessary (including repairs, replacements and changes in operating and management practices) in order to

comply with such Performance Guarantee and prevent the recurrence of non-compliance.

(B) Observation and Contest. The City, at any time, may observe the performance of the Contract Services by the Company in order to ensure the Company's compliance with the Performance Guarantees. The Company shall have the right to contest any alleged event of non-compliance with a Performance Guarantee.

SECTION 10.12. ADMINISTRATIVE SANCTIONS.

(A) Reporting Failures. The Service Fee shall be reduced by the amount provided in subsection (B) of this Section for the Company's failure of compliance indicated below:

(1) failure to respond within three Operating Days to a written request for information related to this Service Contract made by the City and designated as a "priority request";

(2) failure to maintain proper certification as required by any Governmental Body;

(3) failure to update and maintain the Operating Protocol in accordance with Section 10.2;

(4) failure of Company staff to attend City meetings as reasonably required by the City with adequate advance notice;

(5) failure to provide any plan, proposal, report or other deliverable required under this Service Contract with respect to Uncontrollable Circumstances or any regulatory matter by the deadline agreed upon by the parties with respect thereto;

(6) failure to provide any reports required under this Service Contract within seven days of the due date; and

(7) failure to properly sample, test or report the results thereof as required by Applicable Law.

(B) Service Fee Reduction. If the Company fails to comply with any of its performance obligations as set forth in subsection (A) of this Section, the City, within 30 days of its discovery of such violation, shall notify the Company in writing of its alleged failure to perform. The Service Fee shall be reduced by an amount equal to \$3,000 (escalated each Contract Year following the Contract Year ending June 30, 2012 by the CPI Adjustment Factor) for each such failure to perform, plus \$1,000 (escalated each Contract Year following the

Contract Year ending June 30, 2012 by the CPINY Adjustment Factor) for each day or portion thereof of such failure by the Company following such notice by the City. The Company shall have the right to contest the occurrence of any such alleged violation or alleged failure to cure, but shall first be required to pay such contested amounts to the City as provided in this subsection; and if the Company prevails in its contest of an alleged violation or failure to cure, the City shall promptly reimburse the Company for the amount paid pursuant to this subsection by the Company relating to the alleged violation or failure plus interest from the date paid by the Company until the date reimbursed by the City to the extent permitted by and at the maximum rate provided by the PPB Rules.

SECTION 10.13. CITY SEARCH RIGHTS. The City shall have the right, at any time and at any place, to search Containerized Waste delivered to the Company pursuant to this Service Contract. This right shall in no way be restricted by the Company and shall extend to Containerized Waste at the Marine Transfer Stations and Intermodal Facilities at any point along the Contract Services System, and DSNY-managed Waste that has been deposited at a Designated Disposal Site or an Authorized Disposal Site. The Company shall cooperate and assist the City in this regard. Such cooperation and assistance shall include locating Containers in transport, diverting Containers from the Contract Services System, producing Containers for inspection by the City and identifying the location of DSNY-managed Waste deposited at the Designated Disposal Sites or Authorized Disposal Sites. Except if required for law enforcement purposes, the City shall not unreasonably interfere with performance of the Contract Services when exercising its rights pursuant to this Section. The exercise by the City of its rights pursuant to this Section shall constitute an Uncontrollable Circumstance.

SECTION 10.14. CITY ACCESS AND INSPECTION RIGHTS OF CONTRACT SERVICES SYSTEM. The City shall have the right to visit, inspect and monitor the Equipment, and any component of the Contract Services System to observe and assess the Company's performance of the Contract Services. The Company shall permit and facilitate access to the Contract Services System for such purposes by City personnel and by agents and contractors designated by the City. All such City personnel, agents and contractors shall comply with the Company's reasonable operating and safety procedures and rules, and shall not unreasonably interfere with the Company's performance of the Contract Services. The parties agree that the City shall have access upon reasonable notice at any time during normal Operating Days to any component of the Contract Services System, and that no Company rule or procedure shall impede, impair or delay such access.

SECTION 10.15. EMERGENCIES.

(A) Emergency Plan. At least 180 days prior to the beginning of the Ramp-Up Period for MTS-1, the Company shall provide the City with a plan of action to be implemented in the event of an emergency in the Contract Services System, including fire, weather, environmental, health, safety and other potential emergency conditions. The plan shall: (1) provide for appropriate notifications to the City and all other Governmental Bodies having jurisdiction and for measures which facilitate coordinated emergency response actions by the City and all such other appropriate Governmental Bodies; and (2) assure the timely availability of all personnel required to respond to any emergency (immediately at all times during Operating Days and no later than one-half hour following notification by the City or a third party on any day that is not an Operating Day). The emergency plan shall be reviewed by the parties annually as part of the review of the annual operations report, and updated when necessary.

(B) Emergency Action. Notwithstanding any requirement of this Service Contract requiring City approval or consent to reports or submittals, if at any time the Company determines in good faith that an emergency situation exists in the Contract Services System such that action must be taken to protect the safety of the public or its employees, to protect the safety or integrity of the Contract Services Assets or the Contract Services System, or to mitigate the immediate consequences of an emergency event, then the Company shall take all such action it deems in good faith to be reasonable and appropriate under the circumstances. As promptly thereafter as is reasonable, the Company shall notify the City of the event at an emergency phone number from a list supplied by the City, and the Company's response thereto. The cost of the Company's response measures shall be borne by the Company, subject to reimbursement by the City to the extent provided in Sections 13.2 and 13.3.

SECTION 10.16. TRANSPORTATION EQUIPMENT EVALUATION AND REPAIR.

(A) Baseline Transportation Equipment Record. Within 60 days following the MTS-1 Service Date, the Company shall, for each Designated Barge, Designated Railcar, Designated Container, Designated Reach Stacker, Designated Yard Jockey, Designated Chassis and Designated Railcar Mover keep a record of the following: (1) a photograph of each item; (2) the manufacturer; (3) the identification number; (4) the original cost data; (5) Net Book Value; and (6) the Unamortized Value (as updated by subsection (B) of this Section) (the "Baseline Transportation Equipment Record"). The Baseline Transportation Equipment Record shall establish an informational baseline for determining compliance by the Company with its

maintenance, repair and replacement obligations pursuant to this Section. The Company shall make the Baseline Transportation Equipment Record, along with the supporting documentation with notations of the condition of such Designated Transportation Equipment at the time of the latest inspection, available to the City upon its reasonable request.

(B) Updates to the Baseline Transportation Equipment Record.

The Company and the City shall work together to update the Baseline Transportation Equipment Record:

- (1) Within 60 days following the beginning of each Contract Year;
- (2) Within 60 days following the MTS-2 Service Date;
- (3) Within 60 days following an increase in the Minimum Transport Equipment Requirement;
- (4) Not later than 180 days before a reduction in the Minimum Transportation Equipment Requirement;
- (5) Not later than 180 days before the expiration of the Term of Service Contract; and
- (6) Not later than 60 days after a termination of this Service Contract (or after a Termination of Contract Services with respect to MTS-2) resulting from an Event of Default or a termination for convenience.

(C) Repair.

(1) Identification of Repair and Replacement. Each update to the Baseline Transportation Equipment Record shall: (a) identify any repairs or replacements required to bring such Designated Transportation Equipment up to the Proper Standard of Repair; (b) the cost of such repairs or replacements; and (c) a schedule for such repairs or replacements.

(2) Repair and Replacement. The Company shall be required to promptly repair or replace such Designated Transportation Equipment at its sole cost and expense, except as otherwise provided in Sections 10.18, 13.2 and 13.3. Any repair work to the Designated Transportation Equipment that is done at an MTS shall be performed on the pier, as described in more detail in Appendix 1 and Appendix 14.

(D) Required Condition of Equipment Upon Decrease of the Minimum Transportation Equipment Requirement and at End of the Term. Upon a decrease of the Minimum Transportation Equipment Requirement and at the end of the Term, Designated Transportation Equipment shall be in a condition and state of repair equal to the condition and



state of repair of such Designated Transportation Equipment on the date such equipment was placed into service pursuant to this Service Contract, normal wear and tear excepted. If such evaluation establishes a maintenance, repair and replacement deficiency, the Company shall either remedy the deficiency or make a cash payment to the City sufficient to enable the City to remedy the deficiency.

SECTION 10.17. DAMAGE TO CITY PROPERTY.

(A) Damages and Obligation to Repair. The Company shall report all damage to the Marine Transfer Stations or Cranes caused by the Tugboats, Barges or the company's performance of the Contract Services. The Company shall telephone a report of the damage to the City Site Supervisor as soon after the occurrence of the damage as possible. The Company shall provide a written report to the City within three business days following the occurrence of such event, describing the damage and the circumstances under which the damage occurred. To the extent the damage occurred in connection with the operation of a Tugboat, the Company Site Supervisor shall have such report signed by (i) the Tugboat captain on duty at the time such damage occurred, or (ii) a representative of the Subcontractor that provided the Tugboat to the Company.

(B) Damage Survey.

(1) Notice. When the Crane, a Shuttle Car or another portion of a Marine Transfer Station relating to the Contract Services is damaged or found damaged, the City will deliver to the Company written notice scheduling a damage survey. Such written notice will detail the date, time, and location of the damage survey.

(2) Conducting the Damage Survey. During the damage survey, representatives of the City and the Company will determine the nature and extent of the damage and the measures required to repair the damage. This damage information will be recorded in a field survey form of the type in general use in the marine industry, and representatives of the City and the Company must sign the completed survey. If the Company's representative does not attend the survey, the City's own damage evaluation will be the official record of the damage.

(3) Costs of the Damage Survey. Each party shall bear the cost of its own representative attending the survey. If it is necessary to tow the damaged equipment to a shipyard to be placed in dry dock for the survey, the towing and dry docking cost will be included in the valuation of the damage involved.

(C) Repair. After the damage survey in subsection (B) of this Section is completed, the City may direct the Company to repair the damaged Crane, Shuttle Car or the

Marine Transfer Station as quickly as possible. Alternatively, the City may perform such repairs either directly or through third party contractors. The party responsible for causing the damage shall bear all costs of any such repairs, which shall be subject to Cost Substantiation. If the City directs the Company to not repair the damaged Crane, Shuttle Car or Marine Transfer Station and if the Company was responsible for the damage, the Service Fee will be reduced by an amount equal to the cost of such repairs as an Extraordinary Items Component.

SECTION 10.18. CITY DAMAGE TO CONTAINERS, CRANES OR COMPANY PROPERTY. If the City causes damage to Containers, Cranes or other property of the Company in loading and transporting Containers to or from the Barge Loading Area (beyond ordinary wear and tear), and if the Company (a) identifies such damage and gives an Operating Notice to the City's shift supervisor prior to the damaged Container being removed from the Marine Transfer Station, and (b) furnishes an appropriate record of the occurrence and the City's responsibility, the City shall reimburse the Company for the Substantiated Cost of required repairs as an Extraordinary Items Component.

SECTION 10.19. MAINTENANCE REQUIREMENTS AT COMPANY-CONTROLLED PORTIONS OF MTS.

(A) Company Maintenance Responsibilities. In addition to the maintenance and repair requirements set forth in subsections 6.1(D), 7.9(A) and 7.10(C), the Company shall be responsible, at its own cost and expense, for: (i) keeping the area where Contract Services are performed at the Marine Transfer Stations clear of snow and ice; (ii) regular maintenance and repair of the tracks on which the Cranes move and tie-downs and bumpers situated on the pier deck; (iii) regular maintenance and repair of the Trolley Tracks and bumpers situated on the pier deck; (iv) regular maintenance and repair of the MTS fendering system; (v) regular maintenance and repair of all timber pile clusters or all monopile fenders; (vi) regular maintenance and repair of the surface of the pier deck; and (vii) regular maintenance and repair of the ring preservers, cleats, bollards, electric capstans, sheaves, four roller fairleads, and constant tension winches situated on the pier deck.

(B) City Maintenance Responsibilities. The City shall be responsible, at its own cost and expense, for any repair or maintenance work that the Company is not responsible for in regard to the items described in subsection (A) of this Section. The Company shall provide the City with reasonable access to Company-controlled areas (as set forth in subsection (A) of this Section) so that the City can conduct maintenance and make repairs to items for which the City is responsible.

SECTION 10.20. DREDGING AT THE MTS. The City shall have the right, but not the obligation, to provide dredging services in the immediate vicinity around the MTS.

If, as a result of the City's dredging activities or the City's decision to not provide dredging services, the Company is unable to use the Barges and Tugboats to deliver empty Containers to the MTS and transport Loaded Containers from the MTS, such Company inability to perform the Contract Services will be deemed to have been caused by an Uncontrollable Circumstance.

## ARTICLE XI

### SERVICE FEE AND OTHER PAYMENTS

#### SECTION 11.1. SERVICE FEE GENERALLY.

(A) No Service Fee Until MTS-1 Service Date. The City shall have no obligation to make payments to the Company for transport and disposal of DSNY-managed Waste until the MTS-1 Service Date. From and after the MTS-1 Service Date, the City shall pay the Service Fee to the Company as compensation for the Company's performance of the Contract Services.

(B) Service Fee Calculations and Conventions; Relationship Between Article XI and Appendix 10. The Service Fee shall be calculated according to this Article. Examples of the calculation of the Service Fee and the application of the various adjustment factors (for purposes of the monthly and twice-monthly Billing Statements) are included in Appendix 10. The Service Fee set forth in this Article and the example Service Fee calculations set forth in Appendix 10 shall, to the extent possible, be interpreted in a manner that reconciles any differences or ambiguities, but if there are any irreconcilable inconsistencies between this Article and Appendix 10, the provisions of this Article shall govern. To the extent that the examples in Appendix 10 contain rounding conventions or pro rating conventions that are not directly addressed in this Article XI, the convention in the appropriate example in Appendix 10 shall govern.

(C) Monthly Service Fee Calculations and Assumptions; Semiannual and Annual Reconciliations; Relationship Between Article XI and Appendix 16. The Service Fee is initially calculated monthly and is then reconciled twice yearly, as is more fully described in Section 11.27 and Appendix 16. Appendix 16 shall govern with respect to reconciliation provisions. The initial periodic Service Fee calculations are based on assumed disposal locations and quantities of DSNY-managed Waste delivered to such facilities, and are adjusted and reconciled based on actual disposal locations and quantities in accordance with the Waste Allocation Methodology provisions as is set forth in Section 8.9 and the reconciliation process set forth in Section 11.27 and Appendix 16.

(D) Monthly and Twice-Monthly Billing. Components of the Service Fee are billed either monthly or twice-monthly as set forth in Section 11.25.

(E) Service Fee Made Up of Multiple Components; Relationship to Company's Cost. The Service Fee comprises various components and is the sum of these components. The components constituting the Service Fee: (1) include various initial cost allocations made by the Company and the City that were based on the Company's price proposal in response to

the RFP and subsequent negotiations; (2) are subject to various adjustments that are set forth in this Article; and (3) reflect the intent of the parties, but the amount included in each respective component is not intended to directly correlate to the Company’s actual costs of the portion of the Contract Services identified in the name of the applicable component, except where expressly indicated.

SECTION 11.2. SERVICE FEE FORMULA. The monthly Service Fee (“SF”) shall be calculated in accordance with the following formula:

SF	=	SC + FOC + VOC + EQC + FUCC + EI
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where:

SC	=	System Cost Component calculated pursuant to Section 11.3.
FOC	=	Fixed Operating Cost Component calculated pursuant to Section 11.4.
VOC	=	Variable Operating Cost Component as more fully described below.
EQC	=	Equipment Cost Component as more fully described below.
FUCC	=	Fixed Uncontrollable Circumstances Costs Component payable by the City pursuant to Section 11.21.
EI	=	Extraordinary Items Component calculated pursuant to Section 11.24.

and:

VOC (Variable Operating Cost Component)	=	Marine Diesel Fuel VOC (MTS-1) + Marine Diesel Fuel VOC (MTS-2)
	+	Unified VOC
	+	NYCT VOC
	+	Niagara Resource Recovery Facility VOC <sup>1</sup>  This comprises the sum of the following:  (1) Niagara RTT Basic Rail Transport VOC (see subsection 11.20(B)) (2) Niagara RTT Rail Fuel Surcharge VOC (see subsection 11.20(C)) (3) Niagara RTT Truck Fuel VOC (see Section 11.10) (4) Niagara Resource Recovery Facility DVC (see subsection 11.12(D))

	<p>(5) Niagara Resource Recovery Facility Variable UCC</p> <p><sup>1</sup> These cost components comprise a portion of the All-in Variable Cost for Containers delivered to this facility and are initially calculated for each Monthly Billing Period using the assumptions set forth in Section 11.26. The Service Fee is then adjusted semiannually or annually in accordance with Section 11.27 and Appendix 16.</p>
+	<p>Delaware Valley Resource Recovery Facility VOC<sup>1</sup></p> <p>This comprises the sum of the following:</p> <ul style="list-style-type: none"> <li>(1) Delaware RRS Basic Rail Transport VOC (see subsection 11.20(B))</li> <li>(2) Delaware RRS Rail Fuel Surcharge VOC (see subsection 11.20(C))</li> <li>(3) Delaware RRS Truck Fuel VOC (see Section 11.11)</li> <li>(4) Delaware Valley Resource Recovery Facility DVC (see subsection 11.12(D))</li> <li>(5) Delaware Valley Resource Recovery Facility Variable UCC</li> </ul> <p><sup>1</sup> These cost components comprise a portion of the All-in Variable Cost for Containers delivered to this facility and are initially calculated for each Monthly Billing Period using the assumptions set forth in Section 11.26. The Service Fee is then adjusted semiannually or annually in accordance with Section 11.27 and Appendix 16.</p>
+	<p>Lee County Landfill VOC<sup>1</sup></p> <p>This comprises the sum of the following:</p> <ul style="list-style-type: none"> <li>(1) Lee County Landfill Basic Rail Transport VOC (see subsection 11.20(B))</li> <li>(2) Lee County Landfill Rail Fuel Surcharge VOC (see subsection 11.20(C))</li> <li>(3) Lee County Landfill DVC (see subsection 11.12(D))</li> <li>(4) Lee County Landfill Variable UCC</li> </ul> <p><sup>1</sup> These cost components comprise a portion of the All-in Variable Cost for Containers delivered to this facility and are initially calculated for each Monthly Billing Period using the assumptions set forth in Section 11.26. The Service Fee is then adjusted semiannually or annually in accordance with Section 11.27 and Appendix 16.</p>
+	<p>Other Disposal Facility VOC<sup>1</sup> (There may be more than one Other Disposal Facility. This amount is calculated separately for each such Other Disposal Facility.)</p> <p>This comprises the sum of the following:</p> <ul style="list-style-type: none"> <li>(1) Other Disposal Facility Basic Rail Transport VOC</li> </ul>

		<p>(2) Other Disposal Facility Rail Fuel Surcharge VOC                  (3) Other Disposal Facility Other Basic Transport VOC                  (4) Other Disposal Facility Other Fuel Surcharge VOC                  (5) Other Disposal Facility DVC (see subsection 11.12(D))                  (6) Other Disposal Facility Variable UCC</p> <p><sup>1</sup> These cost components comprise a portion of the All-in Variable Cost for Containers delivered to each Other Disposal Facility and are initially calculated for each Monthly Billing Period using the assumptions set forth in Section 11.26. The Service Fee is then adjusted semiannually or annually in accordance with Section 11.27 and Appendix 16.</p>
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and:

EQC	=	Barge CC, which is the Barge Capital Cost Component calculated pursuant to Section 11.13;
	+	Railcar CC, which is the Railcar Capital Cost Component calculated pursuant to Section 11.14;
	+	Container CC, which is the Container Capital Cost Component calculated pursuant to Section 11.15;
	+	Reach Stacker CC, which is the Reach Stacker Capital Cost Component calculated pursuant to Section 11.16;
	+	Yard Jockey CC, which is the Yard Jockey Capital Cost Component calculated pursuant to Section 11.17;
	+	Chassis CC, which is the Chassis Capital Cost Component calculated pursuant to Section 11.18; and
	+	Railcar Mover CC, which is the Railcar Mover Capital Cost Component calculated pursuant to Section 11.19.

Note: The term “variable” is used to indicate items that are calculated on a “per Ton” or “per Container” basis.

SECTION 11.3. SYSTEM COST COMPONENT (SC).

(A) Generally. The System Cost Component (SC) represents a fixed portion of the Company’s monthly compensation for acquiring, financing and purchasing or leasing, as applicable, certain Contract Services Assets and for certain Contract Services. The System Cost Component for any monthly Billing Period shall be the sum of the MTS-1 System Cost Component and the MTS-2 System Cost Component for the applicable monthly Billing Period.

(B) Calculation of MTS-1 System Cost Component. The MTS-1 System Cost Component for each Monthly Billing Period shall be fixed on the MTS-1 Notice to Proceed Date at an amount equal to the product of: (a) \$43,897.43 and (b) the MTS-1 System Cost Component Adjustment Factor (such product being the “MTS-1 System Cost Component”). Except as set forth in the preceding sentence, the MTS-1 System Cost Component shall not be subject to escalation during the Term. Payment of the MTS-1 System Cost Component shall begin on the MTS-1 Service Date.

(C) Calculation of MTS-2 System Cost Component. The MTS-2 System Cost Component for each Monthly Billing Period shall be fixed on the MTS-2 Notice to Proceed Date at an amount equal to the product of: (a) \$7,000.00 and (b) the MTS-2 System Cost Component Adjustment Factor (such product being the “MTS-2 System Cost Component”). Except as set forth in the preceding sentence, the MTS-2 System Cost Component shall not be subject to escalation during the Term. Payment of the MTS-2 System Cost Component shall begin on the MTS-2 Service Date.

(D) Adjustment During Ramp-Up Period. During the Ramp-Up Period for MTS-1, the MTS-1 System Cost Component that would otherwise be applicable (under subsection (B) of this Section) shall be multiplied by the percentage set forth in the Table in subsection 5.1(G) in the column titled “Ramp-Up Fixed Components of Service Fee” for the applicable Ramp-Up Service Level. There shall be no adjustment pursuant to this subsection of the MTS-2 System Cost Component relating to the Ramp-Up Period for MTS-2.

(E) Application of Waste Acceptance Fraction. For each Billing Period that corresponds to the two Twice Monthly Billing Periods in the same month, the System Cost Component determined pursuant to subsection (B), (C) or (D), as applicable, of this Section shall be multiplied by the Waste Acceptance Fraction applicable during such Twice Monthly Billing Period. The difference between (1) the System Cost Component calculated pursuant to subsection (B), (C) or (D), as applicable, of this Section, as minuend and (2) the amount determined by the calculation made pursuant to this subsection (E), as subtrahend, shall be a reduction in the Service Fee for such Billing Period as an Extraordinary Items Component.

(F) No Additional Adjustments. Except as expressly provided in this Section 11.3 there shall be no adjustments to the System Cost Component during the Term.

(G) Billing Period. Billing of the System Cost Component shall be done on Twice Monthly Billing Periods.



SECTION 11.4. FIXED OPERATING COST COMPONENT (FOC).

(A) Generally. The Fixed Operating Cost Component (FOC) represents the Company’s fixed monthly compensation for providing the Contract Services. The Fixed Operating Cost Component shall be calculated as set forth in this Section.

(B) Determination of Monthly Base Consolidated Fixed Operating Cost Component. For each Monthly Billing Period the Monthly Base Consolidated Fixed Operating Cost Component shall be determined by reference to WCAL Table 1 in Appendix 4 titled “Monthly Base Consolidated Fixed Operating Cost Component”. The Monthly Base Consolidated Fixed Operating Cost Component shall be, at any time, the amount set forth in such Table reflecting the then-applicable WCAL Levels at MTS-1 and MTS-2 (if Contract Services are not being provided at MTS-2, the row in such Table titled “No MTS-2” (i.e., MTS-2 WCAL is 0) will apply). The Monthly Base Consolidated Fixed Operating Cost Component is an aggregate of various subcomponents that were set forth in the Company’s price submittals to the City, which are: (1) the monthly Base Harbor Barge Loading Operating Charge, (2) the monthly Base Harbor Barge Towing Operating Charge, (3) the monthly Base NYCT Intermodal Facility Operating Charge, (4) the monthly Base Delaware Rail Receiving Site Operating Charge, (5) the monthly Base Niagara RTT Intermodal Facility Operating Charge, (6) the monthly Base NYCT to Niagara Transport Fixed Operating Charge, (7) the monthly Base NYCT to Delaware Rail Receiving Site Fixed Operating Charge, and (8) the monthly Base NYCT to Lee County Fixed Operating Charge, each of which is set forth in a WCAL Table in Appendix 4 (and which are designated as Tables 1A through 1H respectively).

(C) Determination of the Fixed Operating Cost Component. For each Contract Year during the Service Period, the Fixed Operating Cost Component shall be the product of (1) the then-applicable Monthly Base Consolidated Fixed Operating Cost Component and (2) the CPINY Adjustment Factor applicable for that Contract Year. The Fixed Operating Cost Component shall be determined at the beginning of each Contract Year, and shall thereafter remain fixed during the course of such Contract Year.

(D) Adjustment During Ramp-Up Period.

(1) Ramp-Up Period For MTS-1. During the Ramp-Up Period for MTS-1, the Fixed Operating Cost Component that would otherwise be applicable shall be multiplied by the percentage set forth in the Table in subsection 5.1(G) in the column titled “Ramp-Up Fixed Components of Service Fee” for the applicable Ramp-Up Service Level.

(2) Ramp-Up Period For MTS-2. During the Ramp-Up Period for MTS-2, the incremental additional amount to be added to the Fixed Operating Cost Component in effect

prior to the start of the Ramp-Up Period for MTS-2 shall be determined by reference to the WCAL Table 1 in Appendix 4 titled “Monthly Base Consolidated Fixed Operating Cost Component” and shall be equal to the product of: (1) the total incremental amount (defined below), (2) the CPINY Adjustment Factor applicable for that Contract Year, and (3) the percentage set forth in the Table in subsection 5.1(H) for the applicable Ramp-Up Service Level. The “total incremental amount” shall be the difference between (1) the Monthly Base Consolidated Fixed Operating Cost Component that would be in effect following completion of Ramp-Up at both MTS-1 and MTS-2, as the minuend, and (2) the Monthly Base Consolidated Fixed Operating Cost Component that was in effect just prior to the start of the Ramp-Up Period for MTS-2, as subtrahend.

(E) Applicability of Waste Acceptance Fraction. For each Billing Period that corresponds to the two Twice Monthly Billing Periods in the same month, the Fixed Operating Cost Component determined pursuant to subsection (C) or (D), as applicable, of this Section shall be multiplied by the Waste Acceptance Fraction applicable during such Billing Period. The difference between (1) the Fixed Operating Cost Component calculated pursuant to subsection (C) or (D), as applicable, of this Section, as minuend and (2) the amount determined by the calculation made pursuant to this subsection (E), as subtrahend, shall be a reduction in the Service Fee for such Billing Period as an Extraordinary Items Component.

(F) Billing Period. Billing of the Fixed Operating Cost Component shall be done on a Twice Monthly Billing Period.

SECTION 11.5. VARIABLE OPERATING COST COMPONENT (VOC). The Variable Operating Cost Component comprises the sum of the following Service Fee components:

- (1) Marine Diesel Fuel VOC (MTS-1) + Marine Diesel Fuel VOC (MTS-2) (see Section 11.7);
- (2) Unified VOC (see Section 11.8);
- (3) NYCT VOC (see Section 11.9);
- (4) Niagara Resource Recovery Facility VOC, which are the sum of the following:
  - (a) Niagara RTT Basic Rail Transport VOC (see subsection 11.20(B));
  - (b) Niagara RTT Rail Fuel Surcharge VOC (see

- subsection 11.20(C));
  - (c) Niagara RTT Truck Fuel VOC (see Section 11.10);
  - (d) Niagara Resource Recovery Facility DVC (see Section 11.12); and
  - (e) Niagara Resource Recovery Facility Variable UCC (see Article XIII).
- (5) Delaware Valley Resource Recovery Facility VOC, which are the sum of the following:
- (a) Delaware RRS Basic Rail Transport VOC (see subsection 11.20(B));
  - (b) Delaware RRS Rail Fuel Surcharge VOC (see subsection 11.20(C));
  - (c) Delaware RRS Truck Fuel VOC (see Section 11.11);
  - (d) Delaware Valley Resource Recovery Facility DVC (see Section 11.12); and
  - (e) Delaware Valley Resource Recovery Facility Variable UCC (see Article XIII).
- (6) Lee County Landfill VOC, which are the sum of the following:
- (a) Lee County Landfill Basic Rail Transport VOC (see subsection 11.20(B));
  - (b) Lee County Landfill Rail Fuel Surcharge VOC (see subsection 11.20(C));
  - (c) Lee County Landfill DVC (see Section 11.12); and
  - (d) Lee County Landfill Variable UCC (see Article XIII).
- (7) Other Disposal Facility VOC, which are the sum of the following at each Other Disposal Facility:
- (a) Other Disposal Facility Basic Rail Transport VOC;
  - (b) Other Disposal Facility Rail Fuel Surcharge VOC;
  - (c) Other Disposal Facility Other Fuel Surcharge VOC;

- (d) Other Disposal Facility DVC; and
- (e) Other Disposable Site Variable UCC.

These costs shall be calculated separately for each Other Disposal Facility.

SECTION 11.6. EQUIPMENT COST COMPONENT. The Equipment Cost component comprises the sum of the following Service Fee components:

- (1) Barge Capital Cost Component, determined as set forth in Section 11.13;
- (2) Railcar Capital Cost Component, determined as set forth in Section 11.14;
- (3) Container Capital Cost Component, determined as set forth in Section 11.15;
- (4) Reach Stacker Capital Cost Component, determined as set forth in Section 11.16;
- (5) Yard Jockey Capital Cost Component, determined as set forth in Section 11.17;
- (6) Chassis Capital Cost Component, determined as set forth in Section 11.18; and
- (7) Railcar Mover Capital Cost Component, determined as set forth in Section 11.19.

SECTION 11.7. MARINE DIESEL FUEL VARIABLE OPERATING COST (MARINE DIESEL FUEL VOC).

(A) Generally. The Marine Diesel Fuel Variable Operating Cost Component (Marine Diesel Fuel VOC) represents a portion of the Company's variable monthly compensation for providing Barge towing services between the Marine Transfer Stations and at the New York Container Terminal Intermodal Facility.

(B) Calculation of the Marine Diesel Fuel Variable Rate.

(1) Rate For Loaded Containers Accepted at MTS-1. For each Monthly Billing Period during the Service Period, the Marine Diesel Fuel Variable Operating Rate for each Loaded Container accepted by the Company at MTS-1 shall be the product of (a) \$62.87/Container and (b) the Marine Diesel Index Adjustment Factor applicable for that Monthly Billing Period (the "MTS-1 Marine Diesel Fuel Variable Rate"). The MTS-1 Marine

Diesel Fuel Variable Operating Rate shall be determined at the beginning of each Monthly Billing Period and shall remain in effect for the full Monthly Billing Period.

(2) Rate For Loaded Containers Accepted at MTS-2. For each Monthly Billing Period during the Service Period, the Marine Diesel Fuel Variable Operating Rate for each Loaded Container accepted by the Company at MTS-2 shall be the product of (a) \$36.43/Container and (b) the Marine Diesel Index Adjustment Factor applicable for that Monthly Billing Period (the “MTS-2 Marine Diesel Fuel Variable Rate”). The MTS-2 Marine Diesel Fuel Variable Operating Rate shall be determined at the beginning of each Monthly Billing Period and shall remain in effect for the full Monthly Billing Period.

(C) Calculation of the Marine Diesel Fuel Variable Operating Cost Component. For each Monthly Billing Period, the Marine Diesel Fuel Variable Operating Cost Component shall be the sum of the amounts calculated pursuant to paragraphs (1) and (2) of this subsection.

(1) For Loaded Containers Accepted at MTS-1. For each Monthly Billing Period, the Marine Diesel Fuel Variable Operating Cost Component for Containers Accepted at MTS-1 (the “Marine Diesel Fuel Variable Operating Cost Component (MTS-1)”) shall be the product of (a) the MTS-1 Marine Diesel Fuel Variable Rate applicable during such Billing Period and (b) the number of Loaded Containers accepted by the Company at MTS-1 during such Billing Period.

(2) For Loaded Containers Accepted at MTS-2. For each Monthly Billing Period, the Marine Diesel Fuel Variable Operating Cost Component for Containers Accepted at MTS-2 (the “Marine Diesel Fuel Variable Operating Cost Component (MTS-2)”) shall be the product of (a) the MTS-2 Marine Diesel Fuel Variable Rate applicable during such Billing Period and (b) the number of Loaded Containers accepted by the Company at MTS-2 during such Billing Period.

(D) No Adjustments For Resets. There shall be no adjustment to the MTS-1 Marine Diesel Fuel Variable Rate or the MTS-2 Marine Diesel Fuel Variable Rate in connection with any Reset.

(E) Billing Period. Billing of the Marine Diesel Fuel Variable Operating Cost Component shall be done on a Monthly Billing Period.

SECTION 11.8. UNIFIED VARIABLE OPERATING COST COMPONENT (UNIFIED VOC).

(A) Generally. The Unified Variable Operating Cost Component (Unified VOC) represents a portion of the Company’s variable monthly compensation for providing Contract Services.

(B) Calculation of the Base Unified Variable Rate. The Base Unified Variable Rate applicable at any time shall be determined by reference to Table 2 in Appendix 4 titled “Base Unified Variable Operating Cost”.

(C) Calculation of the Unified Variable Rate. For each Contract Year the Unified Variable Rate shall be the product of (1) the applicable Base Unified Variable Rate and (2) the CPINY Adjustment Factor applicable for that Contract Year. The Unified Variable Rate shall be determined at the beginning of each Contract Year, and shall thereafter remain fixed during the course of such Contract Year, except as the Unified Variable Rate may be adjusted pursuant to a Reset.

(D) Calculation of the Unified VOC. For each Monthly Billing Period, the Unified VOC shall be the product of (a) the then applicable Unified Variable Rate and (b) the number of Containers accepted by the Company at the Marine Transfer Stations during such Billing Period.

(E) Adjustments For Resets. The Base Unified Variable Rate shall be adjusted on any Designated Transportation Equipment Adjustment Effective Date by reference to the applicable WCAL set forth in Table 2 in Appendix 4 titled “Base Unified Variable Operating Cost”.

(F) Billing Period. Billing of the Unified VOC shall be done on a Monthly Billing Period.

SECTION 11.9. NYCT VARIABLE OPERATING COST (NYCT VOC).

(A) Generally. The NYCT Variable Operating Cost represents a portion of the Company’s variable monthly compensation for providing Contract Services at the New York Container Terminal Intermodal Facility.

(B) Determination of Individual Base Variable Rates. There shall be three separate and independent base variable rates for purposes of calculating the NYCT Variable Operating Cost. These base variable rates shall be: (1) the Base NYCT Variable Rate, (2) the Base Port Authority Container Assessment Variable Rate and (3) the Base ILA Benefits Variable Rate. These base variable rates for any Operating Week shall be determined by reference to the

number of Loaded Containers accepted by the Company at the Marine Transfer Stations during such Operating Week. The Base NYCT Variable Rate, the Base Port Authority Container Assessment Variable Rate and the Base ILA Benefits Variable Rate shall be, for any Operating Week, the amount set forth in the table below for the respective rate component that applies to the Operating Week’s actual total number of Loaded Containers delivered by the City to the Company at the Marine Transfer Stations during such Operating Week.

**Components of NYCT Variable Operating Cost by Operating Week**

Containers per Operating Week	Base NYCT Variable Rate <sup>(a)</sup> (\$/Container)	Base Port Authority Container Assessment Variable Rate <sup>(a) (b)</sup> (\$/Container)	Base ILA Benefits Variable Rate <sup>(a)</sup> (\$/Container)
If the number of Loaded Containers accepted during an Operating Week is less than 835, then the NYCT VOC for all such Loaded Containers is calculated using the following:	\$228.90	\$70.00	\$34.40
If the number of Loaded Containers accepted during an Operating Week is greater than 834 and less than 930, then the NYCT VOC for all such Loaded Containers is calculated using the following:	\$218.05	\$70.00	\$34.40
If the number of Loaded Containers accepted during an Operating Week is greater than 929 and less than 1,028, then the NYCT VOC for all such Loaded Containers is calculated using the following:	\$197.40	\$70.00	\$34.40
If the number of Loaded Containers accepted during an Operating Week is greater than 1,027 and less than 1,464, then the NYCT VOC for all such Loaded Containers is calculated using the following:	\$185.50	\$70.00	\$34.40
If the number of Loaded Containers accepted during an Operating Week is greater than 1,463 and less than 1,762, then the NYCT VOC for all such Loaded Containers is calculated using the following:	\$163.10	\$70.00	\$34.40
If the number of Loaded Containers accepted during an Operating Week is greater than 1,761, then the NYCT VOC	\$158.90	\$70.00	\$34.40

for all such Loaded Containers is calculated using the following:			
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- (a) Cost applies to **all** Containers.
- (b) This reflects the Port Authority charge for two lifts for each Container at New York Container Terminal, one lift from a Barge to land (or vehicle) at NYCT, and another lift from land (or vehicle) at New York Container Terminal back to a Barge.

(C) Determination of Individual Variable Rates. Each of the Base NYCT Variable Rate, the Base Port Authority Container Assessment Variable Rate and the Base ILA Benefits Variable Rate shall be adjusted from time to time as follows:

(1) NYCT Variable Rate. Each Base NYCT Variable Rate set forth in the Table in subsection (B) of this Section shall be multiplied from time to time by the Base NYCT Variable Rate Adjustment Factor determined as set forth in subsection 11.22(C)(1). The resulting amounts shall be the “NYCT Variable Rates”.

(2) Port Authority Container Assessment Variable Rate. Each Base Port Authority Container Assessment Variable Rate set forth in the Table in subsection (B) of this Section shall be adjusted from time to time in accordance with subsection 11.22(C)(2). The resulting amounts shall be the “Port Authority Container Assessment Variable Rates”.

(3) ILA Benefits Variable Rate. Each Base ILA Benefits Variable Rate set forth in the Table set forth in subsection (B) of this Section shall be adjusted from time to time in accordance with subsection 11.22(C)(3). The resulting amounts shall be the “ILA Benefits Variable Rates”.

(D) Calculation of the Weekly Per Container NYCT Aggregate Variable Rate. For each Operating Week that was completed during a Monthly Billing Period, the Weekly Per Container NYCT Aggregate Variable Rate for Loaded Containers delivered by the City to the Company at the Marine Transfer Stations shall be the sum of the NYCT Variable Rate, the Port Authority Container Assessment Variable Rate and the ILA Benefits Variable Rate applicable during such week.

(E) Calculation of Weekly NYCT Variable Operating Cost. For each Operating Week, the Weekly NYCT Variable Operating Cost shall be the product of: (1) the Per Container NYCT Aggregate Variable Rate applicable during such Operating Week and (2) the number of Loaded Containers accepted by the Company at the Marine Transfer Stations during such Operating Week.

(F) Calculation of the Monthly Billing Period NYCT Variable Operating Cost Component. For each Monthly Billing Period, the Monthly NYCT Variable Operating Cost



Component shall be the sum of the Weekly NYCT Variable Operating Charges over all such Operating Weeks that were completed during such Monthly Billing Period. For purposes of clarification, if an Operating Week began on the last Monday in January and ended on the first Sunday in February, all Loaded Containers accepted by the Company during such Operating Week would be included in the Billing Statement for the month of February.

(G) Billing Period. Billing of the NYCT Variable Operating Cost Component shall be done on a Monthly Billing Period.

SECTION 11.10. NIAGARA RTT TRUCK FUEL VOC.

(A) Generally. The Niagara RTT Truck Fuel VOC (relating to fuel costs of operations at the Niagara RTT Intermodal Facility) represents a portion of the Niagara Resource Recovery Facility VOC. The Niagara RTT Truck Fuel VOC is calculated differently for different purposes as set forth in subsection (C) of this Section. The amounts so calculated are then applied in preparing the Monthly Billing Statements and semiannual and annual reconciliations thereto for purposes of determining the Service Fee by application of the principles and adjustments described in Appendix 16.

(B) Calculation of the Niagara RTT Truck Fuel Variable Rate.

(1) MTS-1 Only Service Period. Beginning on the MTS-1 Service Date and thereafter, the Niagara RTT Truck Fuel Variable Rate for each month shall be the product of (a) \$48.80/Container (the “Base Niagara RTT Truck Fuel Variable Rate”) and (b) the U.S. On-Highway Diesel Index Adjustment Factor, which shall be determined at the beginning of each Monthly Billing Period and shall remain in effect for the full Monthly Billing Period (the “Niagara RTT Truck Fuel Variable Rate”).

(2) MTS-1 and MTS-2 Combined Service Period. There shall be no adjustment to the Base Niagara RTT Truck Fuel Variable Rate upon the commencement of and during the duration of Contract Services at MTS-2.

(C) Calculation of the Niagara RTT Truck Fuel VOC.

(1) Unadjusted Billing Statements Based on Prior Contract Year’s Designated Waste Allocation. For purposes of the Unadjusted Billing Statement for each Monthly Billing Period, the Niagara RTT Truck Fuel VOC shall be the product of: (a) the then-applicable Niagara RTT Truck Fuel Variable Rate and (b) the number of Containers (which may include a fractional Container) that would have been delivered to the Niagara Resource Recovery Facility assuming deliveries in accordance with the current Contract Year’s Designated Waste Allocation assumed in the

Unadjusted Billing Statement for such Monthly Billing Period pursuant to the principles set forth in Appendix 16. For this purpose, actual delivery destinations of Containers shall be disregarded.

- (2) Revised Unadjusted Billing Statements Based on Actual Designated Waste Allocation (Determined During Reconciliations). For purposes of preparing Revised Unadjusted Billing Statements if the Designated Waste Allocation used in the Unadjusted Billing Statement is modified during a reconciliation done pursuant to subsection 11.27(A) and Appendix 16 (a “Revised Designated Waste Allocation”), the Niagara RTT Truck Fuel VOC shall be the product determined using the formula set forth in clause (1) above, but replacing the Designated Waste Allocation used in preparing the Unadjusted Billing Statement with the Revised Designated Waste Allocation.
  - (3) Cost Adjusted Billing Statements Based on Actual Disposal Destinations. For purposes of preparing the Cost Adjusted Billing Statements and of performing the reconciliations relating to the Designated Waste Allocation and deviations therefrom following the end of each First Semiannual Period and the end of each Contract Year, for the applicable reconciliation period (half year or full year), the Niagara RTT Truck Fuel VOC (by Monthly Billing Period) shall be the sum of the products of the following: (a) each Niagara RTT Truck Fuel Variable Rate applicable from time to time during the applicable reconciliation period and (b) the number of Containers that were actually delivered to the Niagara Resource Recovery Facility at each such rate. This computation shall be performed based on actual deliveries of Containers to the various Authorized Disposal Sites and without regard to the Designated Waste Allocation. This amount is not intended to reflect an amount payable by the City as Service Fee, but is to be applied in accordance with Section 11.27(A) and Appendix 16 in performing the applicable reconciliations relating to the Designated Waste Allocation and deviations therefrom, including deviations due to Forced Diversions and Voluntary Diversions.
- (D) Resets. There shall be no adjustment to the Base Niagara RTT Truck Fuel Variable Rate in connection with any Reset.

(E) Billing Period. Billing of the Niagara RTT Truck Fuel VOC component of the Service Fee shall be done on a Monthly Billing Period.

SECTION 11.11. DELAWARE RRS TRUCK FUEL VOC.

(A) Generally. The Delaware RRS Truck Fuel VOC (relating to fuel costs of operations at the Delaware RRS) represents a portion of the Delaware Valley Recovery Facility VOC. The Delaware RRS Truck Fuel VOC is calculated differently for different purposes as set forth in subsection (C) of this Section. The amounts so calculated are then applied in preparing the Monthly Billing Statements and semiannual and annual reconciliations thereto for purposes of determining the Service Fee by application of the principles and adjustments described in Appendix 16.

(B) Calculation of the Delaware RRS Truck Fuel Variable Rate.

(1) MTS-1 Only Service Period. Beginning on the MTS-1 Service Date and thereafter, the Delaware RRS Truck Fuel Variable Rate for each month shall be the product of (a) \$157.91/Container (the “Base Delaware RRS Truck Fuel Variable Rate”) and (b) the U.S. On-Highway Diesel Index Adjustment Factor, which shall be determined at the beginning of each Monthly Billing Period and shall remain in effect for the full Monthly Billing Period (the “Delaware RRS Truck Fuel Variable Rate”).

(2) MTS-1 and MTS-2 Combined Service Period. There shall be no adjustment to the Base Delaware RRS Truck Fuel Variable Rate upon the commencement of and during the duration of Contract Services at MTS-2.

(C) Calculation of the Delaware RRS Truck Fuel VOC.

(1) Unadjusted Billing Statements Based on Prior Contract Year’s Designated Waste Allocation. For purposes of the Unadjusted Billing Statement for each Monthly Billing Period, the Delaware RRS Truck Fuel VOC shall be the product of: (a) the then-applicable Delaware RRS Truck Fuel Variable Rate and (b) the number of Containers (which may include a fractional Container) that would have been delivered to the Delaware Valley Resource Recovery Facility assuming deliveries in accordance with the current Contract Year’s Designated Waste Allocation assumed in the Unadjusted Billing Statement for such Monthly Billing Period pursuant to the principles set forth in Appendix 16. For this purpose, actual delivery destinations of Containers shall be disregarded.

(2) Revised Unadjusted Billing Statements Based on Actual Designated Waste Allocation (Determined During Reconciliations). For purposes of preparing Revised Unadjusted Billing Statements if the Designated Waste Allocation used in the Unadjusted Billing Statement is modified during a reconciliation done pursuant to subsection 11.27(A) and Appendix 16 (a “Revised Designated Waste Allocation”), the Delaware Valley Truck Fuel VOC shall be the product determined using the formula set forth in clause (1) above, but replacing the Designated Waste Allocation used in preparing the Unadjusted Billing Statement with the Revised Designated Waste Allocation.

(3) Cost Adjusted Billing Statements Based on Actual Disposal Destinations. For purposes of preparing the Cost Adjusted Billing Statements and of performing the reconciliations relating to the Designated Waste Allocation and deviations therefrom following the end of each First Semiannual Period and the end of each Contract Year, for the applicable reconciliation period (half year or full year), the Delaware RRS Truck Fuel VOC (by Monthly Billing Period) shall be the sum of the products of the following: (a) each Delaware RRS Truck Fuel Variable Rate applicable from time to time during the applicable reconciliation period and (b) the number of Containers that were actually delivered to the Delaware Valley Resource Recovery Facility at each such rate. This computation shall be performed based on actual deliveries of Containers to the various Authorized Disposal Sites and without regard to the Designated Waste Allocation. This amount is not intended to reflect an amount payable by the City as Service Fee, but is to be applied in accordance with Section 11.27(A) and Appendix 16 in performing the applicable reconciliations relating to the Designated Waste Allocation and deviations therefrom, including deviations due to Forced Diversions and Voluntary Diversions.

(D) Resets. There shall be no adjustment to the Base Delaware RRS Truck Fuel Variable Rate in connection with any Reset.

(E) Billing Period. Billing of the Delaware RRS Truck Fuel VOC component of the Service Fee shall be done on a Monthly Billing Period.

SECTION 11.12. DISPOSAL VARIABLE COST (DVC).

(A) Generally. The Disposal Variable Cost for each Authorized Disposal Site (relating to disposal operations at the applicable Authorized Disposal Site) represents a portion of the All-in Variable Cost applicable to such Authorized Disposal Site.

The Disposal Variable Cost is not a component of the Service Fee, but generically refers to the aggregate of each of the following:

- (1) Niagara Resources Recovery Facility DVC;
- (2) Delaware Valley Resource Recovery Facility DVC;
- (3) Lee County Landfill DVC; and
- (4) Other Disposal Facility DVC.

The Disposal Variable Cost for each Authorized Disposal Site is calculated differently for different purposes as set forth in subsection (D) of this Section. The amounts so calculated are then applied in preparing the Monthly Billing Statements and semiannual and annual adjustments thereto for purposes of determining the Service Fee by application of the principles and adjustments described in Appendix 16.

(B) Determination of Base Disposal Variable Rate.

(1) Niagara, Delaware Valley and Lee County. The Base Disposal Variable Rate for each of the Niagara Resource Recovery Facility, the Delaware Valley Resource Recovery Facility and the Lee County Landfill is \$25.00 per Ton of DSNY-managed Waste delivered to each such facility.

(2) Other Authorized Disposal Sites Owned or Operated by the Company. If an Authorized Disposal Site other than the Niagara Resource Recovery Facility, the Delaware Valley Resource Recovery Facility and the Lee County Landfill is used for disposal of DSNY-managed Waste, and such Authorized Disposal Site is owned or operated by the Company, the Base Disposal Variable Rate for such Authorized Disposal Site shall be:

- (a) except as set forth in clause (b) below, \$25.00 per Ton of DSNY-managed Waste delivered to such facility; and
- (b) if DSNY-managed Waste is diverted to an Authorized Disposal Site due to an Uncontrollable Circumstance and the Base Disposal Variable Rate is specified in this Service Contract (either in an Appendix hereto or in a Contract Administration Memorandum), such amount as is so specified.

(3) Other Authorized Disposal Sites Not Owned or Operated by the Company. If an Authorized Disposal Site other than the Niagara Resource Recovery Facility, the Delaware Valley Resource Recovery Facility and the Lee County Landfill is used for disposal of DSNY-managed Waste, and such Authorized Disposal Site is not owned or operated by the Company, the Disposal Variable Rate for each Ton of DSNY-managed Waste delivered to such Authorized Disposal Site shall be the amount charged by the owner or operator of such facility to the Company for disposal of DSNY-managed Waste at such facility.

(C) Calculation of the Disposal Variable Rate Where there is an Established Base Disposal Variable Rate.

(1) For Facilities Where There is a Base Disposal Variable Rate. For each Contract Year, the Disposal Variable Rate for each month that will be applicable at any Designated Disposal Site or Alternate Disposal Site where there is a Base Disposal Variable Rate set forth in or determined in accordance with this Service Contract shall be the product of (a) the applicable Base Disposal Variable Rate and (b) the CPINY Adjustment Factor, which shall be determined at the beginning of each Contract Year and shall remain in effect for the full Contract Year.

(2) MTS-1 and MTS-2 Combined Service Period. There shall be no increase in the Base Disposal Variable Rate upon the commencement of and during the duration of Contract Services at MTS-2.

(3) Resets. There shall be no adjustment to the Base Disposal Variable Rate in connection with any Reset.

(D) Calculation of the Disposal Variable Cost by Authorized Disposal Site.

The Disposal Variable Cost shall be determined separately for each Authorized Disposal Site. For:

- (1) Containers delivered to the Niagara Resource Recovery Facility this amount is referred to as the “Niagara Resource Recovery Facility DVC”;
- (2) Containers delivered to the Delaware Valley Resource Recovery Facility, this amount is referred to as the “Delaware Valley Resource Recovery Facility DVC”;
- (3) Containers delivered to the Lee County Landfill, this amount is referred to as the “Lee County Landfill DVC”; and
- (4) Containers delivered to any Other Disposal Facility, this amount is referred to as the “Other Disposal Facility DVC”.

For each Monthly Billing Period, the Disposal Variable Cost applicable for a particular Authorized Disposal Site shall be determined as set forth below. The number of Tons of DSNY-managed Waste delivered to any Authorized Disposal Site shall be determined using the billing and payment conventions set forth in subsection 11.25(E).

- (1) Unadjusted Billing Statements Based on Prior Contract Year's Designated Waste Allocation. For purposes of the Monthly Billing Statement for each Monthly Billing Period, for each Authorized Disposal Site the applicable Disposal Variable Cost shall be the product of: (a) the then-applicable Disposal Variable Rate and (b) the number of Tons of DSNY-managed Waste that would have been delivered to such Authorized Disposal Site assuming deliveries in accordance with the prior Contract Year's Designated Waste Allocation assumed in the Unadjusted Billing Statement for such Monthly Billing Period pursuant to the principles set forth in Appendix 16. For this purpose, actual delivery destinations of Containers shall be disregarded.
- (2) Revised Unadjusted Billing Statements Based on Actual Designated Waste Allocation (Determined During Reconciliations). For purposes of preparing Revised Unadjusted Billing Statements if the Designated Waste Allocation used in the Unadjusted Billing Statement is modified during a reconciliation done pursuant to subsection 11.27(A) and Appendix 16 (a "Revised Designated Waste Allocation"), for each Authorized Disposal Site the applicable Disposal Variable Cost shall be the product determined using the formula set forth in clause (1) above, but replacing the Designated Waste Allocation used in preparing the Unadjusted Billing Statement with the Revised Designated Waste Allocation.
- (3) Cost Adjusted Billing Statements Based on Actual Disposal Destinations. For purposes of preparing the Cost Adjusted Billing Statements and of performing the reconciliations relating to the Designated Waste Allocation and deviations therefrom following the end of each First Semiannual Period and the end of each Contract Year, for the applicable reconciliation period (half year or full year), for each Authorized Disposal Site the applicable Disposal Variable Cost (by Monthly Billing Period) shall be the sum of the products of the following: (a) the applicable Disposal Variable Rate and (b) the number of Tons of DSNY-managed Waste in Containers that were actually delivered to the Authorized Disposal Site. This computation shall be performed based on actual deliveries of Containers to the various Authorized

Disposal Sites and without regard to the Designated Waste Allocation. This amount is not intended to reflect an amount payable by the City as Service Fee, but is to be applied in accordance with Section 11.27(A) and Appendix 16 in performing the applicable reconciliations relating to the Designated Waste Allocation and deviations therefrom, including deviations due to Forced Diversions and Voluntary Diversions.

(E) Billing Period. Billing of the Disposal Variable Cost shall be done on a Monthly Billing Period.

SECTION 11.13. BARGE CAPITAL COST COMPONENT.

(A) Generally. The fleet of Designated Barges to be acquired by the Company for use in the performance of the Contract Services includes two categories: (1) the initial Minimum Barge Requirement (as of the MTS-1 Notice to Proceed Date); and (2) incremental changes in the Minimum Barge Requirement. Increases to or reductions in the number of Designated Barges may occur in connection with a Designated Transportation Equipment Adjustment. The Barge Capital Cost Component represents the fixed portion of the Company's monthly compensation for providing the Designated Barges necessary to perform the Contract Services.

(B) Establishing The Minimum Barge Requirement. The Minimum Barge Requirement applicable at any time shall be determined by reference to Table 2 in Appendix 4 titled "Barges". The Minimum Barge Requirement shall be, at any time, the number of Designated Barges set forth in such Table reflecting the then-applicable WCAL Levels at MTS-1 and MTS-2. The initial Minimum Barge Requirement shall be established on the MTS-1 Notice to Proceed Date. Thereafter, a revised Minimum Barge Requirement shall be determined in connection with any Designated Transportation Equipment Adjustment by reference to the Table as set forth above. Any change in the Minimum Barge Requirement shall become effective upon the applicable Designated Transportation Equipment Adjustment Effective Date.

(C) Calculation of Barge Capital Cost.

(1) Initial Minimum Barge Requirement. For purposes of determining the Barge Monthly Cost, the capital cost of the Designated Barges comprising the initial Minimum Barge Requirement shall be established as set forth below:

(a) MTS-1 Notice to Proceed on or Prior to July 1, 2013. If the MTS-1 Notice to Proceed Date is on or prior to July 1, 2013, the capital cost of each



Designated Barge comprising the initial Minimum Barge Requirement shall be the sum of the following:

- (i) Fixed Portion (Non-Escalating). The fixed price portion for each Designated Barge, which shall be \$1,997,837.00. This amount shall not be subject to escalation.
- (ii) Steel Portion (Escalating). The steel price portion for each Designated Barge (the “Barge Steel Portion”) shall be the product of (i) \$589,619.00 (which is the base pricing of the Barge steel portion of the Barge cost as of February 22, 2013) and (ii) the Barge Steel Adjustment Factor.
- (iii) Transportation Portion (Non-Escalating). The Designated Transportation Equipment Delivery Cost for each Designated Barge, which shall be \$37,796.00. This amount shall not be subject to escalation.
- (iv) Sales Tax (Actual Amount). The applicable state and local sales tax paid by the Company to the applicable taxing jurisdiction (or to the Designated Transportation Equipment Manufacturer for payment to the applicable taxing jurisdiction), to the extent not otherwise included in the price. If and to the extent the Company or a Subcontractor obtains an exemption from state or local sales tax for a Barge, such exempt amount shall not be included in the calculation of the Barge Capital Cost.

(b) MTS-1 Notice to Proceed After July 1, 2013. If the MTS-1 Notice to Proceed Date is after July 1, 2013, for the initial Minimum Barge Requirement the capital cost of each Designated Barge (including all design and construction costs of the Designated Barge, as well as all applicable sales and use or similar taxes, and transport and delivery charges) shall be established by obtaining new Designated Barge pricing for the initial Minimum Barge Requirement utilizing the competitive procurement process as set forth in subsection 6.2(A). Such pricing may include cost allocations, multiple Barge steel purchase orders and escalation provisions, including adjustments for the cost of the steel required for each Barge. As an alternative to re-establishing the capital cost of the initial Barges through the competitive process described in this clause (b)(1) of this subsection, the Company and the City may, by agreement in writing evidenced

by a Contract Administration Memorandum, agree to extend the capital cost pricing determined pursuant to clause (a)(1) of this subsection beyond July 1, 2013.

(2) Additional Barges Required In Connection With A Designated Transportation Equipment Adjustment. In connection with any Designated Transportation Equipment Adjustment that requires an increase in the Minimum Barge Requirement, the number of Additional Barges, if any, that will be required shall be determined by subtracting the Minimum Barge Requirement then in effect from the Minimum Barge Requirement at the proposed new WCAL Level by reference to Table 2 in Appendix 4 titled “Total Number of Barges”. The difference shall be the number of Additional Barges that will be required. For Company Owned Barges, for purposes of determining the Barge Monthly Cost, the capital cost for each Additional Barge required to meet the new Minimum Barge Requirement shall be determined as set forth in clause (1)(b) of this subsection on the Designated Transportation Equipment Adjustment Capital Cost Determination Date.

(D) Calculation of Barge Capital Cost Component. For the purchase or lease of each Tranche of Barges (i.e., for the initial Minimum Barge Requirement and for each group of Additional Barges), the “Barge Monthly Cost” for any Tranche shall be an amount equal to the product of (a) the number of Barges in such Tranche; and (b) monthly debt service that would be payable on the capital cost of each new Designated Barge in such Tranche (such monthly debt service being the “Barge Monthly Unit Cost”). The Barge Monthly Unit Cost shall be calculated in accordance with the formula and using the applicable interest rate and amortization period set forth in Section 11.23. The Barge Capital Cost Component due in any Twice Monthly Billing Period shall be the product of (1) 0.5 and (2) the sum of the Barge Monthly Costs for all of the Tranches of Designated Barges comprising the then-applicable Minimum Barge Requirement, without duplication. Notwithstanding the foregoing, for Barges that are not Company Owned Barges, the alternative Service Fee adjustment provisions of subsections 6.2(H) and 6.2(I) shall apply.

(E) Adjustments to Barge Capital Cost Component on Designated Transportation Equipment Adjustment Effective Dates. The adjustments to the Barge Capital Cost Component relating to changes in the Minimum Barge Requirement resulting from a Designated Transportation Equipment Adjustment shall become effective on the applicable Designated Transportation Equipment Adjustment Effective Date.

(F) Calculation Procedures Generally. In any adjustment to the Barge Capital Cost Component pursuant to this Section, if Designated Barges are purchased at different costs, leased at different lease rates or valued at different amounts, the calculation

described for determining the amount of the increase or decrease shall be performed independently for each group of Barges with the same cost, lease rate, value or monthly payment amount, as applicable, and the sum of the products of each separate calculation shall be the amount of the increase or decrease.

(G) Adjustment During Ramp-Up Period. During the Ramp-Up Period for MTS-1, the Barge Capital Cost Component that would otherwise be applicable shall be multiplied by the percentage set forth in subsection 5.1(G) for the applicable Ramp-Up Level. During the Ramp-Up Period for MTS-2, the portion of the Barge Capital Cost Component that would be allocable to the additional Barges that must be acquired to meet the additional Minimum Barge Requirement attributable to MTS-2 shall be multiplied by the percentage set forth in subsection 5.1(H) for the applicable Ramp-Up Level.

(H) Application of Waste Acceptance Fraction. For each Billing Period that corresponds to the two Twice Monthly Billing Periods in the same month, the Barge Capital Cost Component determined pursuant to subsection (D) or (G), as applicable, of this Section shall be multiplied by the Waste Acceptance Fraction applicable during such Billing Period. The difference between (1) the Barge Capital Cost Component calculated pursuant to subsection (D) or (G), as applicable, of this Section, as minuend and (2) the amount determined by the calculation made pursuant to this subsection, as subtrahend, shall be a reduction in the Service Fee for such Billing Period as an Extraordinary Items Component.

(I) Billing Period. Billing of the Barge Capital Cost Component shall be done on Twice Monthly Billing Periods. For each of the two Twice Monthly Billing Periods in a month, the City shall be required to pay one half of the amount of the Barge Capital Cost Component due with respect to the entire month. The Barge Capital Cost Component for a month that is less than a full month shall be appropriately pro rated for the applicable period.

#### SECTION 11.14. RAILCAR CAPITAL COST COMPONENT.

(A) Generally. The fleet of Designated Railcars to be acquired by the Company for use in the performance of the Contract Services includes two categories: (1) the initial Minimum Railcar Requirement (as of the MTS-1 Notice to Proceed Date); and (2) incremental changes in the Minimum Railcar Requirement. Increases to or reductions in the number of Designated Railcars may occur in connection with a Designated Transportation Equipment Adjustment. The Railcar Capital Cost Component represents the fixed portion of the Company's monthly compensation for providing the Designated Railcars necessary to perform the Contract Services.

(B) Establishing The Minimum Railcar Requirement. The Minimum Railcar Requirement applicable at any time shall be determined by reference to the Table 4 in Appendix 4 titled “Railcars”. The Minimum Railcar Requirement shall be, at any time, the number of Railcars set forth in such Table reflecting the then-applicable WCAL Levels at MTS-1 and MTS-2. The initial Minimum Railcar Requirement shall be established on the MTS-1 Notice to Proceed Date. Thereafter, a revised Minimum Railcar Requirement shall be determined upon any Designated Transportation Equipment Adjustment by reference to the Table as set forth above. Any change in the Minimum Railcar Requirement shall become effective upon the applicable Designated Transportation Equipment Adjustment Effective Date.

(C) Calculation of Railcar Capital Cost.

(1) Initial Minimum Railcar Requirement. For purposes of determining the Railcar Monthly Cost, the capital cost of the Designated Railcars comprising the initial Minimum Railcar Requirement shall be established as set forth below:

(a) MTS-1 Notice to Proceed on or Prior to July 1, 2013. If the MTS-1 Notice to Proceed Date is on or prior to July 1, 2013, the capital cost of each Designated Railcar comprising the initial Minimum Railcar Requirement shall be the sum of the following:

- (i) Fixed Portion (Non-Escalating). The fixed price portion for each Designated Railcar, which shall be \$95,645.00. This amount shall not be subject to escalation.
- (ii) Transportation Portion (Non-Escalating). The Designated Transportation Equipment Delivery Cost for each Designated Railcar, which shall be \$3,960.00. This amount shall not be subject to escalation.
- (iii) Sales Tax (Actual Amount). The applicable state and local sales tax paid by the Company to the applicable taxing jurisdiction (or to the Designated Transportation Equipment Manufacturer for payment to the applicable taxing jurisdiction), to the extent not otherwise included in the price. If and to the extent the Company or a Subcontractor obtains an exemption from state or local sales tax for a Railcar, such exempt amount shall not be included in the calculation of the Railcar Capital Cost.

(b) MTS-1 Notice to Proceed After July 1, 2013. If the MTS-1 Notice to Proceed Date is after July 1, 2013, for the initial Minimum Railcar Requirement the capital cost of each Designated Railcar (including all design and construction costs of the Designated Railcar, as well as all applicable sales and use or similar taxes, and transport and delivery charges) shall be established by obtaining new Designated Railcar pricing for the initial Minimum Railcar Requirement utilizing the competitive procurement process as set forth in subsection 6.2(A). Such pricing may include cost allocations, multiple Railcar steel purchase orders and escalation provisions, including adjustments for the cost of the steel required for each Railcar. As an alternative to re-establishing the capital cost of the initial Railcars through the competitive process described in this clause (b)(1) of this subsection, the Company and the City may, by agreement in writing evidenced by a Contract Administration Memorandum, agree to extend the capital cost pricing determined pursuant to clause (a)(1) of this subsection beyond July 1, 2013.

(2) Additional Railcars Required Upon A Designated Transportation Equipment Adjustment. Upon any Designated Transportation Equipment Adjustment that requires an increase in the Minimum Railcar Requirement, the number of Additional Railcars, if any, that will be required shall be determined by subtracting the Minimum Railcar Requirement then in effect from the Minimum Railcar Requirement at the proposed new WCAL Level by reference to Table 2 in Appendix 4 titled “Total Number of Railcars”. The difference shall be the number of Additional Railcars that will be required. For Company Owned Railcars, for purposes of determining the Railcar Monthly Cost, the capital cost for each Additional Railcar required to meet the new Minimum Railcar Requirement shall be determined as set forth in clause (1)(b) of this subsection on the Designated Transportation Equipment Adjustment Capital Cost Determination Date.

(D) Calculation of Railcar Capital Cost Component. For the initial purchase or lease of each Tranche of Railcars (i.e., for the Minimum Railcar Requirement and for each group of Additional Railcars), the “Railcar Monthly Cost” for any Tranche shall be an amount equal to the product of (a) the number of Railcars in such Tranche; and (b) monthly debt service that would be payable on the capital cost of each new Designated Railcar in such Tranche (such monthly debt service being the “Railcar Monthly Unit Cost”). The Railcar Monthly Unit Cost shall be calculated in accordance with the formula and using the applicable interest rate and amortization period set forth in Section 11.23. The Railcar Capital Cost Component due in any Twice Monthly Billing Period shall be product of (1) 0.5 and (2) the sum of the Railcar Monthly Costs for all of the Tranches of Designated Railcars comprising the then-

applicable Minimum Railcar Requirement, without duplication. Notwithstanding the foregoing, for Railcars that are not Company Owned Railcars, the alternative Service Fee adjustment provisions of subsections 6.2(H) and 6.2(I) shall apply.

(E) Adjustments to Railcar Capital Cost Component on Designated Transportation Equipment Adjustment Effective Dates. The adjustments to the Railcar Capital Cost Component relating to changes in the Minimum Railcar Requirement resulting from a Designated Transportation Equipment Adjustment shall become effective on the applicable Designated Transportation Equipment Adjustment Effective Date.

(F) Calculation Procedures Generally. In any adjustment to the Railcar Capital Cost Component pursuant to this Section, if Designated Railcars are purchased at different costs, leased at different lease rates or valued at different amounts, the calculation described for determining the amount of the increase or decrease shall be performed independently for each group of Railcars with the same cost, lease rate, value or monthly payment amount, as applicable, and the sum of the products of each separate calculation shall be the amount of the increase or decrease.

(G) Adjustment During Ramp-Up Period. During the Ramp-Up Period for MTS-1, the Railcar Capital Cost Component that would otherwise be applicable shall be multiplied by the percentage set forth in subsection 5.1(G) for the applicable Ramp-Up Level. During the Ramp-Up Period for MTS-2, the portion of the Railcar Capital Cost Component that would be allocable to the additional Railcars that must be acquired to meet the additional Minimum Railcar Requirement attributable to MTS-2 shall be multiplied by the percentage set forth in subsection 5.1(H) for the applicable Ramp-Up Level.

(H) Application of Waste Acceptance Fraction. For each Billing Period that corresponds to the two Twice Monthly Billing Periods in the same month, the Railcar Capital Cost Component determined pursuant to subsection (D) or (G), as applicable, of this Section shall be multiplied by the Waste Acceptance Fraction applicable during such Billing Period. The difference between (1) the Railcar Capital Cost Component calculated pursuant to subsection (D) or (G), as applicable, of this Section, as minuend and (2) the amount determined by the calculation made pursuant to this subsection, as subtrahend, shall be a reduction in the Service Fee for such Billing Period as an Extraordinary Items Component.

(I) Billing Period. Billing of the Railcar Capital Cost Component shall be done on Twice Monthly Billing Periods. For each of the two Twice Monthly Billing Periods in a month, the City shall be required to pay one half of the amount of the Railcar Capital Cost

Component due with respect to the entire month. The Railcar Capital Cost Component for a month that is less than a full month shall be appropriately pro rated for the applicable period.

SECTION 11.15. CONTAINER CAPITAL COST COMPONENT.

(A) Generally. The fleet of Designated Containers to be acquired by the Company for the Contract Services includes two categories: (1) the initial Minimum Container Requirement (as of the MTS-1 Notice to Proceed Date); and (2) incremental changes in the Minimum Container Requirement. Increases to or reductions in the number of Designated Containers may occur in connection with a Designated Transportation Equipment Adjustment. The Container Capital Cost Component represents the fixed portion of the Company’s monthly compensation for providing the Designated Containers necessary to perform the Contract Services.

(B) Establishing The Minimum Container Requirement. The Minimum Container Requirement applicable at any time shall be determined by reference to Table 4 in Appendix 4 titled “Containers”. The Minimum Container Requirement shall be, at any time, the number of Designated Containers set forth in such Table reflecting the then-applicable WCAL Levels at MTS-1 and MTS-2. The initial Minimum Container Requirement shall be established on the MTS-1 Notice to Proceed Date. Thereafter, a revised Minimum Container Requirement shall be determined upon any Designated Transportation Equipment Adjustment by reference to the Table as set forth above. Any change in the Minimum Container Requirement shall become effective upon the applicable Designated Transportation Equipment Adjustment Effective Date.

(C) Calculation of Container Capital Cost.

(1) Initial Minimum Container Requirement. For purposes of determining the Container Monthly Cost, the capital cost of the Designated Containers comprising the initial Minimum Container Requirement shall be established as set forth below:

(a) MTS-1 Notice to Proceed on or Prior to July 1, 2013. If the MTS-1 Notice to Proceed Date is on or prior to July 1, 2013, the capital cost of each Designated Container comprising the initial Minimum Container Requirement shall be the sum of the following:

(i) Fixed Portion (Non-Escalating). The fixed price portion for each Designated Container, which shall be \$7,728.40 (the “Initial Container Fixed Price Portion”). This amount shall not be subject to escalation.

- (ii) Steel Portion (Escalating). The steel price portion for each Designated Container (the “Initial Container Steel Price Portion”) shall be the product of (i) \$6,434.00 (which is the base pricing of the Container steel portion of the Container cost) as of February 22, 2013) and (ii) the Container Steel Adjustment Factor.
- (iii) Transportation Portion (Non-Escalating). The Designated Transportation Equipment Delivery Cost for each Designated Container, which shall be \$521.00 plus the fuel adjustment described below. The Substantiated Cost of any fuel adjustment amount required to be paid by the Company to the Designated Transportation Equipment Manufacturer that is not otherwise included in the amount set forth above shall be added to the amount set forth above (based on the average fuel adjustment cost per Container). This amount shall not be subject to escalation and is referred to as the “Initial Container Delivery Cost”.
- (iv) Sales Tax Portion (Actual Amount). The applicable state and local sales tax paid by the Company to the applicable taxing jurisdiction (or to the Designated Transportation Equipment Manufacturer for payment to the applicable taxing jurisdiction) to the extent not otherwise included in the price. If and to the extent the Company or a Subcontractor obtains an exemption from state or local sales tax for a Container, such exempt amount shall not be included in the calculation of the Container Capital Cost.

(b) MTS-1 Notice to Proceed After July 1, 2013. If the MTS-1 Notice to Proceed Date is after July 1, 2013, for the initial Minimum Container Requirement the capital cost of each Designated Container (including all design and construction costs of the Designated Container, as well as all applicable sales and use or similar taxes, and transport and delivery charges) shall be established by obtaining new Designated Container pricing for the initial Minimum Container Requirement utilizing the competitive procurement process as set forth in subsection 6.2(A). Such pricing may include cost allocations, multiple Container steel purchase orders and escalation provisions, including



escalation adjustments for the cost of the steel required for each Container. As an alternative to re-establishing the capital cost of the initial Containers through the competitive process described in this clause (b)(1) of this subsection, the Company and the City may, by agreement in writing evidenced by a Contract Administration Memorandum, agree to extend the capital cost pricing determined pursuant to clause (a)(1) of this subsection beyond July 1, 2013.

(2) Additional Containers Required in Connection with a Designated Transportation Equipment Adjustment. In connection with any Designated Transportation Equipment Adjustment that requires an increase in the Minimum Container Requirement, the number of Additional Containers, if any, that will be required shall be determined by subtracting the Minimum Container Requirement then in effect from the Minimum Container Requirement at the proposed new WCAL Level by reference to Table 4 in Appendix 4 titled “Total Number of Containers”. The difference shall be the number of Additional Containers that will be required. For Company Owned Containers, for purposes of determining the Container Monthly Cost, the capital cost for each Additional Container required to meet the new Minimum Container Requirement shall be determined as set forth in clause (1)(b) of this subsection on the Designated Transportation Equipment Adjustment Capital Cost Determination Date.

(D) Calculation of Container Capital Cost Component.

(1) Initial Designated Containers and Initial Additional Containers (excluding any Replacement Containers). For the initial purchase or lease of each Tranche of Containers (i.e., for the Minimum Container Requirement and each group of Additional Containers) the “Container Monthly Cost” for any Tranche shall initially be (beginning on the MTS-1 Service Date or on the Designated Transportation Equipment Adjustment Effective Date, as applicable) an amount equal to the product of (a) the number of Containers in such Tranche; and (b) monthly debt service that would be payable on the capital cost of each new Designated Container in such Tranche (such monthly debt service being the “Container Monthly Unit Cost”). The Container Monthly Unit Cost shall be calculated in accordance with the formula and using the applicable interest rate and amortization period set forth in Section 11.23. The Container Capital Cost Component due in any Twice Monthly Billing Period shall be product of (1) 0.5 and (2) the sum of the Container Monthly Costs for all of the Tranches of Containers comprising the then-applicable Minimum Container Requirement, without duplication. Notwithstanding the foregoing, for Containers that are not Company Owned Containers, the alternative Service Fee adjustment provisions of subsections 6.2(H) and 6.2(I) shall apply.

(2) Pro Forma Adjustment For Replacement Containers. Designated Containers are assumed to have a useful life of 120 months and the Monthly Container Cost with respect to a Tranche of Designated Containers will be adjusted every 120 months (without regard to whether Designated Containers are actually replaced, and without regard to actual cost of the Designated Containers). The adjustment to each Container Tranche<sub>x</sub> will occur on the tenth and twentieth anniversary of its Container Tranche<sub>x</sub> Effective Date. With respect to the initial Minimum Container Requirement, the Container Tranche Effective Date shall be the MTS-1 Service Date, and with respect to Additional Containers, the Container Tranche<sub>x</sub> Effective Date shall be the Designated Transportation Equipment Adjustment Effective Date. The Container Monthly Cost for the Designated Containers shall be adjusted as follows:

- (a) Container and Steel Cost. The sum of the Initial Fixed Price Portion (see clause (1)(a)(i) of subsection (C) of this Section) and the Initial Container Steel Price Portion (see clause (1)(a)(ii) of subsection (C) of this Section) as determined pursuant to subsection (C) of this Section shall be multiplied by the Container Cost Adjustment Factor as of the applicable adjustment date.
- (b) Transportation Cost. The Initial Container Delivery Cost for a Designated Container (see clause (1)(a)(iii) of subsection (C) of this Section) as determined pursuant to subsection (C) of this Section shall be multiplied by the Container Delivery Cost Adjustment Factor as of the applicable adjustment date.
- (c) Sales Tax. The applicable state and local sales tax rate shall be applied to the amount determined pursuant to clause (a) above.
- (d) Calculation of Adjusted Container Monthly Unit Cost. The calculations described in clause (1) of this subsection and in Section 11.23 shall be applied to the amount that is the sum of the amounts determined pursuant to paragraphs (a), (b) and (c) above to determine the new Container Monthly Unit Cost to be applied to each Designated Container in the Tranche that is subject to adjustment.
- (e) Definition of Terms. The new Container Monthly Unit Cost calculated pursuant to paragraph (d) above to become effective on the tenth anniversary of the Tranche<sub>x</sub> Effective Date is referred to as the “Tenth Anniversary Adjusted Container Monthly Unit Cost”. The new Container

Monthly Cost calculated pursuant to paragraph (d) above to become effective on the twentieth anniversary of the Tranche<sub>x</sub> Effective Date is referred to as the “Twentieth Anniversary Adjusted Container Monthly Unit Cost”.

(3) Aggregate Calculation of Container Capital Cost Component.

Container Capital Cost Component = Tranche<sub>1</sub> Container Monthly Cost + Tranche<sub>2</sub> Container Monthly Cost + Tranche<sub>3</sub> Container Monthly Cost + ... + Tranche<sub>m</sub> Container Monthly Cost + AC

where

Tranche<sub>x</sub> Container Monthly Cost = “C1” + “C11” + “C21”

where

“C1” = the product of (i) the Container Monthly Unit Cost for Tranche<sub>x</sub> on the Container Tranche<sub>x</sub> Effective Date, and (ii) the Tranche<sub>x</sub> Number of Designated Containers. This amount shall commence on the Tranche<sub>x</sub> Effective Date and remains fixed until the tenth (10<sup>th</sup>) anniversary of the Container Tranche<sub>x</sub> Effective Date. “C1” becomes zero on the first day following the tenth (10<sup>th</sup>) anniversary of the Container Tranche<sub>x</sub> Effective Date and remains equal to zero thereafter.

“C11” = zero for the period commencing on the Container Tranche<sub>x</sub> Effective Date and ending on the tenth (10<sup>th</sup>) anniversary of the Container Tranche<sub>x</sub> Effective Date. “C11” is equal to the product of (i) the Tenth Anniversary Adjusted Container Monthly Unit Cost, and (ii) the Tranche<sub>x</sub> Number of Designated Containers. This amount shall commence on the first day following the tenth (10<sup>th</sup>) anniversary of the Container Tranche<sub>x</sub> Effective Date and remains fixed until the twentieth (20<sup>th</sup>) anniversary of the Container Tranche<sub>x</sub> Effective Date. “C11” becomes zero on first day following the twentieth (20<sup>th</sup>) anniversary of the Container Tranche<sub>x</sub> Effective Date and remains equal to zero thereafter.

“C21” = zero from the Container Tranche<sub>x</sub> Effective Date to the twentieth (20<sup>th</sup>) anniversary of the Container Tranche<sub>x</sub> Effective Date. “C21” is equal to the product of (i) the Twentieth Anniversary Adjusted Container Monthly Unit Cost, and (ii) the Tranche<sub>x</sub> Number of Designated Containers. This amount shall commence on the first day following the twentieth (20<sup>th</sup>) anniversary of the Container Tranche<sub>x</sub> Effective Date and remains fixed until the end of the Term.

and

AC = the cost adjustment attributable to Additional Containers transferred, or leased in accordance with subsections 6.2(H) and 6.2(I).

“Tranche<sub>x</sub> Effective Date” means (i) with respect to the initial Minimum Container Requirement, the MTS-1 Service Date and (ii) with respect to Additional Containers, the applicable Designated Transportation Equipment Adjustment Effective Date.

(E) Adjustments to Container Capital Cost Component on Designated Transportation Equipment Adjustment Effective Dates. The adjustments to the Container Capital Cost Component relating to changes in the Minimum Container Requirement resulting from a Designated Transportation Equipment Adjustment shall become effective on the applicable Designated Transportation Equipment Adjustment Effective Date.

(F) Calculation Procedures Generally. In any adjustment to the Container Capital Cost Component pursuant to this Section, if Designated Containers are purchased at different costs, leased at different lease rates or valued at different amounts, the calculation described for determining the amount of the increase or decrease shall be performed independently for each group of Designated Containers with the same cost, lease rate, value or monthly payment amount, as applicable, and the sum of the products of each separate calculation shall be the amount of the increase or decrease.

(G) Adjustment During Ramp-Up Period. During the Ramp-Up Period for MTS-1, the Container Capital Cost Component that would otherwise be applicable shall be multiplied by the percentage set forth in subsection 5.1(G) for the applicable Ramp-Up Level. During the Ramp-Up Period for MTS-2, the portion of the Container Capital Cost Component that would be allocable to the additional Containers that must be acquired to meet the additional Minimum Container Requirement attributable to MTS-2 shall be multiplied by the percentage set forth in subsection 5.1(H) for the applicable Ramp-Up Level.

(H) Application of Waste Acceptance Fraction. For each Billing Period that corresponds to the two Twice Monthly Billing Periods in the same month, the Container Capital Cost Component determined pursuant to subsection (D) or (G), as applicable, of this Section shall be multiplied by the Waste Acceptance Fraction applicable during such Billing Period. The difference between (1) the Container Capital Cost Component calculated pursuant to subsection (D) or (G), as applicable, of this Section, as minuend and (2) the amount determined by the calculation made pursuant to this subsection, as subtrahend, shall be a reduction in the Service Fee for such Billing Period as an Extraordinary Items Component.

(I) Billing Period. Billing of the Container Capital Cost Component shall be done on Twice Monthly Billing Periods. For each of the two Twice Monthly Billing Periods in a month, the City shall be required to pay one half of the amount of the Container Capital Cost

Component due with respect to the entire month. The Container Capital Cost Component for a month that is less than a full month shall be appropriately pro rated.

SECTION 11.16. REACH STACKER CAPITAL COST COMPONENT.

(A) Generally. The Designated Reach Stackers to be acquired by the Company for use in the performance of the Contract Services include two categories: (1) the initial Minimum Reach Stacker Requirement (as of the MTS-1 Notice to Proceed Date); and (2) incremental changes in the Minimum Reach Stacker Requirement. Increases to or reductions in the number of Designated Reach Stackers may occur in connection with a Designated Transportation Equipment Adjustment. The Reach Stacker Capital Cost Component represents the fixed portion of the Company’s monthly compensation for providing the Designated Reach Stackers necessary to perform the Contract Services.

(B) Establishing The Minimum Reach Stacker Requirement. The Minimum Reach Stacker Requirement shall be determined by reference to the Table 4 in Appendix 4 titled “Reach Stackers”. The Minimum Reach Stacker Requirement shall be, at any time, the number of Designated Reach Stackers set forth in such Table reflecting the then-applicable WCAL Levels at MTS-1 and MTS-2. The initial Minimum Reach Stacker Requirement shall be established on the MTS-1 Notice to Proceed Date. Thereafter, a revised Minimum Reach Stacker Requirement shall be determined upon any Designated Transportation Equipment Adjustment by reference to the Table as set forth above. Any change in the Minimum Reach Stacker Requirement shall become effective upon the applicable Designated Transportation Equipment Adjustment Effective Date.

(C) Calculation of Reach Stacker Capital Cost.

(1) Initial Minimum Reach Stacker Requirement. For purposes of determining the Reach Stacker Monthly Cost, the Capital Cost of the Designated Reach Stackers comprising the Initial Minimum Reach Stacker Requirement shall be established as set forth below:

(a) MTS-1 Notice to Proceed on or Prior to July 1, 2013. If the MTS-1 Notice to Proceed Date is on or prior to July 1, 2013, the capital cost of each Designated Reach Stacker comprising the initial Minimum Reach Stacker Requirement shall be \$583,214.00. There shall be added to this amount the applicable state and local sales tax paid by the Company to the applicable taxing jurisdiction (or to the Designated Transportation Equipment Manufacturer for payment to the applicable taxing jurisdiction) to the extent not

otherwise included in the price. If and to the extent the Company or a Subcontractor obtains an exemption from state or local sales tax for a Reach Stacker, such exempt amount shall not be included in the calculation of the Reach Stacker Capital Cost. All transportation and delivery costs are included in the foregoing amount, and therefore the Designated Transportation Equipment Delivery Cost is \$0.00.

(b) MTS-1 Notice to Proceed After July 1, 2013. If the MTS-1 Notice to Proceed Date is after July 1, 2013, for the initial Minimum Reach Stacker Requirement the capital cost of each Reach Stacker (including all design and construction costs of the Designated Reach Stacker, as well as all applicable sales and use or similar taxes, and transport and delivery charges) shall be established by obtaining new pricing for the initial Minimum Reach Stacker Requirement utilizing the competitive procurement process as set forth in subsection 6.2(A). As an alternative to re-establishing the capital cost of the initial Reach Stackers through the competitive process described in this clause (b)(1) of this subsection, the Company and the City may, by agreement in writing evidenced by a Contract Administration Memorandum, agree to extend the capital cost pricing determined pursuant to clause (a)(1) of this subsection beyond July 1, 2013.

(2) Additional Reach Stackers Required Upon A Designated Transportation Equipment Adjustment. Upon any Designated Transportation Equipment Adjustment that requires an increase in the Minimum Reach Stacker Requirement, the number of Additional Reach Stackers, if any, that will be required shall be determined by subtracting the Minimum Reach Stacker Requirement then in effect from the Minimum Reach Stacker Requirement at the proposed new WCAL Level by reference to Table 4 in Appendix 4 titled “Total Number of Reach Stackers”. The difference shall be the number of Additional Reach Stackers that will be required. For Company Owned Reach Stackers, for purposes of determining the Reach Stacker Monthly Cost the capital cost for each Additional Reach Stacker required to meet the new Minimum Reach Stacker Requirement shall be determined as set forth in clause (1)(b) of this subsection on the Designated Transportation Equipment Adjustment Capital Cost Determination Date.

(D) Calculation of Reach Stacker Capital Cost Component. For the purchase or lease of each Tranche of Reach Stackers (i.e., for the initial Minimum Reach Stacker Requirement and for each group of Additional Reach Stackers), the “Reach Stacker Monthly Cost” for any Tranche shall be an amount equal to the product of (a) the number of Reach

Stackers in such Tranche; and (b) monthly debt service that would be payable on the capital cost of each new Designated Reach Stacker in such Tranche (such monthly debt service being the “Reach Stacker Monthly Unit Cost”). The Reach Stacker Monthly Unit Cost shall be calculated in accordance with the formula and using the applicable interest rate and amortization period set forth in Section 11.23. The Reach Stacker Capital Cost Component due in any Twice Monthly Billing Period shall be product of (1) 0.5 and (2) the sum of the Reach Stacker Monthly Costs for all of the Tranches of Designated Reach Stackers comprising the then-applicable Minimum Reach Stacker Requirement, without duplication. Notwithstanding the foregoing, if the Service Fee adjustment provisions of subsection 6.2(H) apply with respect to one or more Reach Stackers, with respect to such Reach Stackers the provisions of subsection 6.2(H) shall apply.

(E) Adjustments to Reach Stacker Capital Cost Component on Designated Transportation Equipment Adjustment Effective Dates. The adjustments to the Reach Stacker Capital Cost Component relating to changes in the Minimum Reach Stacker Requirement resulting from a Designated Transportation Equipment Adjustment shall become effective on the applicable Designated Transportation Equipment Adjustment Effective Date.

(F) Calculation Procedures Generally. In any adjustment to the Reach Stacker Capital Cost Component pursuant to this Section, if Designated Reach Stackers are purchased at different costs, leased at different lease rates or valued at different amounts, the calculation described for determining the amount of the increase or decrease shall be performed independently for each group of Designated Reach Stackers with the same cost, lease rate, value or monthly payment amount, as applicable, and the sum of the products of each separate calculation shall be the amount of the increase or decrease.

(G) Adjustment During Ramp-Up Period. During the Ramp-Up Period for MTS-1, the Reach Stacker Capital Cost Component that would otherwise be applicable shall be multiplied by the percentage set forth in the Table in subsection 5.1(G) for the applicable Ramp-Up Level. During the Ramp-Up Period for MTS-2, the portion of the Reach Stacker Capital Cost Component that would be allocable to the additional Reach Stackers that must be acquired to meet the additional Minimum Reach Stacker Requirement attributable to MTS-2 shall be multiplied by the percentage set forth in subsection 5.1(H) for the applicable Ramp-Up Level.

(H) Application For Waste Acceptance Fraction. For each Billing Period that corresponds to the two Twice Monthly Billing Periods in the same month, the Reach Stacker Capital Cost Component determined pursuant to subsection (D) or (G), as applicable, of this Section shall be multiplied by the Waste Acceptance Fraction applicable during such Billing

Period. The difference between (1) the Reach Stacker Capital Cost Component calculated pursuant to subsection (D) or (G), as applicable, of this Section, as minuend and (2) the amount determined by the calculation made pursuant to this subsection, as subtrahend, shall be a reduction in the Service Fee for such Billing Period as an Extraordinary Items Component.

(I) Billing Period. Billing of the Reach Stacker Capital Cost Component shall be done on Twice Monthly Billing Periods. For each of the two Twice Monthly Billing Periods in a month, the City shall be required to pay one half of the amount of the Reach Stacker Capital Cost Component due with respect to the entire month. The Reach Stacker Capital Cost Component for a month that is less than a full month shall be appropriately pro rated.

SECTION 11.17. YARD JOCKEY CAPITAL COST COMPONENT.

(A) Generally. The Designated Yard Jockeys to be acquired by the Company for use in the performance of the Contract Services include two categories: (1) the initial Minimum Yard Jockey Requirement (as of the MTS-1 Notice to Proceed Date); and (2) incremental changes in the Minimum Yard Jockey Requirement. Increases to or reductions in the number of Designated Yard Jockeys may occur in connection with a Designated Transportation Equipment Adjustment. The Yard Jockey Capital Cost Component represents the fixed portion of the Company's monthly compensation for providing the Designated Yard Jockeys necessary to perform the Contract Services.

(B) Establishing The Minimum Yard Jockey Requirement. The Minimum Yard Jockey Requirement shall be determined by reference to the Table 5 in Appendix 4 titled "Yard Jockeys". The Minimum Yard Jockey Requirement shall be, at any time, the number of Designated Yard Jockeys set forth in such Table reflecting the then-applicable WCAL Levels at MTS-1 and MTS-2. The initial Minimum Yard Jockey Requirement shall be established on the MTS-1 Notice to Proceed Date. Thereafter, a revised Minimum Yard Jockey Requirement shall be determined upon any Designated Transportation Equipment Adjustment by reference to the Table as set forth above. Any change in the Minimum Yard Jockey Requirement shall become effective upon the applicable Designated Transportation Equipment Adjustment Effective Date.

(C) Calculation of Yard Jockey Capital Cost.

(1) Initial Minimum Yard Jockey Requirement. For purposes of determining the Yard Jockey Monthly Cost, the Capital Cost of the Designated Yard Jockeys comprising the Initial Minimum Yard Jockey Requirement shall be established as set forth below:



(a) MTS-1 Notice to Proceed on or Prior to July 1, 2013. If the MTS-1 Notice to Proceed Date is on or prior to July 1, 2013, the capital cost of each Designated Yard Jockey comprising the initial Minimum Yard Jockey Requirement shall be \$111,200.00. There shall be added to this amount the applicable state and local sales tax paid by the Company to the applicable taxing jurisdiction (or to the Designated Transportation Equipment Manufacturer for payment to the applicable taxing jurisdiction) to the extent not otherwise included in the price. If and to the extent the Company or a Subcontractor obtains an exemption from state or local sales tax for a Yard Jockey, such exempt amount shall not be included in the calculation of the Yard Jockey Capital Cost. All transportation and delivery costs are included in the foregoing amount, and therefore the Designated Transportation Equipment Delivery Cost is \$0.00.

(b) MTS-1 Notice to Proceed After July 1, 2013. If the MTS-1 Notice to Proceed Date is after July 1, 2013, for the initial Minimum Yard Jockey Requirement the capital cost of each Designated Yard Jockey (including all design and construction costs of the Designated Yard Jockey, as well as all applicable sales and use or similar taxes, and transport and delivery charges) shall be established by obtaining new pricing for the initial Minimum Yard Jockey Requirement utilizing the competitive procurement process as set forth in subsection 6.2(A). As an alternative to re-establishing the capital cost of the initial Yard Jockeys through the competitive process described in this clause (b)(1) of this subsection, the Company and the City may, by agreement in writing evidenced by a Contract Administration Memorandum, agree to extend the capital cost pricing determined pursuant to clause (a)(1) of this subsection beyond July 1, 2013.

(2) Additional Yard Jockeys Required Upon A Designated Transportation Equipment Adjustment. Upon any Designated Transportation Equipment Adjustment that requires an increase in the Minimum Yard Jockey Requirement, the number of Additional Yard Jockeys, if any, that will be required shall be determined by subtracting the Minimum Yard Jockey Requirement then in effect from the Minimum Yard Jockey Requirement at the proposed new WCAL Level by reference to Table 5 in Appendix 4 titled “Total Number of Yard Jockeys”. The difference shall be the number of Additional Yard Jockeys that will be required. For Company Owned Yard Jockeys the capital cost for each Additional Yard Jockey required to meet the new Minimum Yard Jockey Requirement shall be determined as set forth in clause

(1)(b) of this subsection on the Designated Transportation Equipment Adjustment Capital Cost Determination Date.

(D) Calculation of Yard Jockey Capital Cost Component. For the purchase or lease of each Tranche of Yard Jockeys (i.e., for the initial Minimum Yard Jockey Requirement and for each group of Additional Yard Jockeys), the “Yard Jockey Monthly Cost” for any Tranche shall be an amount equal to the product of (a) the number of Yard Jockeys in such Tranche and (b) monthly debt service that would be payable on the capital cost of each new Designated Yard Jockey in such Tranche (such monthly debt service being the “Yard Jockey Monthly Unit Cost”). The Yard Jockey Monthly Unit Cost shall be calculated in accordance with the formula and using the applicable interest rate and amortization period set forth in Section 11.23. The Yard Jockey Capital Cost Component due in any Twice Monthly Billing Period shall be product of (1) 0.5 and (2) the sum of the Yard Jockey Monthly Costs for all of the Tranches of Designated Yard Jockeys comprising the then-applicable Minimum Yard Jockey Requirement, without duplication. Notwithstanding the foregoing, if the Service Fee adjustment provisions of subsection 6.2(H) apply with respect to one or more Yard Jockeys, with respect to such Yard Jockeys the provisions of subsection 6.2(H) shall apply.

(E) Adjustments to Yard Jockey Capital Cost Component on Designated Transportation Equipment Adjustment Effective Dates. The adjustments to the Yard Jockey Capital Cost Component relating to changes in the Minimum Yard Jockey Requirement resulting from a Designated Transportation Equipment Adjustment shall become effective on the applicable Designated Transportation Equipment Adjustment Effective Date.

(F) Calculation Procedures Generally. In any adjustment to the Yard Jockey Capital Cost Component pursuant to this Section, if Designated Yard Jockeys are purchased at different costs, leased at different lease rates or valued at different amounts, the calculation described for determining the amount of the increase or decrease shall be performed independently for each group of Designated Yard Jockeys with the same cost, lease rate, value or monthly payment amount, as applicable, and the sum of the products of each separate calculation shall be the amount of the increase or decrease.

(G) Adjustment During Ramp-Up Period. During the Ramp-Up Period for MTS-1, the Yard Jockey Capital Cost Component that would otherwise be applicable shall be multiplied by the percentage set forth in subsection 5.1(G) for the applicable Ramp-Up Level. During the Ramp-Up Period for MTS-2, the portion of the Yard Jockey Capital Cost Component that would be allocable to the additional Designated Yard Jockey that must be acquired to meet the additional Minimum Yard Jockey Requirement attributable to MTS-2 shall be

multiplied by the percentage set forth in subsection 5.1(H) the Table in Appendix 4 titled “Ramp-Up Period Fixed Fees MTS-2” for the applicable Ramp-Up Level.

(H) Application of Waste Acceptance Fraction. For each Billing Period that corresponds to the two Twice Monthly Billing Periods in the same month, the Yard Jockey Capital Cost Component determined pursuant to this Section shall be multiplied by the Waste Acceptance Fraction applicable during such Billing Period. The difference between (1) the Yard Jockey Capital Cost Component calculated pursuant to subsection (B) of this Section, as minuend and (2) the amount determined by the calculation made pursuant to this subsection, as subtrahend, shall be a reduction in the Service Fee for such Billing Period as an Extraordinary Items Component.

(I) Billing Period. Billing of the Yard Jockey Capital Cost Component shall be done on Twice Monthly Billing Periods. For each of the two Twice Monthly Billing Periods in a month, the City shall be required to pay one half of the amount of the Yard Jockey Capital Cost Component due with respect to the entire month. The Yard Jockey Capital Cost Component for a month that is less than a full month shall be appropriately pro rated for the applicable period.

SECTION 11.18. CHASSIS CAPITAL COST COMPONENT.

(A) Generally. The Designated Chassis to be acquired by the Company for use in the performance of the Contract Services include two categories: (1) the initial Minimum Requirement (as of the MTS-1 Notice to Proceed Date); and (2) incremental changes in the Minimum Yard Jockey Requirement. Increases to or reductions in the number of Designated Chassis may occur in connection with a Designated Transportation Equipment Adjustment. The Chassis Capital Cost Component represents the fixed portion of the Company’s monthly compensation for providing the Designated Chassis necessary to perform the Contract Services.

(B) Establishing The Minimum Chassis Requirement. The Minimum Chassis Requirement shall be determined by reference to the Table 6 in Appendix 4 titled “Chassis”. The Minimum Chassis Requirement shall be, at any time, the number of Designated Chassis set forth in such Table reflecting the then-applicable WCAL Levels at MTS-1 and MTS-2. The initial Minimum Chassis Requirement shall be established on the MTS-1 Notice to Proceed Date. Thereafter, a revised Minimum Chassis Requirement shall be determined upon any Designated Transportation Equipment Adjustment by reference to the Table as set forth above. Any change in the Minimum Chassis Requirement shall become effective upon the applicable Designated Transportation Equipment Adjustment Effective Date.

(C) Calculation of Chassis Capital Cost.

(1) Initial Minimum Chassis Requirement. For purposes of determining the Chassis Monthly Cost, the Capital Cost of the Designated Chassis comprising the Initial Minimum Chassis Requirement shall be established as set forth below:

(a) MTS-1 Notice to Proceed on or Prior to July 1, 2013. If the MTS-1 Notice to Proceed Date is on or prior to July 1, 2013, the capital cost of each Designated Chassis comprising the initial Minimum Chassis Requirement shall be \$72,186.33. There shall be added to this amount the applicable state and local sales tax paid by the Company to the applicable taxing jurisdiction (or to the Designated Transportation Equipment Manufacturer for payment to the applicable taxing jurisdiction) to the extent not otherwise included in the price. If and to the extent the Company or a Subcontractor obtains an exemption from state or local sales tax for a Chassis, such exempt amount shall not be included in the calculation of the Chassis Capital Cost. All transportation and delivery costs are included in the foregoing amount, and therefore the Designated Transportation Equipment Delivery Cost is \$0.00.

(b) MTS-1 Notice to Proceed After July 1, 2013. If the MTS-1 Notice to Proceed Date is after July 1, 2013, for the initial Minimum Chassis Requirement the capital cost of each Designated Chassis (including all design and construction costs of the Designated Chassis, as well as all applicable sales and use or similar taxes, and transport and delivery charges) shall be established by obtaining new pricing for the initial Minimum Chassis Requirement utilizing the competitive procurement process as set forth in subsection 6.2(A). As an alternative to re-establishing the capital cost of the initial Chassis through the competitive process described in this clause (b)(1) of this subsection, the Company and the City may, by agreement in writing evidenced by a Contract Administration Memorandum, agree to extend the capital cost pricing determined pursuant to clause (a)(1) of this subsection beyond July 1, 2013.

(2) Additional Chassis Required Upon A Designated Transportation Equipment Adjustment. Upon any Designated Transportation Equipment Adjustment that requires an increase in the Minimum Chassis Requirement, the number of Additional Chassis, if any, that will be required shall be determined by subtracting the Minimum Chassis Requirement then in effect from the Minimum Chassis Requirement at the proposed new WCAL Level by reference to Table 6 in Appendix 4 titled “Total Number of Chassis”. The difference

shall be the number of Additional Chassis that will be required. For Company Owned Chassis the capital cost for each Additional Chassis required to meet the new Minimum Chassis Requirement shall be determined as set forth in clause (1)(b) of this subsection on the Designated Transportation Equipment Adjustment Capital Cost Determination Date.

(D) Calculation of Chassis Capital Cost Component. For the purchase or lease of each Tranche of Chassis (i.e., for the initial Minimum Chassis Requirement and for each group of Additional Chassis), the “Chassis Monthly Cost” for any Tranche shall be an amount equal to the product of (a) the number of Chassis in such Tranche; and (b) monthly debt service that would be payable on the capital cost of each new Designated Chassis in such Tranche (such monthly debt service being the “Chassis Monthly Unit Cost”). The Chassis Monthly Unit Cost shall be calculated in accordance with the formula and using the applicable interest rate and amortization period set forth in Section 11.23. The Chassis Capital Cost Component due in any Twice Monthly Billing Period shall be product of (1) 0.5 and (2) the sum of the Chassis Monthly Costs for all of the Tranches of Designated Chassis comprising the then-applicable Minimum Chassis Requirement, without duplication. Notwithstanding the foregoing, if the Service Fee adjustment provisions of subsection 6.2(H) apply with respect to one or more Chassis, with respect to such Chassis the provisions of subsection 6.2(H) shall apply.

(E) Adjustments to Chassis Capital Cost Component on Designated Transportation Equipment Adjustment Effective Dates. The adjustments to the Chassis Capital Cost Component relating to changes in the Minimum Chassis Requirement resulting from a Designated Transportation Equipment Adjustment shall become effective on the applicable Designated Transportation Equipment Adjustment Effective Date.

(F) Calculation Procedures Generally. In any adjustment to the Chassis Capital Cost Component pursuant to this Section, if Designated Chassis are purchased at different costs, leased at different lease rates or valued at different amounts, the calculation described for determining the amount of the increase or decrease shall be performed independently for each group of Designated Chassis with the same cost, lease rate, value or monthly payment amount, as applicable, and the sum of the products of each separate calculation shall be the amount of the increase or decrease.

(G) Adjustment During Ramp-Up Period. During the Ramp-Up Period for MTS-1, the Chassis Capital Cost Component that would otherwise be applicable shall be multiplied by the percentage set forth in subsection 5.1(G) for the applicable Ramp-Up Level. During the Ramp-Up Period for MTS-2, the portion of the Chassis Capital Cost Component that would be allocable to the additional Chassis that must be acquired to meet the additional

Minimum Chassis Requirement attributable to MTS-2 shall be multiplied by the percentage set forth in subsection 5.1(H) for the applicable Ramp-Up Level.

(H) Application of Waste Acceptance Fraction. For each Billing Period that corresponds to the two Twice Monthly Billing Periods in the same month, the Chassis Capital Cost Component determined pursuant to this Section shall be multiplied by the Waste Acceptance Fraction applicable during such Billing Period. The difference between (1) the Chassis Capital Cost Component calculated pursuant to subsection (B) of this Section, as minuend and (2) the amount determined by the calculation made pursuant to this subsection, as subtrahend, shall be a reduction in the Service Fee for such Billing Period as an Extraordinary Items Component.

(I) Billing Period. Billing of the Chassis Capital Cost Component shall be done on Twice Monthly Billing Periods. For each of the two Twice Monthly Billing Periods in a month, the City shall be required to pay one half of the amount of the Chassis Capital Cost Component due with respect to the entire month. The Chassis Capital Cost Component for a month that is less than a full month shall be appropriately pro rated.

SECTION 11.19. RAILCAR MOVER CAPITAL COST COMPONENT.

(A) Generally. The Designated Railcar Movers to be acquired by the Company for use in the performance of the Contract Services include two categories: (1) the initial Minimum Railcar Mover Requirement (as of the MTS-1 Notice to Proceed Date); and (2) incremental changes in the Minimum Railcar Mover Requirement. Increases to or reductions in the number of Designated Railcar Movers may occur in connection with a Designated Transportation Equipment Adjustment. The Railcar Mover Capital Cost Component represents the fixed portion of the Company's monthly compensation for providing the Designated Railcar Movers necessary to perform the Contract Services.

(B) Establishing The Minimum Railcar Mover Requirement. The Minimum Railcar Mover Requirement shall be determined by reference to the Table 5 in Appendix 4 titled "Railcar Movers". The Minimum Railcar Mover Requirement shall be, at any time, the number of Railcar Movers set forth in such Table reflecting the then-applicable WCAL Levels at MTS-1 and MTS-2. The initial Minimum Railcar Mover Requirement shall be established on the MTS-1 Notice to Proceed Date. Thereafter, a revised Minimum Railcar Mover Requirement shall be determined upon any Designated Transportation Equipment Adjustment by reference to the Table as set forth above. Any change in the Minimum Railcar Mover Requirement shall become effective upon the applicable Designated Transportation Equipment Adjustment Effective Date.

(C) Calculation of Railcar Mover Capital Cost.

(1) Initial Minimum Railcar Mover Requirement. For purposes of determining the Railcar Mover Monthly Cost, the Capital Cost of the Designated Railcar Movers comprising the initial Minimum Railcar Mover Requirement shall be established as set forth below:

(a) MTS-1 Notice to Proceed on or Prior to July 1, 2013. If the MTS-1 Notice to Proceed Date is on or prior to July 1, 2013, the capital cost of each Designated Railcar Mover comprising the initial Minimum Railcar Mover Requirement shall be \$345,542.00. There shall be added to this amount the applicable state and local sales tax paid by the Company to the applicable taxing jurisdiction (or to the Designated Transportation Equipment Manufacturer for payment to the applicable taxing jurisdiction) to the extent not otherwise included in the price. If and to the extent the Company or a Subcontractor obtains an exemption from state or local sales tax for a Railcar Mover, such exempt amount shall not be included in the calculation of the Railcar Mover Capital Cost. All transportation and delivery costs are included in the foregoing amount, and therefore the Designated Transportation Equipment Delivery Cost is \$0.00.

(b) MTS-1 Notice to Proceed After July 1, 2013. If the MTS-1 Notice to Proceed Date is after July 1, 2013, for the initial Minimum Railcar Mover Requirement the capital cost of each Designated Railcar Mover (including all design and construction costs of the Designated Railcar Mover, as well as all applicable sales and use or similar taxes, and transport and delivery charges) shall be established by obtaining new pricing for the initial Minimum Railcar Mover Requirement utilizing the competitive procurement process as set forth in subsection 6.2(A). As an alternative to re-establishing the capital cost of the initial Railcar Movers through the competitive process described in this clause (b)(1) of this subsection, the Company and the City may, by agreement in writing evidenced by a Contract Administration Memorandum, agree to extend the capital cost pricing determined pursuant to clause (a)(1) of this subsection beyond July 1, 2013.

(2) Additional Railcar Mover Required Upon A Designated Transportation Equipment Adjustment. Upon any Designated Transportation Equipment Adjustment that requires an increase in the Minimum Railcar Mover Requirement, the number of Additional

Railcar Movers, if any, that will be required shall be determined by subtracting the Minimum Railcar Mover Requirement then in effect from the Minimum Railcar Mover Requirement at the proposed new WCAL Level by reference to Table 4 in Appendix 4 titled “Total Number of Railcar Movers”. The difference shall be the number of Additional Railcar Movers that will be required. For Company Owned Railcar Movers or Leased Railcar Movers the capital cost for each Additional Railcar Mover required to meet the new Minimum Railcar Mover Requirement shall be determined as set forth in clause (1)(b) of this subsection on the Designated Transportation Equipment Adjustment Capital Cost Determination Date.

(D) Calculation of Railcar Mover Capital Cost Component. For the purchase or lease of each Tranche of Railcar Movers (i.e., for the initial Minimum Railcar Mover Requirement and each group of Additional Railcar Movers), the “Railcar Mover Monthly Cost” for any Tranche shall be an amount equal to the product of (a) the number of Railcar Movers in such Tranche; and (b) monthly debt service that would be payable on the capital cost of each new Designated Railcar Mover in such Tranche (such monthly debt service being the “Railcar Mover Monthly Unit Cost”). The Railcar Mover Monthly Unit Cost shall be calculated in accordance with the formula and using the applicable interest rate and amortization period set forth in Section 11.23. The Railcar Mover Capital Cost Component due in any Twice Monthly Billing Period shall be product of (1) 0.5 and (2) the sum of the Railcar Mover Monthly Costs for all of the Tranches of Designated Railcar Movers comprising the then-applicable Minimum Railcar Mover Requirement, without duplication. Notwithstanding the foregoing, if the Service Fee adjustment provisions of subsection 6.2(H) apply with respect to one or more Railcar Movers, with respect to such Railcar Movers the provisions of subsection 6.2(H) shall apply.

(E) Adjustments to Railcar Mover Capital Cost Component on Designated Transportation Equipment Adjustment Effective Dates. The adjustments to the Railcar Mover Capital Cost Component relating to changes in the Minimum Chassis Requirement resulting from a Designated Transportation Equipment Adjustment shall become effective on the applicable Designated Transportation Equipment Adjustment Effective Date.

(F) Calculation Procedures Generally. In any adjustment to the Railcar Mover Capital Cost Component pursuant to this Section, if Designated Railcar Movers are purchased at different costs, leased at different lease rates or valued at different amounts, the calculation described for determining the amount of the increase or decrease shall be performed independently for each group of Designated Railcar Movers with the same cost, lease rate, value or monthly payment amount, as applicable, and the sum of the products of each separate calculation shall be the amount of the increase or decrease.



(G) Adjustment During Ramp-Up Period. During the Ramp-Up Period for MTS-1, the Railcar Mover Capital Cost Component that would otherwise be applicable shall be multiplied by the percentage set forth in subsection 5.1(G) for the applicable Ramp-Up Level. During the Ramp-Up Period for MTS-2, the portion of the Railcar Mover Capital Cost Component that would be allocable to the additional Railcar Mover that must be acquired to meet the additional Minimum Railcar Mover Requirement attributable to MTS-2 shall be multiplied by the percentage set forth in subsection 5.1(H) for the applicable Ramp-Up Level.

(H) Application of Waste Acceptance Fraction. For each Billing Period that corresponds to the two Twice Monthly Billing Periods in the same month, the Railcar Mover Capital Cost Component determined pursuant to this Section shall be multiplied by the Waste Acceptance Fraction applicable during such Billing Period. The difference between (1) the Railcar Mover Capital Cost Component calculated pursuant to subsection (B) of this Section, as minuend and (2) the amount determined by the calculation made pursuant to this subsection, as subtrahend, shall be a reduction in the Service Fee for such Billing Period as an Extraordinary Items Component.

(I) Billing Period. Billing of the Railcar Mover Capital Cost Component shall be done on Twice Monthly Billing Periods. For each of the two Twice Monthly Billing Periods in a month, the City shall be required to pay one half of the amount of the Railcar Mover Capital Cost Component due with respect to the entire month. The Railcar Mover Capital Cost Component for a month that is less than a full month shall be appropriately pro rated.

SECTION 11.20. RAIL TRANSPORT VARIABLE OPERATING CHARGE (RTVOC).

(A) Rail Transport Variable Operating Charge Generally. The Rail Transport Variable Operating Charge (Rail Transport VOC) for each Authorized Disposal Site represents the Company's variable compensation for the subcontracted transportation services provided by the Linehaul Carrier and its Subcontractors, for transporting Railcars carrying Containers loaded with DSNY-managed Waste pursuant to this Service Contract from the NYCT Intermodal Facility (or a replacement used instead of the New York Container Terminal Intermodal Facility, if applicable) to such Authorized Disposal Site (or Intermodal Facility serving such site) and returning Railcars with empty Containers from the Authorized Disposal Site or Intermodal Facility, as applicable, to the NYCT Intermodal Facility (or the applicable replacement Intermodal Facility). The Rail Transport VOC is not a component of the Service Fee, but generically refers to the aggregate of those subcomponents of the Basic Rail Transport VOC listed in subsection (B) of this Section and of the Rail Fuel Surcharge listed in subsection (C) of this Section.

(B) Basic Rail Transport VOC Portion.

(1) Calculation of Basic Rail Transport VOC by Authorized Disposal Site.

The Basic Rail Transport VOC portion of the Rail Transport VOC shall be determined separately for each Authorized Disposal Site. For:

- (a) Containers delivered to the Niagara Resource Recovery Facility, this portion is referred to as the “Niagara RTT Basic Rail Transport VOC”;
- (b) Containers delivered to the Delaware Valley Resource Recovery Facility, this portion is referred to as the “Delaware RRS Basic Rail Transport VOC”;
- (c) Containers delivered to the Lee County Landfill, this portion is referred to as the “Lee County Landfill Basic Rail Transport VOC; and
- (d) Containers delivered to any Other Disposal Facility, this portion is referred to as the “Other Disposal Facility Basic Rail Transport VOC”.

(2) Calculation of Basic Rail Transport Rate. For each Authorized Disposal Site, the Basic Rail Transport Rate shall be determined by dividing: (1) the cost per Railcar railroad charge (excluding any fuel surcharge) for transporting a Railcar loaded with Containers of DSNY-managed Waste from the NYCT Intermodal Facility to the applicable Authorized Disposal Site or applicable Intermodal Facility and back to the NYCT Intermodal Facility, without regard to any fuel surcharge, as determined under the terms of the then-effective Linehaul Carrier Subcontract (the “Per Railcar Basic Rail Transport Rate”) by (2) four Containers per Railcar (the resulting number being the “Per Container Basic Rail Transport Rate”). In determining the Per Railcar Basic Rail Transport Rate for an Authorized Disposal Site, the parties shall use the amounts determined pursuant to subsection (D) of this Section (or in a similar table reflecting the Per Railcar Basic Rail Transport Rate of a Renewal or Replacement Linehaul Carrier Subcontract), using the Unit Train Per Railcar Basic Rail Transport Rate or the Merchandise Train Per Railcar Basic Rail Transport Rate as set forth below. The following further conventions shall apply:

- (a) Niagara RTT Intermodal Facility or Delaware Rail Receiving Site. For Railcars whose destination is the Niagara RTT Intermodal Facility or the Delaware Rail Receiving Site, the cost per Railcar shall be based on the unit train per Railcar rate set forth in the applicable Linehaul Carrier Subcontract. Notwithstanding the foregoing, during a “Period of Reduced Container Deliveries”, for each Railcar that the Linehaul Carrier charges the Company the merchandise train per Railcar rate the cost per Railcar to the City for each such Railcar shall be such merchandise train per Railcar rate. A “Period of Reduced

Container Deliveries” is that period (excluding any period during the Ramp-Up Period for MTS-1): (i) that begins on the first day after the City has delivered less than 360 Loaded Containers to the Company at the Marine Transfer Stations for three consecutive Operating Weeks, and (ii) that ends on the last day of the Operating Week prior to which the City resumes deliveries of Loaded Containers at the Marine Transfer Stations at a level of 360 Loaded Containers per Operating Week (regardless of whether the Linehaul Carrier promptly restores the unit train per Railcar rate). For purposes of Billing Statements for Monthly Billing Periods during a Period of Reduced Container Deliveries the unit train per Railcar rate shall apply. Adjustments for applying the merchandise train per Railcar rate during Periods of Reduced Container Deliveries shall be made in the reconciliations performed pursuant to Section 11.27.

(b) Lee County Landfill. For Railcars whose destination is the Lee County Landfill, the basic rate shall be the unit train rate or the merchandise train rate, whichever actually applies.

(c) Subsequent Linehaul Carrier Subcontracts. With respect to the Per Railcar Transport Rate payable during the period of effectiveness of renewal terms of the Initial Linehaul Carriers Subcontract or during the term of a replacement Linehaul Carrier Subcontract, the Per Railcar Basic Rail Transport Rate shall not include an amount equal to any other payments, charges, rates or fees that are for services not included in the Base Scope of Work, except those that may be agreed to by the City by its approval of any such subsequent Linehaul Carrier Subcontract pursuant to Article IX, subject to subsection (H) of this Section.

(3) Calculation of the Basic Rail Transport VOC. For each Monthly Billing Period, the Basic Rail Transport VOC applicable for a particular Authorized Disposal Site shall be determined as set forth below:

(a) Unadjusted Billing Statements Based on Prior Contract Year’s Designated Waste Allocation. For purposes of the Unadjusted Billing Statement for each Monthly Billing Period, the Basic Rail Transport VOC shall be the product of: (a) the then-applicable Per Container Basic Rail Transport Rate and (b) the number of Containers (which may include a fractional Container) that would have been delivered to such Authorized Disposal Site assuming deliveries in accordance with the current Contract Year’s Designated Waste Allocation assumed in the Unadjusted Billing Statement for such Monthly Billing Period

pursuant to the principles set forth in Appendix 16. For this purpose, actual delivery destinations of Containers shall be disregarded.

(b) Revised Unadjusted Billing Statements Based on Actual Designated Waste Allocation (Determined During Reconciliations). For purposes of preparing Revised Unadjusted Billing Statements if the Designated Waste Allocation used in the Unadjusted Billing Statement is modified during a reconciliation done pursuant to subsection 11.27(A) and Appendix 16 (a “Revised Designated Waste Allocation”), for each Authorized Disposal Site the applicable Basic Rail Transport VOC shall be the product determined using the formula set forth in clause (1) above, but replacing the Designated Waste Allocation used in preparing the Unadjusted Billing Statement with the Revised Designated Waste Allocation.

(c) Cost Adjusted Billing Statements Based on Actual Disposal Destinations. For purposes of preparing the Cost Adjusted Billing Statements and of performing the reconciliations relating to the Designated Waste Allocation and deviations therefrom following the end of each First Semiannual Period and the end of each Contract Year, for the applicable reconciliation period (half year or full year), for each Authorized Disposal Site the applicable Basic Rail Transport VOC (by Monthly Billing Period) shall be the sum of the products of the following: (a) the applicable Per Container Basic Rail Transport Rate and (b) the number of Containers that were actually delivered to the Authorized Disposal Site at such rate. This computation shall be performed based on actual deliveries of Containers to the various Authorized Disposal Sites and without regard to the Designated Waste Allocation. This amount is not intended to reflect an amount payable by the City as Service Fee, but is to be applied in accordance with Section 11.27(A) and Appendix 16 in performing the applicable reconciliations relating to the Designated Waste Allocation and deviations therefrom, including deviations due to Forced Diversions and Voluntary Diversions.

(C) Rail Fuel Surcharge Portion.

(1) Calculation of Rail Fuel Surcharge by Authorized Disposal Site The Rail Fuel Surcharge portion of the Rail Transport VOC shall be determined separately for each Authorized Disposal Site. For:

- (a) Containers delivered to the Niagara Resource Recovery Facility, this portion is referred to as the “Niagara RTT Rail Fuel Surcharge VOC”;
- (b) Containers delivered to the Delaware Valley Resource Recovery Facility, this portion is referred to as the “Delaware RRS Rail Fuel Surcharge VOC”;
- (c) Containers delivered to the Lee County Landfill, this portion is referred to as the “Lee County Landfill Rail Fuel Surcharge VOC”; and
- (d) for any Other Disposal Facility, this portion is referred to as the “Other Disposal Facility Rail Fuel Surcharge VOC”.

(2) Calculation of Fuel Surcharge Rate. For each Authorized Disposal Site the Rail Fuel Surcharge VOC shall be calculated by multiplying: (1) the number of Containers delivered by the Company to such Authorized Disposal Site and (2) the amount determined by dividing: (a) the per-Railcar fuel surcharge imposed by the Linehaul Carrier under the terms of the then-effective Linehaul Carrier Subcontract and applicable from time to time during the applicable Billing Period (the “Per Railcar Fuel Surcharge Rate”) by (b) four Containers per Railcar. Such per Container rate is referred to as the Per Container Fuel Surcharge Rate. For purposes of calculating the Per Container Fuel Surcharge Rate, the mileage to be applied shall be based on rail miles between origin and destination as found on [www.csx.com](http://www.csx.com) (on the home page select “Customers”; select “Price List, Tariffs & Fuel Surcharge”; select “Learn More” under the heading “Fuel Surcharge”; then select “ShipCSX Mileage Look-up Tool”) or if such site, is not available, the Linehaul Carrier’s successor site or if no site is available, as determined by the Linehaul Carrier. Initially, the distances in rail miles from the NYCT Intermodal Facility to each of the Niagara RTT Intermodal Facility, the Delaware Rail Receiving Site and the Lee County Landfill is as follows:

Destination	Distance
Niagara RTT Intermodal Facility	455 rail miles
Delaware Rail Receiving Site	107 rail miles
Lee County Landfill	663 rail miles

(3) Calculation of Rail Fuel Surcharge VOC. For each Monthly Billing Period, the Rail Fuel Surcharge VOC applicable for an Authorized Disposal Site shall be determined as set forth below:

(a) Unadjusted Billing Statements Based on Prior Contract Year's Designated Waste Allocation. For purposes of the Unadjusted Billing Statement for each Monthly Billing Period, the Rail Fuel Surcharge VOC shall be the product of: (a) the then-applicable Per Container Fuel Surcharge Rate and (b) the number of Containers (which may include a fractional Container) that would have been delivered to such Authorized Disposal Site assuming deliveries in accordance with the current Contract Year's Designated Waste Allocation assumed in the Monthly Billing Statement for such Monthly Billing Period pursuant to the principles set forth in Appendix 16. For this purpose, actual delivery destinations of Containers shall be disregarded.

(b) Revised Unadjusted Billing Statements Based on Actual Designated Waste Allocation (Determined During Reconciliations). For purposes of preparing Revised Unadjusted Billing Statements if the Designated Waste Allocation used in the Unadjusted Billing Statement is modified during a reconciliation done pursuant to subsection 11.27(A) and Appendix 16 (a "Revised Designated Waste Allocation"), the for each Authorized Disposal Site the applicable Rail Fuel Surcharge VOC shall be the product determined using the formula set forth in clause (1) above, but replacing the Designated Waste Allocation used in preparing the Unadjusted Billing Statement with the Revised Designated Waste Allocation.

(c) Cost Adjusted Billing Statements Based on Actual Disposal Destinations. For purposes of preparing the Cost Adjusted Billing Statements and of performing the reconciliations relating to the Designated Waste Allocation and deviations therefrom following the end of each First Semiannual Period and the end of each Contract Year, for the applicable reconciliation period (half year or full year), the for each Authorized Disposal Site the applicable Rail Fuel Surcharge VOC (by Monthly Billing Period) shall be the sum of the products of the following: (a) the applicable Per Container Fuel Surcharge Rate and (b) the number of Containers that were actually delivered to the Authorized Disposal Site at such rate. This computation shall be performed based on actual deliveries of Containers to the various Authorized Disposal Sites and without regard to the Designated Waste Allocation. This amount is not intended to reflect an amount payable by the City as Service Fee, but is to be applied in accordance with Section 11.27(A) and Appendix 16 in performing the applicable reconciliations relating to the Designated Waste Allocation and deviations

therefrom, including deviations due to Forced Diversions and Voluntary Diversions.

(D) Per Railcar Basic Rail Transport Rate and Per Railcar Fuel Surcharge Rate During the Initial Linehaul Carrier Subcontract. The parties acknowledge that, during the term of the Initial Linehaul Carrier Subcontract:

(1) Per Railcar Basic Rail Transport Rates. The initial Per Railcar Basic Rail Transport Rates applicable on the Service Date to the Niagara RTT Intermodal Facility, the Delaware Rail Receiving Site and the Lee County Landfill shall be as follows:

Destination	Unit Train Per Railcar Basic Rail Transport Rate	Merchandise Train Per Railcar Basic Rail Transport Rate
Niagara RTT Intermodal Facility	\$1,460.00	\$1,677.00
Delaware Rail Receiving Site	\$1,187.00	\$1,331.00
Lee County Landfill	\$1,997.00	\$2,203.00

(2) Escalation of Per Railcar Basic Rail Transport Rates.

(a) July 1, 2012 and July 1, 2013. On July 1, 2012, the rates set forth in the table above shall increase by that percent that is the same as the percent that the CPINY for May, 2012 increased over the average of the CPINY for May, 2011, which is 248.073. On July 1, 2013, the rates set forth in the table above (as escalated pursuant to the preceding sentence) shall increase by that percent that is the same as the percent that the CPINY for May, 2013 increased over the CPINY for May, 2012, which is 252.652. In neither case may the percent increase be less than 0.0%.

(b) July 1, 2014 and Thereafter Through End of Initial Linehaul Carrier Contract Term. On July 1, 2014 and on each July 1 thereafter, through the end of the initial term of the Linehaul Carrier Subcontract, the rates set forth on the table above, as previously escalated, shall be further escalated by multiplying such rate by the Rail Cost Adjustment Factor as set forth below. The Rail Cost Adjustment Factor will be derived by dividing the Index Amount (defined below) for the second quarter of the Calendar Year during which the adjustment is to

be made by the Index Amount for the second quarter in the previous Calendar Year with both using the latest bases available. The Rail Cost Adjustment Factor will be rounded to the third decimal place. In percentage terms, this is to the nearest one-tenth of one percent. Such per Railcar charge will be subject to a minimum annual increase of 2.5%. Negative adjustment factors will not be used to calculate future adjustments. Any such calculation shall conform to the corresponding calculation in the Initial Linehaul Carrier Subcontract. The Index Amount is the All Inclusive Index Less Fuel With Forecast Error Adjustment - Table AE, (All-LF), as published in the ARR Railroad Cost Indexes (the column titled “All-LF with Error Adjustment”).

(3) Per Railcar Fuel Surcharge Rate. The per-Railcar fuel surcharge imposed by the Linehaul Carrier under the Initial Linehaul Carrier Subcontract, to be used for the purpose of determining the fuel surcharge under subsection (C) of this Section, shall be calculated as follows:

- (a) In the event that the monthly average price for a gallon of highway diesel fuel (as determined below, the “HDF Average Price”) equals or exceeds 200.0 cents, a fuel surcharge will be applied commencing on the first day of the second month following the month of a given HDF Average Price determination.
- (b) The HDF Average Price for a month will be the average price for that month of U.S. No. 2 Diesel Retail Sales by All Sellers, as determined and published by the U.S. Department of Energy, Energy Information Administration (“DOE-EIA”). That average price will, in calculating the HDF Average Price, be rounded to the nearest 1/10 of a cent applying conventional rounding principles. The fuel adjustment will be 1 cent per mile per Railcar for every 4 cents per gallon, or portion thereof, by which the HDF Average Price for the month two months prior to the month of shipment exceeds 199.9 cents.
- (c) The DOE-EIA publication referenced in clause (3)(b) of this subsection may be found at [www.eia.doe.gov](http://www.eia.doe.gov). If DOE-EIA ceases publication, the Linehaul Carrier shall employ a suitable substitute source of price or measure.

(4) Modifications to Rail Cost Adjustment Factor. Should the Rail Cost



Adjustment Factor or the fuel surcharge be rebased or recalculated during the term of the Initial Linehaul Carrier Subcontract, the rebased or recalculated series will be used to calculate the adjustments pursuant to clauses (2) and (3) of this subsection. If the Rail Cost Adjustment Factor or the fuel surcharge is discontinued or modified, the parties will negotiate in good faith to agree upon a substitute provision.

(E) Separate Calculations For Each Authorized Disposal Site. The Rail Transport VOC shall be calculated separately for each Authorized Disposal Site which shall be identified as separate line items on each Billing Statement. Further, for each Authorized Disposal Site, the Basic Rail Transport VOC portion of the Rail Transport VOC and the Rail Fuel Surcharge portion of the Rail Transport VOC shall be identified as separate line items.

(F) Amounts Excluded. The Rail Transport VOC shall not include: (1) any damages, penalties, surcharges or other amounts, whether part of a per Railcar charge or otherwise, attributable to any non-compliance, breach or default by the Company under the terms of any Linehaul Carrier Subcontract or (2) any additional, special, assessorial, demurrage or other similar charges paid by the Company to the Linehaul Carrier on account of premium, guaranteed or supplemental service. Any price reductions, discounts, rebates or special considerations given to the Company by the Linehaul Carrier as part of the Linehaul Carrier Subcontract or as an inducement for the Company to enter into the Linehaul Carrier Subcontract, whether related to services provided to the Company or its Affiliates by the Linehaul Carrier for transporting Railcars to or from the NYCT Intermodal Facility or between the NYCT Intermodal Facility and the Facility, or elsewhere, shall serve to reduce the Rail Transport Variable Component by an amount equivalent to such price reduction, discount, rebate or special consideration, except that any such reduction made in connection with the Niagara RTT Intermodal Facility shall be shared equally by the Company and the City.

(G) Linehaul Carrier Base Scope of Work. The Rail Transport VOC covers the following scope of work by the Linehaul Carrier: (1) pulling and removing loaded Railcars from the NYCT Intermodal Facility at the direction of the Company; (2) causing the loaded Railcars to be transported from the NYCT Intermodal Facility to the Designated Disposal Site (or related Intermodal Facility); (3) spotting the loaded Railcars at the Designated Disposal Site (or related Intermodal Facility); (4) pulling and removing empty Railcars from the Designated Disposal Site (or related Intermodal Facility) at the direction of the Company; (5) causing the empty Railcars to be transported from the Designated Disposal Site (or related Intermodal Facility) to the NYCT Intermodal Facility; and (6) performing all associated switching in connection with the foregoing (except for switching at New York Container Terminal Intermodal

Facility or any other intermodal facility used by the Company as a replacement for the services that otherwise would be provided at New York Container Terminal Intermodal Facility). The foregoing Linehaul Carrier scope of work is referred to herein as the “Linehaul Carrier Base Scope of Work”. Costs relating to rail switching at New York Container Terminal Intermodal Facility are included in other components of the Service Fee and are the responsibility of the Company (or a Company Subcontractor).

(H) Renewal or Replacement Linehaul Carrier Subcontracts. Upon the expiration of the initial term of the Initial Linehaul Carrier Subcontract, or the expiration of any then-applicable term of any extension to or replacement of any Linehaul Carrier Subcontract, the Per Railcar Basic Rail Transport Rate, the Per Railcar Fuel Surcharge Rate and the applicable distances in rail miles to the respective disposal facilities shall each be adjusted to reflect the cost per Railcar basic transport charge and the related fuel surcharge stated in the extension or replacement Linehaul Carrier Subcontract procured in accordance with Article IX. No adjustment in the Per Railcar Basic Rail Transport Rate shall be permitted to reflect a scope of services or performance guarantees to be performed or provided by the Linehaul Carrier greater than the Linehaul Carrier Base Scope of Work (such as to include the work initially being performed at the Facility by another Subcontractor) without the consent of the City which may be withheld in the City’s sole discretion.

(I) Billing Period. Billing of the Rail Transport VOC shall be done on a Monthly Billing Period.

SECTION 11.21. FIXED UNCONTROLLABLE CIRCUMSTANCE COSTS COMPONENT.

(A) Generally. The Fixed Uncontrollable Circumstance Cost (FUCC) represents the Company’s monthly compensation for capital costs incurred by the Company pursuant to an Event Response Measure following an Uncontrollable Circumstance.

(B) Calculation of Fixed Uncontrollable Circumstance Cost. The Fixed Uncontrollable Circumstance Cost for each Monthly Billing Period shall be established, with respect to the capital or similar costs of an Uncontrollable Circumstance that remain fixed from month to month and are not dependent on numbers of Containers delivered by the City, using the procedures, methodology and allocations set forth in Section 13.4 and the applicable cost sharing set forth in Section 13.5. With respect to any Uncontrollable Circumstance, the applicable Fixed Uncontrollable Circumstance Cost shall be the same for each Monthly Billing Period, and shall be applicable only during those Monthly Billing Periods occurring during the amortization period determined to be applicable for the Event Response Measure pursuant to

Section 13.4. The Fixed Uncontrollable Circumstance Cost applicable for each Uncontrollable Circumstance shall be determined separately, and for any Monthly Billing Period the Fixed Uncontrollable Circumstance Cost shall be the sum of all of the then-applicable Fixed Uncontrollable Circumstance Costs for all Uncontrollable Circumstances. The Fixed Uncontrollable Circumstance Cost shall not be subject to escalation during the Term.

(C) Adjustments of Fixed Uncontrollable Circumstances Costs. The provisions of this subsection shall apply to semiannual and annual reconciliations performed pursuant to Section 11.27 and Appendix 16 and for no other purpose.

1. Determination of Monthly Fixed Uncontrollable Circumstances Cost By Designated Disposal Site. For each Designated Disposal Site, the Fixed Uncontrollable Circumstances Cost for each Monthly Billing Period, if any, shall be determined in the manner set forth in Step 4 of Section 16.2 of Appendix 16.
2. Determination of Monthly Per Container Uncontrollable Circumstances Cost By Designated Disposal Site. For each Designated Disposal Site, the Fixed Uncontrollable Circumstances Cost for each Monthly Billing Period, if any, shall be converted into a per Container amount (the “Fixed UCC Cost Per Container”) in the manner set forth in Step 4 of Section 16.2 of Appendix 16.
3. Application of Fixed UCC Cost Per Container in Preparation of Annual and Semiannual Reconciliations. In the preparation of each semiannual and annual reconciliation pursuant to Section 11.27 and Appendix 16, the Fixed UCC Cost Per Container calculated for each Designated Disposal Site shall be treated as part of the All-in Variable Cost at such Designated Disposal Site as if such per Container amount had been included in the Variable Operating Cost Component applicable at such Designated Disposal Site (even though it is not actually included in such Variable Operating Cost Component for purposes of calculating the Service Fee).
4. Limitation on Amount that Will be Treated as Part of the All in Variable Cost. Notwithstanding the foregoing, in the preparation of each semiannual and annual reconciliation, during any Monthly Billing Period, the fixed UCC cost calculated in Step 4 of Section 16.2 of Appendix 16 for a Designated Disposal Site cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site

The application of the principles set forth in this subsection shall be in accordance with the methodology set forth in Appendix 16.

(D) Billing Period. Billing of Fixed Uncontrollable Circumstance Costs shall be done on Twice Monthly Billing Periods.

SECTION 11.22. ADJUSTMENT FACTORS.

(A) System Cost Component Adjustment Factor.

(1) MTS-1 System Cost Component Adjustment Factor. The MTS-1 System Cost Component Adjustment Factor shall be applied to the amount set forth in clause (a) of subsection 11.3(B) as set forth in subsection 11.3(B). On the MTS-1 Notice to Proceed Date, the “MTS-1 System Cost Component Adjustment Factor” for purposes of this Service Contract, shall be determined as follows:

$$\text{MTS-1SC AF} = \text{CPINY}_m \div \text{CPINY}_{\text{Mar12}}$$

Where,

$\text{CPINY}_m$  = The value of CPINY occurring in the month preceding the month in which the Notice-to-Proceed for MTS-1 occurs. For example, if the Notice-to-Proceed occurs in July 2013, then  $\text{CPINY}_m$  is the CPINY for June 2013.

$\text{CPINY}_{\text{Mar12}}$  = The CPINY values for March 2012, which is 251.887.

(2) MTS-2 System Cost Component Adjustment Factor. The MTS-2 System Cost Component Adjustment Factor shall be applied to the amount set forth in clause (a) of subsection 11.3(C) as set forth in subsection 11.3(C). On the MTS-2 Notice to Proceed Date, the “MTS-2 System Cost Component Adjustment Factor” for purposes of this Service Contract, shall be determined as follows:

$$\text{MTS-2SC AF} = \text{CPINY}_m \div \text{CPINY}_{\text{Mar12}}$$

Where,

$\text{CPINY}_m$  = The value of CPINY occurring in the month preceding the month in which the Notice-to-Proceed for MTS-2 occurs. For example, if the Notice-to-Proceed for MTS-2 occurs in June 2015, then  $\text{CPINY}_m$  is the CPINY for May 2015.

$\text{CPINY}_{\text{Mar12}}$  = The CPINY values for March 2012, which is 251.887.

(B) CPINY Adjustment Factor. The CPINY Adjustment Factor will be applied to the following components of the Service Fee:

- (1) Fixed Operating Cost Component
- (2) Disposal Variable Component
- (3) Unified Variable Operating Cost Component

The CPINY Adjustment Factor shall be determined as follows:

$$\text{CPINY AF}_n = \text{CPINY}_{n-1} \div \text{CPINY}_b$$

Where,

$\text{CPINY}_{n-1}$  = The annual average of the 12-monthly CPINY values occurring in the Calendar Year preceding the Contract Year with respect to which a calculation is to be made thereunder. For example, for the Contract Year beginning July 1, 2013,  $\text{CPINY}_{n-1}$  is the annual average CPINY for Calendar Year 2012.

$\text{CPINY}_b$  = The average of the 12-monthly CPINY values occurring in the Calendar Year ending December 31, 2011, which is 247.718.

The parameter of “n” reflects the applicable Contract Year (or Fiscal Year) 1, 2, 3, etc. where the value of “n” for the Fiscal Year beginning on July 1, 2012 is “1”, “n” for the fiscal year beginning on July 1, 2013 is “2”, “n” for the fiscal year beginning on July 1, 2014 is “3”, etc. Prior to July 1, 2013 the value of the CPINY Adjustment Factor shall be equal to 1.0.

Notwithstanding the foregoing, with respect to any Contract Year, the application of the CPINY Adjustment Factor shall not cause the dollar value to which it is being applied to either (1) be lower than the dollar value in effect for the preceding Contract Year or (2) be more than 5% greater than the dollar value in effect for the preceding Contract Year.

(C) Adjustment Factors Applicable to Base NYCT Variable Rate, Base Port Authority Container Assessment Variable Rate and Base ILA Benefits Variable Rate.

(1) Base NYCT Variable Rate Adjustment Factor. There are three components to the Base NYCT Variable Rate Adjustment Factor. These are: (i) changes to ILA wage rates; (ii) changes to the NYSA-ILA Money Purchase Pension Plan assessment rate; and (iii) changes to the Waterfront Commission assessment rate. For purposes of calculating the Base NYCT Variable Rate Adjustment Factor, at any time of calculation, the then-effective ILA

Wage Rate, NYSA-ILA Money Purchase Pension Plan Assessment Rate and Waterfront Commission Assessment Rate shall be determined as follows:

(a) ILA Wage Rate. The straight-time basic wage rate then in effect as provided in the USMX-ILA collective bargaining agreement under Article II, or as provided in a successor collective bargaining agreement, measured on a per hour of work basis for those employees whose such straight-time basic wage rate in effect from October 1, 2011 through September 30, 2012 was \$32.00 per hour (“Base ILA Wage Rate”). When any positive or negative change occurs to the Base ILA Wage Rate, (a) any and all such changes will be substantiated by the Company, and (b) the ILA Wage Rate will equal the result of any and all such changes.

(b) NYSA-ILA Money Purchase Pension Plan Assessment Rate. The employer contribution to the NYSA-ILA Money Purchase Pension Plan then in effect as provided in the NYSA-ILA collective bargaining agreement under Article IX, Section 3, or as provided in a successor collective bargaining agreement, measured on a per hour of work basis for those employees whose such employer contribution from October 1, 2011 through September 30, 2012 was \$1.00 per hour (“Base NYSA-ILA Money Purchase Pension Plan Employer Contribution Assessment Rate”). When any positive or negative change occurs to the Base NYSA-ILA Money Purchase Pension Plan Employer Contribution Assessment Rate, (a) any and all such changes will be substantiated by the Company, and (b) the NYSA-ILA Money Purchase Pension Plan Assessment Rate will equal the result of any and all such changes.

(c) Waterfront Commission Assessment Rate. The Waterfront Commission Assessment Rate shall be, at any time, the product of (i) the Waterfront Commission Assessment then in effect as provided in the Waterfront Commission Act, Chapter 882 of New York Laws of 1953 and Chapter 202 of New Jersey Laws of 1953, both as amended and supplemented, and (ii) the then-applicable ILA Wage Rate. As of September 30, 2012, the Waterfront Commission Assessment Rate was \$0.64 (which is the product of 2.0%, which is the then applicable statutory rate, and \$32.00, the then applicable ILA Wage Rate). When any positive or negative change occurs to the Waterfront Commission Assessment Rate, (a) any and all such changes will be substantiated by the Company, and (b) the Waterfront Commission Assessment Rate will adjust for and take into account any and all such changes.

The Base NYCT Variable Rate Adjustment Factor will be calculated as follows:

Base NYCT Variable Rate Adjustment Factor = The then effective ILA Wage Rate and Assessments / \$33.64

Where,

ILA Wage Rate and Assessments = The then effective ILA Wage Rate + the then effective NYSA Hourly Assessment + the then effective Waterfront Commission Assessment

Where,

ILA Wage Rate = The most recent ILA Wage Rate substantiated by the Company;

NYSA Hourly Assessment = The most recent NYSA-ILA Money Purchase Pension Plan Assessment Rate substantiated by the Company;

Waterfront Commission Assessment = The most recent Waterfront Commission Assessment Rate substantiated by the Company.

(2) Base Port Authority Container Assessment Variable Rate Adjustment Factor. The Base Port Authority Container Assessment Variable Rate is \$70.00 per Container. When any positive or negative change occurs to the Base Port Authority Container Assessment Variable Rate, (a) any and all such changes will be substantiated by the Company, and (b) the Port Authority Container Assessment Variable Rate will equal the result of any and all such changes.

(3) Base ILA Benefits Variable Rate Adjustment Factor. The Base ILA Benefits Variable Rate is \$34.40 per Container. When any positive or negative change occurs to the Base ILA Benefits Variable Rate, (a) any and all such changes will be substantiated by the Company, and (b) the ILA Benefits Variable Rate will equal the result of any and all such changes.

(4) Retroactive Adjustments. If and to the extent an adjustment to a rate described in this subsection applies retroactively, then a corresponding adjustment shall be made to correct past Billing Periods in the first Billing period following substantiation of such retroactive adjustment by the Company.

(D) Marine Diesel Index Adjustment Factor

The Marine Diesel Index Adjustment Factor will be applied to the following components of the Service Fee:

Marine Diesel Fuel Variable Operating Cost Component (Marine Diesel

Fuel VOC)

During the Term, the “Marine Diesel Index Adjustment Factor” for purposes of this Service Contract, when used with respect to any particular month, shall be determined as follows:

$$\text{MDF AF}_m = \text{MDF}_{m-2} \div \text{MDF}_b$$

Where,

$\text{MDF}_{m-2}$  = The New York Harbor Ultra-Low Sulfur No 2 Diesel Spot Price (Dollars per Gallon) as Reported by the US Department of Energy occurring two months prior to the month with respect to which a calculation is to be made thereunder. For example, for the month January 2013,  $\text{MDF}_{m-2}$  is the value reported for the month of November 2012.

$\text{MDF}_b$  = The base value is \$3.095 per gallon.

The subscript “m” reflects the months of the year, i.e., January, February, March, etc. rather than a numerical value. The subscript “m-2” reflects the fact that the index used is two months prior to the month with respect to which a calculation is to be made thereunder.

(E) US On-Highway Diesel Index Adjustment Factor.

The US On-Highway Diesel Index Adjustment Factor will be applied to the following components of the Service Fee:

- (1) Niagara RTT Intermodal Facility Variable Operating Cost; and
- (2) Delaware RRS Truck Fuel Variable Operating Cost.

The “US On-Highway Diesel Index Adjustment Factor” for purposes of this Service Contract, when used with respect to any particular month, shall be determined as follows:

$$\text{OHDF AF}_m = \text{OHDF}_{m-1} \div \text{OHDF}_b$$

Where,

$\text{OHDF}_{m-1}$  = The Central Atlantic (PADD 1B) No. 2 Diesel Ultra Low Sulfur (0-15 ppm) Retail Prices (Dollars per Gallon) as Reported by the US Department of Energy occurring one month prior to the month with respect to which a calculation is to be made thereunder. For example, for the month January 2013,  $\text{OHDF}_{m-1}$  is the value reported for the month of December 2012.

$\text{OHDF}_b$  = The base value is \$4.060 per gallon.



The subscript “m” reflects the months of the year, i.e., January, February, March, etc. rather than a numerical value. The subscript “m-1” reflects the fact that the index used is one month prior to the month with respect to which a calculation is made.

(F) Barge Steel Adjustment Factor. The Barge Steel Adjustment Factor with respect to the initial Minimum Barge Requirement will use Producer Price Index Industry Data for Hot rolled steel bars, plates, and structural shapes as reported by the U.S. Department of Labor, Bureau of Labor Statistics, and identified by Series Id: PCU3311103311107 (“Barge Steel Price Adjustment Index”). With respect to the initial Minimum Barge Requirement, the Barge Steel Adjustment Factor is calculated as follows:

Barge Steel Adjustment Factor = (Barge Steel Price Adjustment Index for the Calendar Month during which occurs the 12<sup>th</sup> full week after the Operating Week in which MTS-1 Notice to Proceed Date occurs) ÷ 200.5 (which is the Barge Steel Price Adjustment Index amount as of February 22, 2013). For example, if the MTS-1 Notice to Proceed Date occurred on July 1, 2013, the Barge Steel Price Adjustment Index used would be based on values for September 2013.

The Barge Steel Adjustment Factor will be finalized when the applicable Barge Steel Price Adjustment Index values are no longer subject to revisions by the U.S. Department of Labor, Bureau of Labor Statistics.

(G) Container Steel Adjustment Factor. The Container Steel Adjustment Factor with respect to the initial Minimum Container Requirement will use the weekly average for Steel sheet, hot-rolled sheet/Midwest as quoted by the American Metal Market Indices and measured in US Dollars per CWT (“Container Steel Price Adjustment Index”). With respect to the initial Minimum Container Requirement, the Container Steel Price Adjustment Factor is calculated as follows:

Container Steel Price Adjustment Factor =  $AMM_1$  Adjustment Factor +  $AMM_2$  Adjustment Factor +  $AMM_3$  Adjustment Factor.

where,

$AMM_1$  Adjustment Factor = (weekly Container Steel Price Adjustment Index for the 1<sup>st</sup> full week ending after the Operating Week during which MTS-1 Notice to Proceed Date occurs ÷ \$31.00 (which is the Container Steel Price Adjustment Index as of February 22, 2013) x 0.34, (for example, if the MTS-1 Notice to Proceed Date occurred on July 1, 2013, the index used would be the weekly index as reported by American Metal Market Indices for the week ending on Friday, July 12, 2013);

AMM<sub>2</sub> Adjustment Factor = (weekly Container Steel Price Adjustment Index for the 30<sup>th</sup> full week ending after the Operating Week during which MTS-1 Notice to Proceed Date occurs ÷ \$31.00) x 0.34, (for example, if the MTS-1 Notice to Proceed Date occurred on July 1, 2013, the index used would be the index as reported by American Metal Market Indices for the week ending on Friday, January 31, 2014); and

AMM<sub>3</sub> Adjustment Factor = (weekly Container Steel Price Adjustment Index for the 52<sup>nd</sup> full week ending after the Operating Week during which MTS-1 Notice to Proceed Date occurs ÷ \$31.00) x 0.32, (for example, if the MTS-1 Notice to Proceed Date occurred on July 1, 2013, the index used would be the index as reported by American Metal Market Indices for the week ending on Friday, July 4, 2014).

(H) Container Cost Adjustment Factor.

For purposes of adjusting the Initial Fixed Price Portion and the Initial Container Steel Price Portion of the Container cost being adjusted on the tenth anniversary or the twentieth anniversary of the Tranche<sub>x</sub> Effective Date, the Container Cost Adjustment Factor is:

$$CAF_n = [(0.7) \times (CPINYN/CPINY_{base}) + (0.3) \times (SPIN/SPI_{base})],$$

where

n	=	the tenth anniversary or the twentieth anniversary of the Tranche <sub>x</sub> Effective Date, as applicable
CPINYN	=	the average CPINYN for the six months preceding the month in which the anniversary of the Tranche <sub>x</sub> Effective Date occurs.
CPINY <sub>base</sub>	=	the average CPINYN for the six months preceding the month in which the Tranche <sub>x</sub> Effective Date occurs.
SPIN	=	the average SPI for the six months preceding the month in which the anniversary of the Tranche <sub>x</sub> Effective Date occurs.
SPI <sub>base</sub>	=	the average SPI for the six months preceding the month in which the Tranche <sub>x</sub> Effective Date occurs.

“SPI” or “Steel Price Index” means the daily average of the daily American Metal Market Indices for Hot Rolled Steel Sheet–Midwest, measured in US dollars per CWT, calculated over the applicable averaging period. Days in which the index is not reported (e.g., weekends and holidays) are not included in the average. All averages are rounded to the second decimal place (i.e., the nearest cent).

(I) Container Delivery Cost Adjustment Factor. For purposes of adjusting the Designated Transportation Equipment Delivery Cost of a Container of any Tranche being

adjusted on the tenth anniversary or the twentieth anniversary of the Tranche<sub>x</sub> Effective Date, the Container Delivery Cost Adjustment Factor is:

$$CDCAF_n = (CPINY_n / CPINY_{base}).$$

where

n	=	the tenth anniversary or the twentieth anniversary of the Tranche <sub>x</sub> Effective Date, as applicable
CPINY <sub>n</sub>	=	the average CPINY for the six months preceding the month in which the anniversary of the Tranche <sub>x</sub> Effective Date occurs.
CPINY <sub>base</sub>	=	the average CPINY for the six months preceding the month in which the Tranche <sub>x</sub> Effective Date occurs.

SECTION 11.23. CALCULATION OF MONTHLY UNIT COST OF COMPANY OWNED TRANSPORTATION EQUIPMENT.

(A) Calculation of Monthly Unit Cost Generally. The monthly unit cost for any piece of Company Owned Transportation Equipment is equal to:

$$[(\text{Transportation Equipment Purchase Price}) \times (1 + \text{sales tax rate}) + (\text{Designated Transportation Equipment Delivery Costs})] \times [\text{Monthly Amortization Factor}].$$

(B) Determination of Transportation Equipment Purchase Price and Designated Transportation Equipment Delivery Costs. The Transportation Equipment Purchase Price and Designated Transportation Equipment Delivery Costs (which may include an adjustment for fuel costs as described in clause (1)(a)(iii) of subsection 11.15(C)) are determined in accordance with the provisions of this Article XI. For purposes of calculating the Transportation Equipment Purchase Price and Designated Transportation Equipment Delivery Costs for Replacement Containers, note that the escalation protocol set forth in clause (2) of subsection 11.15(D) shall apply.

(C) Determination of Monthly Amortization. The Monthly Amortization Factor is calculated using the following equation:

$$r / [1 - (1 / (1 + r)^n)],$$

where “r” is the applicable monthly interest rate and “n” is the amortization period expressed in number of months.

(D) Determination of Number of Monthly Payments. The value of “n” represents the applicable number of monthly payments, which for Designated Containers is 120 months and for all the other Designated Transportation Equipment 360 months.

(E) Determination of Monthly Interest Rate. The monthly interest rate used to calculate the Monthly Amortization Factors is equal to the annual interest rate raised to the one-twelve power minus 1, i.e.,

$$r = [(1+R)^{(1/12)}] - 1; \text{ or}$$
$$r = [e^{(\ln(1+R)/12)}] - 1.$$

(F) Determination of Annual Interest Rate. For Containers the annual “Designated Transportation Equipment Adjustment Interest Rate”, or “R”, is equal to the average annual yield on 10-Year Treasuries during the applicable Designated Transportation Equipment Adjustment Interest Rate Determination Period, plus 200 basis points.

For all other Designated Transportation Equipment the annual interest rate, “R”, is equal to the average annual yield on 30-Year Treasuries during the applicable Designated Transportation Equipment Adjustment Interest Rate Determination Period, plus 200 basis points.

The average 10-Year and 30-Year Treasury annual yields for each month are those reported by the Federal Reserve Board on <http://www.federalreserve.gov>.

(G) Rounding Convention. The value of any interest rate or amortization factor pursuant to this section shall be rounded to at least fourteen (14) decimal places.

#### SECTION 11.24. EXTRAORDINARY ITEMS COMPONENT (EI).

(A) Extraordinary Items Component Generally. The Extraordinary Items Component, which may be a charge or a credit, shall be equal to:

(1) Charges.

(a) Unacceptable Waste. For the removal, transport and disposal of Unacceptable Waste delivered by the City as and to the extent provided in Section 7.16, a charge equal to:

(i) Disposal Sites of Unrelated Persons. The Substantiated Costs of the Company for such removal, transport and, if the disposal facility is owned or operated by an unrelated third party, disposal, and

- (ii) Disposal Sites of Company or Affiliates. The Substantiated Costs of the Company for such removal and transport (but not disposal) and, for disposal, if the Authorized Disposal Site is owned or operated by the Company or an Affiliate, 101.5% of the prior year's weighted average tipping fee charged by the Company or such Affiliate for waste accepted at such disposal facility, but excluding from such calculation waste delivered to such disposal facility pursuant to contracts with a term exceeding three years;
- (b) Reimbursable New or Increased Host Community Tax. A charge relating to any amount paid by the Company on account of a Reimbursable New or Increased Host Community Tax, other than interest or penalties, calculated as set forth in Article XIII;
- (c) Increased Costs Resulting From Uncontrollable Circumstances. A charge equal to the amounts payable by the City for increased operation, maintenance or other costs incurred as a result of the occurrence of an Uncontrollable Circumstance which is chargeable to the City hereunder (but excluding any Fixed Uncontrollable Circumstance Costs chargeable to the City, which shall be includable in the Service Fee pursuant to Section 11.21 and excluding Variable Uncontrollable Circumstance Costs that are included in the Service Fee as part of the All-in Variable Cost), net of any operation, maintenance or other cost savings achieved by the Company in mitigating the effects of the occurrence of such an Uncontrollable Circumstance as employed or required to be employed pursuant to this Service Contract;
- (d) Increased Shifts; Sunday and Holiday Operations. A charge equal to the amounts payable by the City for adding an additional shift at a Marine Transfer Station as set forth in Section 7.4, or for Sunday or Holiday Operations as set forth in Section 7.6;
- (e) Unamortized Value of Decommissioned Transportation Equipment. A charge equal to the Unamortized Value of any Transportation Equipment that the City is responsible for paying upon a decrease in the minimum transportation equipment requirement, minus any proceeds received by the Company from the sale or other disposition of such decommissioned Transportation Equipment;

(f) City Indemnification. A charge equal to any indemnification payments owed by the City pursuant to Section 13.8 or any other provision hereof;

(g) Interest on Overdue Amounts. A charge equal to any interest that is due from the City to the Company with respect to late payments as set forth in the PPB Rules;

(h) Semiannual and Annual Reconciliations. Any amount that is owing by the City pursuant to the semiannual or annual reconciliations of the Service Fee;

(i) Expiration Termination Adjustment. A charge equal to any Expiration Termination Adjustment;

(j) Warranty Relief/Crane Covered Maintenance Costs. Any amount that is owing by the City pursuant to clause (2) of subsection 7.10(F) relating to warranty costs or pursuant to subsection 7.10(G) relating to Covered Maintenance costs; and

(k) Other Charges. A charge equal to any other increase in the Service Fee provided for under any other Article of this Service Contract.

(2) Credits.

(a) Company Non-Performance. A credit equal to any damages payable to the City due to Company non-performance;

(b) Non Compliance with Container Acceptance Guarantee or Container Availability Guarantee. A credit equal to the amount of the Service Fee reduction to which the City is entitled pursuant to subsection 7.5(B) or pursuant to Section 7.8;

(c) Waste Acceptance Fraction Adjustments. A credit equal to any amount that is specified to be an Extraordinary Item Component based on adjustments to (1) the System Cost Component calculated pursuant to Section 11.3, (2) the Fixed Operating Cost Component calculated pursuant to Section 11.4, (3) the Barge Capital Cost Component calculated pursuant to Section 11.13, (4) the Railcar Capital Cost Component calculated pursuant to Section 11.14, (5) the Container Capital Cost Component calculated pursuant to Section 11.15, (6) the

Reach Stacker Capital Cost Component calculated pursuant to Section 11.16, (7) the Yard Jockey Capital Cost Component calculated pursuant to Section 11.17, (8) the Chassis Capital Cost Component calculated pursuant to Section 11.18 and (9) the Railcar Mover Capital Cost Component calculated pursuant to Section 11.19, in each case relating to the Waste Acceptance Fraction;

(d) Tax Refund. A credit equal to any refunds of sales, use or similar taxes, or any such Taxes previously included within the Service Fee and for which an exemption is available, as set forth in subsection 6.1(F);

(e) Reduced Shifts. A credit equal to any amount that the Service Fee is reduced due to a reduction in shifts at a Marine Transfer Station;

(f) Company Indemnification. A credit equal to any indemnification payments owed by the Company pursuant to Section 13.7 or any other provision hereof;

(g) Transportation Equipment Decommissioning Amount. A credit equal to any Transportation Equipment Decommissioning Amount that the Company is obligated to pay the City calculated as set forth in subsection (B) of this Section;

(h) Proceeds of Disposition of Barges, Railcars, Containers, Reach Stackers, Yard Jockeys, Chassis and Railcar Movers. A credit in an amount equal to the net proceeds of the disposition of City Owned Barges, City Owned Railcars, City Owned Containers, City Owned Reach Stackers, City Owned Yard Jockeys, City Owned Chassis and City Owned Railcar Movers pursuant to Section 6.2;

(i) Interest on Overdue Amounts. A credit equal to any interest that is due from the Company to the City with respect to late payments;

(j) Renewable Energy Credits. A credit equal to the amount that is due to the City because of renewable or environmental energy credits calculated as set forth in subsection 13.2(B);

(k) Semiannual and Annual Reconciliations. Any amount that is owing by the Company to the City pursuant to the semiannual or annual reconciliations of the Service Fee;

(l) Recoupment Of Damages Paid Pursuant to Section 5.2(E)(2). To the extent the City has paid damages for late completion of MTS-1 pursuant to clause (2) of subsection 5.2, and recoupment amounts are payable by the Company to the City pursuant to clause (3) of subsection 5.2(E), the amount so payable to the City;

(m) Damages for Failure to Deliver a Letter of Credit. A credit equal to any amount owing by the Company to the City as a result of a failure to deliver the Service Period (Initial Renewal Term) Letter of Credit or the Service Period (Additional Renewal Term) Letter of Credit, as set forth in clause (6) of subsection 14.2(A); and

(n) Other Credits. A credit equal to any other reduction in the Service Fee provided for under any other Article of this Service Contract.

(B) Transportation Equipment Decommissioning Amount. If the Minimum Transportation Equipment Requirement is decreased in connection with a Designated Transportation Equipment Adjustment (other than a termination of service at MTS-2 due to a Company Event of Default, in which case no payment is due with respect to Transportation Equipment reductions), the Extraordinary Items Component shall include, for the Billing Period during which the Designated Transportation Equipment Adjustment Effective Date occurs, an amount (the “Transportation Equipment Decommissioning Amount”) payable by the City to the Company that is:

(a) With respect to Decommissioned Transportation Equipment that is Company Owned Transportation Equipment, the Unamortized Value of such Decommissioned Transportation Equipment, calculated on a per item basis but excluding any Decommissioned Transportation Equipment that the Company elects to retain. Any proceeds derived by the Company from the sale of such Company Owned Transportation Equipment pursuant to subsection 6.2(B) shall be credited to the City under Extraordinary Items Component.

(b) With respect to Decommissioned Transportation Equipment that is Leased Transportation Equipment, the product of: (i) the Lease Termination Amount per leased item set forth in the applicable lease and (ii) the number of such items of Decommissioned Transportation Equipment minus the number of items such Decommissioned Transportation Equipment that the Company elects to retain.



(c) With respect to Decommissioned Transportation Equipment that is City Owned Transportation Equipment, or Company Owned Transportation Equipment or Leased Transportation Equipment that the Company retains, no adjustment shall be payable.

SECTION 11.25. BILLING OF SERVICE FEE.

(A) Billing. The City shall pay certain portions of the Service Fee on a monthly basis (Monthly Billing Periods) and certain portions of the Service Fee on a twice monthly basis (Twice Monthly Billing Periods). Each Monthly Billing Period and Twice Monthly Billing Period shall constitute a Billing Period.

(1) Twice Monthly Billing Periods. The portions of the Service Fee for which invoices may be submitted on a Twice Monthly Billing Period are (1) the System Cost Component, (2) the Fixed Operating Cost Component, (3) the Barge Capital Cost Component, (4) the Railcar Capital Cost Component, (5) the Container Capital Cost Component, (6) the Reach Stacker Capital Cost Component, (7) the Yard Jockey Capital Cost Component, (8) the Chassis Capital Cost Component, (9) the Railcar Mover Capital Cost Component, and (10) Fixed Uncontrollable Circumstances Costs. For purposes of pro rating any amount due with respect to only a portion of a Calendar Month, and calculating amounts allocable to each Twice Monthly Billing Period during such month, all Calendar Months will be deemed to have 30 days.

(2) Monthly Billing Periods. All components of the Service Fee not invoiced on Twice Monthly Billing Periods shall be invoiced on a Monthly Billing Period basis.

(B) Forms of Billing Statements. Billing Statements shall be submitted in the forms set forth in Appendix 11, as such forms as may be modified by the City in accordance with subsection (D) below. Each Billing Statement that includes an All-in Variable Cost shall initially be submitted using the assumptions set forth in Section 11.26 (an “Unadjusted Billing Statement”), and such Unadjusted Billing Statements shall provide the basis for monthly payments of variable cost components. Not later than 30 days following the end of each Monthly Billing Period, the Company shall submit to the City revised Billing Statements recomputing the All-in Variable Cost portion of the Monthly Service Fee based on actual deliveries of Containers to each of the Authorized Disposal Sites, setting forth the actual All-in Variable Costs applicable to each such Authorized Disposal Site, and identifying those Loaded Containers delivered to an Authorized Disposal Site that have been delivered as a result of a Forced Diversion or a Voluntary Diversion, as applicable (the “Cost Adjusted Billing Statement”). The Cost Adjusted Billing Statement shall not be used for monthly billing and

payment purposes, but shall be used as a basis for the City to review and confirm the semiannual and annual recomputations performed pursuant to Section 11.27 and Appendix 16.

(C) Payment. A properly completed Billing Statement (including the Unadjusted Billing Statement) for a Monthly Billing Period or a Twice Monthly Billing Period, as applicable, shall include all of the components, computations, information and supporting documentation required by the forms of Billing Statement set forth in Appendix 11. A Billing Statement for a Monthly Billing Period shall be separate from a Billing Statement for a Twice Monthly Billing Period. The City shall pay Billing Statements in accordance with the PPB Rules.

(D) Modifications to Form of Billing Statement. The City may, from time to time, modify the forms of Billing Statements to require additional or different supporting documentation as reasonably necessary for the City to verify the accuracy of the Billing Statements submitted by the Company and the City shall deliver notice to the Company of each such modification. Each revised form of Billing Statement shall become effective starting with the Billing Period following delivery by the City of such revised form.

(E) Billing and Payment Conventions. Billing and payment shall be determined based on the number of Containers accepted, number of Tons delivered to the MTS, and the Wrongfully Rejected Waste, regardless of whether loading, transfer, transport and final disposal has yet occurred. For example, for purposes of clarification, the Disposal Variable Component for Tons delivered to the MTS is payable for the Billing Period during which those Tons were delivered to the MTS, and not for the Billing Period during which the DSNY-managed Waste in Loaded Containers was actually disposed of at the Designated Disposal Site. For purposes of determining the number of Tons delivered to each Authorized Disposal Site, all Loaded Containers shall be assumed to carry the same number of Tons, which shall be equal to the average number of Tons per Container, calculated over any time period, that is equal to the total number of Tons of DSNY-managed Waste delivered to both MTSs during that time period divided by the number of Containers accepted at both MTSs during the same period.

(F) Audit Right by the DSNY and the City. All payments made by or due from the City under this Service Contract shall be subject to audit by the City in accordance with Applicable Law and as set forth in this subsection.

(1) Audit Right. All vouchers or invoices presented for payment to be made pursuant to this Service Contract, and the books, records and accounts upon which such vouchers or invoices are based, shall be subject to audit by the City (including DSNY, the

Comptroller and the Office of the Inspector General) pursuant to the powers and responsibilities as conferred upon them by the New York City Charter and Administrative Code of the City of New York, as well as all orders and regulations promulgated pursuant thereto.

(2) Audit Procedures. The Company shall submit any and all documentation and justification in support of expenditures or fees under this Service Contract, and invoices and supporting documentation provided by the Linehaul Carrier to the Company, as may be reasonably required by DSNY and the Comptroller so that they may evaluate the reasonableness of the charges, and shall make such records available to DSNY and to the Comptroller as they consider necessary. All such books, vouchers, records, reports, cancelled checks and any and all similar material may be subject to periodic inspection, review and audit by the State, the Federal Government and other persons duly authorized by Applicable Law. Such audit may include examination and review of the source and application of all funds whether from the City, any state, the Federal Government, private sources or otherwise.

(G) Final Payment. The Company shall not be entitled to final payment under this Service Contract until all requirements pursuant to this Service Contract have been satisfactorily met.

(H) Assignment of Receivables. Upon 60 days notice, the Company shall have the right to direct the City to make directly to any third party lender identified by the Company any Service Fee payment properly due the Company under this Service Contract; provided, however, that: (1) the City will have no payment obligation to any such third party lender to the extent a payment would not otherwise be due the Company under the terms of this Service Contract; (2) no such third party lender shall have the right to cure or remedy any Company failure to perform the Contract Services or Company Event of Default; (3) no such assignment of Service Fee payments by the Company to a third party lender shall create, change, alter or modify the rights and responsibilities of the City or the Company under this Service Contract; (4) any Service Fee payment made by the City to a third party lender designated by the Company shall constitute satisfaction of the City's payment responsibilities under this Service Contract as if such payment had been made directly to the Company; (5) all invoices sent to the City shall be prepared by the Company in the form and subject to the conditions described in this Service Contract; and (6) the City shall incur no liability to the Company or any third party with respect to any payment made by the City to a third party lender at the Company's direction.

(I) Service Fee Offset Rights. The City, at its sole discretion, shall have the right to offset against the Service Fee an amount equal to any amounts payable by the Company to the City under this Service Contract. If the amount payable by the Company to

the City is greater than the amount of the Service Fee due the Company, then, at the City's sole option: (1) such excess amount shall be offset against the next Service Fee payment payable by the City to the Company; or (2) the Company shall pay such excess within 30 days following delivery of notice by the City of any amount due.

SECTION 11.26. ASSUMPTIONS TO BE MADE FOR ALL-IN VARIABLE COSTS IN UNADJUSTED BILLING STATEMENTS.

(A) Unadjusted Billing Statements. For any Contract Year, Unadjusted Billing Statements shall be prepared using All-in Variable Costs assuming the following: (1) the applicable Designated Waste Allocation (determined in accordance with the Waste Allocation Methodology set forth in Section 8.9) shall be determined assuming the total number of Tons of DSNY-managed Waste that will be delivered to the Marine Transfer Stations during such Contract Year will be the same as the number of Tons of DSNY-managed Waste that were delivered during the preceding Contract Year and (2) during each Monthly Billing Period, all Loaded Containers are delivered to the Niagara Resource Recovery Facility, the Delaware Valley Resource Recovery Facility and the Lee Count Landfill in accordance with such Designated Waste Allocation. For the first Contract Year, the Designated Waste Allocation to be used in the Unadjusted Billing Statement shall be: 50% of all Loaded Containers delivered to and accepted by the Company shall be delivered to each of the Niagara Resource Recovery Facility and the Delaware Valley Resource Recovery Facility (with none being delivered to the Lee County Landfill).

(B) Revised Unadjusted Billing Statements. For any Contract Year, during the reconciliation process described in Section 11.27 and Appendix 16, the Unadjusted Billing Statements shall be revised, if necessary, to reflect any change in the Designated Waste Allocation that is required to be made pursuant to Section 11.27 and Appendix 16 because of a difference between the actual Tons of DSNY-managed Waste being delivered during such Contract Year and the number of Tons of DSNY-managed Waste that were delivered during the preceding Contract Year. These revised Unadjusted Billing Statements are referred to as "Revised Unadjusted Billing Statements". Revised Unadjusted Billing Statements shall be used solely for purposes of performing the reconciliations described in Section 11.27 and Appendix 16, and no payment shall be due from the City based solely on these Revised Unadjusted Billing Statements.

SECTION 11.27. SEMIANNUAL AND ANNUAL RECONCILIATIONS.

(A) Reconciliations Relating to Designated Waste Allocations. Following the First Semiannual Period in a Contract Year and following the end of each Contract Year, the Service Fee shall be recomputed and reconciled in accordance with Appendix 16. The parties

may agree to defer the recomputation and reconciliation following the end of the First Semiannual Period and do a single recomputation and reconciliation following the end of the Contract Year.

(B) Other Annual Settlement Matters. Within 45 days after the end of each Contract Year (including following expiration of the Term), the Company shall provide to the City an annual settlement statement, which may be included with the reconciliation delivered pursuant to subsection (A) of this Section (the “Annual Settlement Statement”) setting forth, in addition to the reconciliations set forth above, the actual aggregate Service Fee payable with respect to such Contract Year and a reconciliation of such amount with the amounts actually paid by the City with respect to such Contract Year. The City or the Company, as appropriate, shall pay all known and undisputed amounts within 60 days after receipt or delivery of the Annual Settlement Statement. If any amount is then in dispute or is for other reasons not definitely known at the time the Annual Settlement Statement is due, the Annual Settlement Statement shall identify the subject matter and reasons for such dispute or uncertainty and, in cases of uncertainty, shall include a good faith estimate by the Company of the amount in question. When the dispute is resolved or the amount otherwise finally determined, the Company shall file with the City an amended Annual Settlement Statement which shall, in all other respects, be subject to this Section. With respect to the final Contract Year, any undisputed amount that would have been includable as an adjustment to the following year’s Service Fee shall be paid by the party owing such amount, within 30 days following delivery of the final Annual Settlement Statement, and any disputes shall be resolved pursuant to Sections 12.16 or 12.17, notwithstanding expiration of the Term.

SECTION 11.28. ALL-IN VARIABLE COST. The cost components set forth in this Section comprise those variable costs that are used to determine, with respect to any Authorized Disposal Site, the All-in Variable Cost. With respect to an Authorized Disposal Site, All-in Variable Costs may be either a Specified All-in Variable Cost or an Unspecified All-in Variable Cost. All-in Variable Cost shall be calculated separately for each Authorized Disposal Site and also for purposes of separately preparing each of the Unadjusted Billing Statements, Revised Unadjusted Billing Statements and Cost Adjusted Billing Statements.

(A) All-in Variable Cost for each of the Niagara Resource Recovery Facility, the Delaware Valley Resource Recovery Facility, and the Lee County Landfill. For each of the Niagara Resource Recovery Facility, the Delaware Valley Resource Recovery Facility, and the Lee County Landfill, the All-in Variable Cost (the Niagara Resource Recovery Facility VOC, the Delaware Valley Resource Recovery Facility VOC and the Lee County Landfill VOC, respectively)

is a Specified All-in Variable Cost, and shall be, for any applicable period of time, calculated as follows:

- (1) Niagara Resource Recovery Facility VOC:
  - (a) Niagara RTT Basic Rail Transport VOC, which shall be calculated pursuant to subsection 11.20(B); plus
  - (b) Niagara RTT Rail Fuel Surcharge VOC, which shall be calculated pursuant to subsection 11.20(C); plus
  - (c) Niagara RRT Truck Fuel VOC, which shall be calculated pursuant to Section 11.10; plus
  - (d) Niagara Resource Recovery Facility DVC, which shall be calculated pursuant to subsection 11.12(D); plus
  - (e) Niagara Resource Recovery Facility Variable UCC, which shall be calculated pursuant to Article XIII.
- (2) Delaware Valley Resource Recovery Facility VOC:
  - (a) Delaware RRS Basic Rail Transport VOC, which shall be calculated pursuant to subsection 11.20(B); plus
  - (b) Delaware RRS Rail Fuel Surcharge VOC, which shall be calculated pursuant to subsection 11.20(C); plus
  - (c) Delaware RRS Truck Fuel VOC, which shall be calculated pursuant to Section 11.11; plus
  - (d) Delaware Valley Resource Recovery Facility DVC,, which shall be calculated pursuant to subsection 11.12(D); plus
  - (e) Delaware Valley Resource Recovery Facility Variable UCC, which shall be calculated pursuant to Article XIII.
- (3) Lee County Landfill VOC:
  - (a) Lee County Landfill Basic Rail Transport VOC, which shall be calculated pursuant to subsection 11.20(B); plus
  - (b) Lee County Landfill Rail Fuel Surcharge VOC, which shall be calculated pursuant to subsection 11.20(C); plus
  - (c) Lee County Landfill DVC, which shall be calculated pursuant to subsection 11.12(D); plus

(d) Lee County Landfill Variable UCC, which shall be calculated pursuant to Article XIII.

(B) All-In Variable Rate For Authorized Disposal Sites With No Specified All-In Variable Rate. For all Authorized Disposal Sites for which a Specified All-in Variable Rate has not been determined, the All-in Variable Rate shall be the sum of the following:

- (a) Other Disposal Facility applicable variable operating cost, if any;  
plus
- (b) Other Disposal Facility rail transportation basic variable cost;  
plus
- (c) Other Disposal Facility rail fuel surcharge cost; plus
- (d) Other Disposal Facility truck transfer or fuel cost; plus
- (e) Other Disposal Facility applicable truck transfer or fuel cost; plus
- (f) Other Disposal Facility applicable disposal cost.

(C) Specified All-In Variable Rates and Unspecified All-in Variable Rates For Other Authorized Disposal Sites. The Company and the City may agree upon specified rates for each Container or Ton of DSNY-managed Waste delivered to Authorized Disposal Sites for the items of cost comprising the All-in Variable Cost that are not yet determined as of the Contract Execution Date. Such rates shall be determined in accordance with such agreement, and shall be used in calculating the All-in Variable Cost applicable to such Authorized Disposal Sites. If the Company and the City have not agreed on specified rates for an Authorized Disposal Site thereby establishing a Specified All-in Variable Rate, the Unspecified All-in Variable Rate shall apply which shall include the categories of cost information set forth in subsection (B) of this section to the extent applicable.

(D) Exclusions From All-in Variable Cost. The Marine Diesel Fuel VOC, the Unified VOC, and the NYCT VOC have been excluded from the definition of All-in Variable Cost because they are applicable to all Loaded Containers, regardless of destination. These costs are billed separately in the Service Fee, but do not affect any differential in pricing among various disposal sites.

(E) Fixed Uncontrollable Circumstance Costs. For purposes of performing the reconciliations set forth in this Section and in Appendix 16 only, the Fixed Uncontrollable Circumstance Costs at any Designated Disposal Site shall be converted to a Fixed UCC Cost Per Container and treated as if they are part of the All-in Variable Cost. The methodology for doing this is set forth in Appendix 16.

SECTION 11.29. RECORDS.

(A) Separate Books. The Company agrees to maintain separate and accurate books, records, documents and other evidence and accounting procedures and practices, which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Service Contract and for which the City is responsible for payment.

(B) Access to Company Books for Service Contract. The Company agrees to retain all books, records, and other documents relevant to this Service Contract for ten years after the creation of the book, record or document. City, State and Federal auditors and any other persons duly authorized by DSNY shall have full access to and the right to examine any such materials during such period.

SECTION 11.30. WARRANTY OF RATE. The Company warrants and represents that the prices set forth in this Service Contract are at least equal to or more favorable to the City than the prices charged by the Company to any of its customers other than the City pursuant to a valid and binding contract with any such customer in effect on or after the Service Date for the same or substantially similar services (including, but not limited to, term, method of transportation, method of containerization, capital requirements, type and quantity of equipment to be provided, magnitude of private investment, mobilization requirements, transfer and disposal capacity reservation) under the same or similar terms and conditions. If at any time the Company enters into a contract with a customer where the prices are more favorable than those provided to the City under this Service Contract, for the same or substantially similar services under the same or similar terms and conditions, then the Company shall thereafter notify the City of such fact and take such steps to amend this Service Contract to reflect the more favorable prices. In the event that the Company fails to so notify the City, such failure shall not be considered an Event of Default, but shall be considered a breach, subject to cure.

SECTION 11.31. ESTIMATES AND ADJUSTMENTS.

(A) Pro Rata Adjustments. Any computation made on the basis of a stated period shall be adjusted on an appropriate pro rata basis to take into account any initial or final period which is a partial period.

(B) Budgeting. For City budgeting purposes, no later than December 1 preceding each Contract Year, the Company shall provide to the City a written statement setting forth for such Contract Year its reasonable estimate of the aggregate Service Fee and each component thereof, including escalation in accordance with the applicable adjustment



factors to the extent such adjustment factor data is available. The estimate shall not be binding on the Company or the City.

(C) Adjustments to Service Fee. If any adjustment to the Service Fee is required pursuant to any express provision of this Service Contract, the party requesting the adjustment shall submit to the other party a written statement setting forth the cause of the adjustment, the anticipated duration of the adjustment, and the amount of the adjustment, as appropriate. Except to the extent that a longer period is otherwise specifically provided for in this Service Contract, any request for adjustment of the Service Fee shall be accepted or rejected by the party receiving such request within 45 days of receipt. If the receiving party does not notify the requesting party of its rejection and the reasons therefor within such 45 day period, the request shall be deemed rejected. A rejected request may be resubmitted, with or without change, and this paragraph shall apply to such resubmitted request as it applies to an original request. Any Service Fee adjustment request that is not rejected or deemed rejected shall take effect as of the next monthly Billing Period thereafter, or as otherwise agreed to by the parties.

SECTION 11.32. BILLING STATEMENT DISPUTES. If the City disputes any amount billed by the Company, the City may withhold payment of the disputed amount by providing the Company with a written objection to the payment of the disputed amount within the time when such amount would otherwise have been payable. When any billing dispute is finally resolved, if payment by the City to the Company of amounts withheld or reimbursement to the City by the Company of amounts paid under protest is required, such payment or reimbursement shall be made within 45 days of the date of resolution, with interest, if any, to the extent permitted by the PPB Rules.

SECTION 11.33. WITHHOLDING FOR UNAPPROVED SUBCONTRACTORS. Notwithstanding the City's obligation to pay the Service Fee to the Company, if at any time during the Term a Subcontractor has not been approved by the City pursuant to Section 15.9, the City may, if such Subcontractor has not been so approved by the City within 20 days following delivery of notice by the City to the Company of such non-compliance with Section 15.9, withhold all payments owed to the Company for services performed by such Subcontractor until the Subcontractor has been approved by the City.

SECTION 11.34. GENERAL RELEASE AND CLAIMS AND ACTIONS THEREON.

(A) General Release. The acceptance by the Company or its assignees of the final payment under this Service Contract, whether by voucher, judgment of any court of competent jurisdiction or any other administrative means, shall constitute and operate as a

general release of the City from any and all claims of and liability to the Company arising out of the performance of this Service Contract.

(B) Claims and Actions Thereon. No action at law or proceeding in equity against the City or DSNY shall lie or be maintained upon any claim based upon this Service Contract or arising out of this Service Contract or in any way connected with this Service Contract unless the Company shall have strictly complied with all requirements relating to the giving of notice and of information with respect to such claims, all as herein provided. No action shall lie or be maintained against the City by the Company upon any claims based upon this Service Contract unless such action shall be commenced within six (6) months after the date of filing in the Office of the Comptroller of the City of the certificate for the final payment hereunder, or within six (6) months of the termination or expiration of this Service Contract, or within six (6) months after the accrual of the cause of action, whichever first occurs. In the event any claim is made or any action brought in any way relating to this Service Contract, the Company shall diligently render to DSNY and the City, without additional compensation, any and all assistance which DSNY or the City may require of the Company. The Company shall report to DSNY in writing within three business days of the initiation by or against the Company of any legal action or proceeding in connection with or relating to this Service Contract.

## ARTICLE XII

### BREACH, DEFAULT, REMEDIES AND TERMINATION

SECTION 12.1. REMEDIES FOR BREACH. The parties agree that, except as otherwise provided in Sections 12.2, 12.3, 12.4, 12.5, 12.6 and 12.7 with respect to termination rights, in the event that either party breaches this Service Contract, the other party may exercise any legal rights it has under this Service Contract, under the Security Instruments and under Applicable Law to recover damages or to secure specific performance, and that such rights to recover damages and to secure specific performance shall ordinarily constitute adequate remedies for any such breach. Neither party shall have the right to terminate this Service Contract for cause except as expressly provided in this Article.

### SECTION 12.2. EVENTS OF DEFAULT BY THE COMPANY.

(A) Events of Default Not Requiring Previous Notice or Further Cure Opportunity for Termination (Or Requiring Notice and Limited Cure Opportunity). Except with respect to the default described in clause (12) of this subsection, each of the following shall constitute an Event of Default by the Company upon which the City, in its sole discretion, by notice to the Company may, without any requirement of having given notice previously or of providing any further cure opportunity, (1) terminate this Service Contract, or (2) terminate the Company's rights to perform the Contract Services with respect to MTS-2 to the extent such failure relates only to MTS-2. The default described in clause (12) of this subsection shall constitute an Event of Default by the Company upon which the City, in its sole discretion, by notice to the Company may terminate this Service Contract, but only after (i) the City has given notice to the Company of such default and that such default gives the City a right to terminate this Service Contract and (ii) failure by the Company to cure such default within ten days following receipt by the Company of such notice.

(1) Abandonment of the Contract Services Assets or Contract Services System. The abandonment by the Company or a Subcontractor of any material portion of the Contract Services Assets or Contract Services System;

(2) Failure to Achieve MTS-1 Service Date. The failure of the Company to achieve the MTS-1 Service Date prior to the end of the Extension Period for MTS-1, other than as permitted herein;

(3) Failure to Achieve MTS-2 Service Date. The failure of the Company to achieve the MTS-2 Service Date prior to the end of the Extension Period for MTS-2, other than as permitted herein;

(4) Default of Guarantor. The failure of the Guarantor to perform any obligation under its Guaranty Agreement in a timely manner;

(5) Pledging or Assignment of Service Contract. The pledging, assignment, transfer, conveyance, subcontract or other disposition by the Company of this Service Contract other than as permitted herein;

(6) Excessive Voluntary Diversions. If, because of Voluntary Diversions, more than 15% of all the Containers accepted by the Company at the Marine Transfer Stations during a Contract Year (disregarding for purposes of this paragraph the first two Contract Years) are delivered by the Company to an Authorized Disposal Site other than the Designated Disposal Sites during: (1) three consecutive Contract Years; or (2) six Contract Years during the Term;

(7) Misleading Statement or Certification. A statement or certification made by the Company or the Guarantor relating to this Service Contract, the Guaranty Agreement or the performance of the Contract Services is knowingly misleading or knowingly untrue or incorrect in any material respect when made;

(8) Insolvency. The insolvency of the Company or the Guarantor as determined under the Bankruptcy Code;

(9) Voluntary Bankruptcy. The filing by the Company or the Guarantor of a petition of voluntary bankruptcy under the Bankruptcy Code, the consenting of the Company or the Guarantor to the filing of any bankruptcy or reorganization petition against the Company or the Guarantor under the Bankruptcy Code, or the filing by the Company or the Guarantor of a petition to reorganize the Company or the Guarantor pursuant to the Bankruptcy Code;

(10) Involuntary Bankruptcy. The issuance of an order of a court of competent jurisdiction appointing a receiver, liquidator, custodian or trustee of the Company or the Guarantor or of a major part of the Company's or the Guarantor's property, respectively, or the filing against the Company or the Guarantor of a petition to reorganize the Company or the Guarantor pursuant to the Bankruptcy Code, which order shall not have been discharged or which filing shall not have been dismissed within 90 days after such issuance or filing, respectively;

(11) Defect in Company Governmental Approvals. If the Initial Company Governmental Approvals have not been issued, or if the Initial Company Governmental Approvals have been issued but contain certain terms and conditions, and as a result: (i) the cost of any component of the Service Fee would materially increase; or (ii) the

ability of the Company to perform the Contract Services would be materially affected, unless, if such Initial Company Governmental Approvals relate to an Intermodal Facility or a Designated Disposal Site or Designated Alternate Disposal Site for which the Company provides a replacement site or a facility acceptable to the City and for which Governmental Approvals are obtained; and

(12) Failure by Company to Deliver a Replacement Letter of Credit. Failure by the Company to deliver a Letter of Credit (or a Letter of Credit plus cash collateral in an aggregate amount equal to the required stated amounts of the required Letter of Credit) pursuant to clause (2), (3) or (4) of subsection 14.2(A), provided that if the applicable Letter of Credit (or aggregate of Letter of Credit and cash collateral) is provided prior to such time as the City exercises its rights and remedies pursuant to this clause, such Event of Default shall be deemed to have been cured.

(B) Events of Default Requiring Previous Notice and Cure Opportunity for Termination. Unless excused by an Uncontrollable Circumstance or City Fault, and subject to the proviso following clause (6) below, each of the following shall constitute defaults by the Company upon which the City, in its sole discretion, may (1) terminate this Service Contract, or (2) terminate the Company's rights to perform the Contract Services with respect to MTS-2 to the extent such failure relates only to MTS-2:

(1) Failure to Pay Sums Due. Failure by the Company to pay when due any amount required to be paid to the City under this Service Contract (other than amounts disputed in good faith by the Company in writing by the due date for the applicable amount);

(2) Failure to Meet Performance Guarantees. Failure by the Company to meet any Performance Guarantee on a persistent and repeated basis;

(3) Failure to Maintain Required Insurance. Failure by the Company to obtain or maintain in full force and effect any Required Insurance in accordance with Section 13.1 and Appendix 6;

(4) Failure to Comply With Applicable Law. Failure of the Company to comply with Applicable Law in any material respect or on a persistent and repeated basis;

(5) False Representation. A representation or warranty made by the Company in this Service Contract or by the Guarantor under the Guaranty Agreement is false or inaccurate in any material respect when made; and

(6) Failure to Comply With Other Material Obligations. Failure by the Company to perform any material obligation under this Service Contract (other than as set forth in subsections 12.2(A) or this subsection);

provided that no such default shall constitute an Event of Default giving the City the right to terminate this Service Contract, or the Company's rights to perform the Contract Services with respect to MTS-2, as applicable, for cause under this subsection unless:

(a) Prior Notice. The City has given prior notice to the Company stating that in its opinion a specified default exists and describing the default in reasonable detail, and that such default gives the City a right to terminate this Service Contract or the Company's right to perform the Contract Services with respect to MTS-2, as applicable, for cause under this Section unless such default is corrected within a reasonable period of time, and

(b) Company Failure to Initiate and Pursue Correction of Default. The Company has not initiated within a reasonable time (in any event not more than 10 days from the initial default notice) and continued with due diligence to carry out to completion all actions reasonably necessary to correct the default and prevent its recurrence; except that if the Company shall have initiated within such reasonable time and continued with due diligence to carry out to completion all such actions, the default shall not constitute an Event of Default during such period of time (in any event not more than 360 days from the initial default notice) as the Company shall continue with due diligence to carry out to completion all such actions. Notwithstanding the Company's cure of an Event of Default pursuant to this subsection, persistent and repeated recurrence of any such Event of Default which is material shall constitute an Event of Default not requiring the notice and cure period granted by this subsection as a condition of exercising termination as a remedy.

(c) Remedies Upon Company Event of Default. The right of termination provided under this Section upon an Event of Default by the Company is not exclusive. If this Service Contract, or the Company's rights to perform the Contract Services with respect to MTS-2, is terminated by the City for an Event of Default by the Company, the City shall have the right to pursue all causes of action and remedies (other than specific performance, which is hereby waived) which are available to the City under Applicable Law, subject to Sections 12.16 and 12.18.

(d) Alternate Remedy at Election of the City. If this Service Contract is terminated, or the Company's rights to perform the Contract Services with respect to MTS-2 is terminated, by the City pursuant to this Section, the City shall also have the right, but not the obligation, exercisable in its sole discretion and at no additional cost to the City, to take ownership of all or any of such Company Transportation Equipment in accordance with

Section 12.10, upon notice to the Company. If the City makes such an election, damages that are otherwise payable by the Company as a remedy under subsection (C) of this Section shall be reduced by an amount equal to (1) in the case of a termination of the Service Contract in its entirety, the sum of: (a) the Unamortized Value of the Company Owned Barges; (b) the Unamortized Value of the Company Owned Railcars; (c) the Unamortized Value of the Company Owned Containers; (d) the Unamortized Value of the Company Owned Reach Stackers; (e) the Unamortized Value of the Company Owned Yard Jockeys; (f) the Unamortized Value of the Company Owned Chassis; and (g) the Unamortized Value of the Company Owned Railcar Movers of which the City elects to take ownership and (2) in the case of a termination with respect to MTS-2 only, the sum of the Unamortized Value of the foregoing items of Transportation Equipment comprising the Minimum Transportation Equipment acquired for MTS-2.

(E) Rights to Terminate a Single Marine Transfer Station. If an Event of Default giving rise to a right of termination under this Section relates only to MTS-2, but not to both Marine Transfer Stations, the City may elect, instead of terminating this Service Contract in its entirety, to terminate the Company's rights and obligations to perform the Contract Services with respect to MTS-2 and not with respect to MTS-1. In such event: (1) the Company shall cease its performance of the Contract Services directly related to MTS-2; and (2) the City's obligation to pay the Service Fee and the Company's right to receive the Service Fee shall be reduced to reflect the Company's reduced scope of services and reduced Minimum Transportation Equipment Requirement under this Service Contract as set forth in Article XI. This Service Contract shall remain in full force and effect with respect to MTS-1. Any damage remedies payable under this Section shall be limited to those damages resulting from such Event of Default and partial termination. The City shall not have a right of termination under this Section to terminate the Contract Services solely with respect to MTS-1, while not also terminating the Contract Services with respect to MTS-2.

SECTION 12.3. EVENTS OF DEFAULT BY THE CITY.

(A) Events of Default Permitting Termination. (1) Except as provided in clause (2) below, the failure, refusal or other default by the City in its duty to materially comply with this Service Contract (unless such default is excused by an Uncontrollable Circumstance or Company Fault), or (2) the failure to pay or credit the Company amounts owed to the Company (other than amounts disputed in good faith by the City in writing by the due date for the applicable amount) within 90 days after receipt of a properly completed Billing Statement, shall constitute an Event of Default by the City upon which the Company, by notice to the City, may terminate this Service Contract.

(B) Notice and Cure Opportunity. No such default described in subsection (A) of this Section shall constitute an Event of Default giving the Company the right to terminate this Service Contract for cause under this Section unless:

(1) Prior Notice. The Company has given prior notice to the City stating that a specified default exists and describing the default in reasonable detail and that such default gives the Company a right to terminate this Service Contract for cause under this Section unless such default is corrected within a reasonable time; and

(2) City Failure to Initiate and Pursue Correction of Default. The City has not initiated within a reasonable amount of time (in any event not more than 10 days from the initial default notice) and continued with due diligence to carry out to completion all actions reasonably necessary to correct the default and prevent its recurrence; except that if the City shall have initiated within such reasonable time and continued with due diligence to carry out to completion all such actions, the default shall not constitute an Event of Default during such period of time (in any event not more than 30 days from the initial default notice) as the City shall continue with due diligence to carry out to completion all such actions.

(C) Termination Damages. If this Service Contract is terminated by the Company for cause as a result of an Event of Default by the City, the City shall pay the Company, as liquidated damages upon any such termination, the amount payable pursuant to subsection 12.5(B)(1), adjusted as set forth in subsection (D) of this Section.

(D) Liquidation of Company Owned Transportation Equipment or Leased Transportation Equipment by Company. If this Service Contract is terminated by the Company pursuant to this Section, the Company shall specify in its notice of termination to the City whether the Company elects to (1) dispose of the Company Owned Transportation Equipment, (2) retain the Company Owned Transportation Equipment, (3) dispose of Leased Transportation Equipment, or (4) retain the Leased Transportation Equipment.

(1) Company Election to Dispose of the Company Owned Transportation Equipment. If the Company elects to dispose of the Company Owned Transportation Equipment, the Company shall conduct a competitive sale of the Company Owned Transportation Equipment, and proceed to promptly sell the Company Owned Transportation Equipment, either to single or multiple purchasers, in a manner reasonably calculated to achieve the highest aggregate net sale revenue, taking into account costs of storage, broker's fees and other transaction and delivery costs (the "Net Sale Revenues") for the Company Owned Transportation Equipment so disposed. The



Company shall either (a) reduce the City's termination payment by an amount equal to the Net Sale Revenues or (b) pay such amount to the City.

(2) Company Election to Retain the Company Owned Transportation Equipment. If the Company elects to retain use of any Company Owned Transportation Equipment, the termination payment payable by the City shall not include any amount relating to the Unamortized Value of such Company Owned Transportation Equipment.

(3) Company Election to Dispose of the Leased Transportation Equipment. If the Company elects to dispose of the Leased Transportation Equipment, the Company shall, if permitted by the terms of the applicable leases, conduct a competitive sale of the Company's interests under the leases, and proceed to promptly sell or assign such lease interests, either to single or multiple purchasers, in a manner reasonably calculated to achieve the highest aggregate Net Sale Revenues. The Company shall either (a) reduce the City's termination payment by an amount equal to the Net Sale Revenues or (b) pay to the City such amount.

(4) Company Election to Retain the Leased Transportation Equipment. If the Company elects to retain use of any Leased Transportation Equipment, the termination payment payable by the City shall not include any amount relating to such leases retained by the Company.

SECTION 12.4. CITY CONVENIENCE TERMINATION RIGHT PRIOR TO THE SERVICE DATE.

(A) City Convenience Termination Right Prior to MTS-1 Notice to Proceed. The City shall have the right at any time prior to the MTS-1 Notice to Proceed Date, exercisable in its sole discretion, for its convenience and without cause, upon at least 10 days' notice to the Company, to terminate this Service Contract. Upon any such termination, each party shall bear its own costs and expenses incurred with respect to this Service Contract. The City shall pay the Company as a convenience termination fee \$1 million. Other than the amount set forth in the previous sentence, neither party shall have a claim for any termination fee or other compensation based on lost profit on account of any such termination, or have a claim of actual or liquidated damages against the other, and the Company shall not be entitled to reimbursement for any work performed in carrying out any Company Development Period Obligations prior to the MTS-1 Notice to Proceed Date.

(B) City Convenience Termination Right After MTS-1 Notice to Proceed Date and Prior to the MTS-1 Service Date. The City shall have the right at any time on or after the

MTS-1 Notice to Proceed Date and prior to the MTS-1 Service Date, exercisable in its sole discretion, for its convenience and without cause, to terminate the Company's rights to perform the Contract Services with respect to MTS-1, upon at least 10 days' notice to the Company. In the event of any such termination, the City shall pay the Company a convenience termination fee of: (1) \$2 million; (2) the amount set forth in Schedule C of Appendix 15 corresponding to the month during which the termination will occur; and (3) an amount equal to the Substantiated Costs incurred by the Company from the MTS-1 Notice to Proceed Date to the MTS-1 Termination Date that are directly related to the performance of the Company's MTS-1 Development Period Obligations under subsection 4.6(A), but excluding any costs relating to purchasing, leasing or otherwise procuring Transportation Equipment relating to MTS-1 in excess of the Minimum Transportation Equipment Requirement. With respect to Designated Transportation Equipment for which Company is entitled to reimbursement of costs as set forth in this subsection, the amount the City shall reimburse the Company relating to the purchasing, leasing or otherwise procuring such Designated Transportation Equipment shall include: (1) any termination fees and forfeited deposits for orders of Designated Transportation Equipment which can be cancelled; plus (2) the Substantiated Cost of Designated Transportation Equipment with respect to which the orders were not cancelable. Except as otherwise set forth in this subsection, the Company shall not be entitled to any termination fee or other compensation based on lost profit on account of any such termination.

(C) City Convenience Termination Right After the MTS-2 Notice to Proceed Date and Prior to the MTS-2 Service Date. The City shall have the right at any time on or after the MTS-2 Notice to Proceed Date and prior to the MTS-2 Service Date, exercisable in its sole discretion, for its convenience and without cause, to terminate the Company's rights to perform the Contract Services with respect to MTS-2, upon at least 10 days' notice to the Company. In the event of any such termination, the City shall reimburse the Company for the Substantiated Costs incurred by the Company from the MTS-2 Notice to Proceed Date to the MTS-2 Termination Date that are directly related to the performance of the Company's MTS-2 Development Period Obligations under subsection 4.6(B), but excluding any costs relating to purchasing, leasing or otherwise procuring Transportation Equipment relating to MTS-2 in excess of the Minimum Transportation Equipment Requirement. With respect to Designated Transportation Equipment for which Company is entitled to reimbursement of costs as set forth in this subsection, the amount the City shall reimburse the Company relating to the purchasing, leasing or otherwise procuring such Designated Transportation Equipment shall include: (1) any termination fees and forfeited deposits for orders of Designated Transportation Equipment which can be cancelled; plus (2) the Substantiated Cost of Designated Transportation Equipment with respect to which the orders were not cancelable. Except as

otherwise set forth in this subsection, the Company shall not be entitled to any termination fee or other compensation based on lost profit on account of any such termination.

SECTION 12.5. CITY CONVENIENCE TERMINATION RIGHT DURING THE SERVICE PERIOD.

(A) General Convenience Termination Right. After the Service Date, the City shall have the right, exercisable in its sole discretion, for its convenience and without cause to terminate this Service Contract, or to terminate the Company's rights to perform the Contract Services with respect to MTS-2 only, pursuant to this subsection.

(1) Convenience Termination of Company Performance of Contract Services for MTS-1. Following the end of the sixty month period following the MTS-1 Service Date, the City shall have the right at any time, exercisable in its sole discretion, for its convenience and without cause, to terminate the Company's right to perform the Contract Services with respect to MTS-1 upon not less than 90 days' notice to the Company. Notwithstanding any of the foregoing, following the MTS-2 Notice to Proceed Date, the City shall not exercise its right under this clause to terminate the Company's right to perform the Contract Services at MTS-1 without also exercising its right to terminate the Company's right to perform the Contract Services at MTS-2 pursuant to clause (2) of this subsection.

(2) Convenience Termination of Company Performance of the Contract Services for MTS-2. Following the MTS-2 Service Date and following the end of the sixty month period following the MTS-1 Service Date, the City shall have the right at any time, exercisable in its sole discretion, for its convenience and without cause, to terminate the Company's right to perform the Contract Services with respect to the MTS-2 upon not less than 90 days' notice to the Company.

(B) City Payment Upon Convenience Termination. If the City exercises its convenience termination rights pursuant to subsection (A) of this Section, the Company shall be entitled to the applicable convenience termination fee set forth in this subsection.

(1) If the City exercises its right to terminate this Service Contract, pursuant to this Section, the City shall pay the Company as a convenience termination fee the sum of:

(a) the sum of the amounts set forth in Schedules A and B of Appendix 15 and, unless the City assumes the Company's obligations under the New York Container Terminal Agreement without any change in the rights and

obligations thereunder, Schedule C of Appendix 15, in each case corresponding to the month during which the termination will occur; plus

(b) the sum of the Unamortized Value of the applicable Company-owned Transportation Equipment (e.g. Transportation Equipment allocable to the MTS that is being terminated); plus

(c) an amount equal to the applicable Lease Termination Amount; plus

(d) an amount equal to the Unamortized Value of improvements made as a consequence of an Uncontrollable Circumstance (or 50% of such Unamortized Value if the affected facility is the Niagara RTT Intermodal Facility); minus

(e) an amount equal to those payment obligations of the Company to New York Container Terminal, LLC that have accrued but not yet been paid under the New York Container Terminal Agreement (whether such payment obligations are characterized as Service Fee or otherwise, but expressly excluding any accruals towards a fixed lump sum payment that is payable to New York Container Terminal, LLC pursuant to the New York Container Terminal Agreement as in effect on the Contract Execution Date as a consequence of any City termination of this Service Contract for convenience pursuant to Section 12.4 or 12.5 of this Service Contract), as of the date of termination of this Service Contract and assumption by the City of the Company's obligations under the New York Container Terminal Agreement, and which accrued amounts would be payable by the Company to New York Container Terminal, LLC under the New York Container Terminal Agreement (whether or not yet then due and payable) but for the termination of this Service Contract and assumption by the City of the Company's obligations under the New York Container Terminal Agreement; provided that if subtraction of the amount set forth in this clause (e) shall result in a negative amount, that amount shall be paid by the Company to the City.

(2) If the City exercises its right to terminate the Company's right to perform the Contract Services with respect to only MTS-2 pursuant to this Section, the City shall pay the Company as a convenience termination fee the sum of:

(a) the sum of the Unamortized Value of the applicable Company-owned Transportation Equipment (e.g. Transportation Equipment allocable to MTS-2 that is being terminated; plus

(b) an amount equal to the applicable Lease Termination Amount relating to MTS-2 only.

(3) If the City exercises its right to terminate this Service Contract pursuant to this Section during any Renewal Term, the City shall not be required to pay any convenience termination fee or any other amount to the Company, except the amounts specified in paragraphs (b), (c) or (d) of clause (1) of this subsection above.

(C) Convenience Termination of MTS-2 Only. If the City exercises its right of termination under this Section only with respect to MTS-2, but not both Marine Transfer Stations, the City may elect, instead of terminating this Service Contract in its entirety, to terminate the Company's rights and obligations to perform the Contract Services with respect to MTS-2 only. In such event: (1) the Company shall cease its performance of the Contract Services directly related to MTS-2, (2) the termination shall be treated as a Reset for purposes of determining the Service Fee, and (3) the City shall pay the convenience termination fee to the Company specified in clause (2) of subsection (B) of this Section. Following a termination under this Section only with respect to MTS-2, this Service Contract shall remain in full force and effect with respect to MTS-1. The City shall not have a right of termination under this Section to terminate the Contract Services solely with respect to MTS-1, while not also terminating the Contract Services with respect to MTS-2.

(D) Convenience Termination Under Special Circumstances. If any of the following circumstances occur after the MTS-1 Service Date, and thereupon the City exercises its general convenience termination right under subsection (A) of this Section, the fee payable by the City upon a convenience termination shall solely be the amounts specified in subsection (B) of this Section, but shall exclude any amounts set forth in Schedule A of Appendix 15.

(1) Total Constructive Loss. If not already terminated by the Company in accordance with Section 12.6, there shall have been a Total Constructive Loss of an Intermodal Facility, Designated Disposal Site, the Designated Alternate Disposal Site, or a Marine Transfer Station.

(2) Linehaul Carrier Subcontract Reprocurement. In connection with a Linehaul Carrier Reprocurement, either (a) the City determines that the aggregate projected cost to the City under the proposed new Linehaul Carrier Subcontract of (i) the Rail Transport

Variable Component plus (ii) the Disposal Variable Component (if there is to be a new Designated Disposal Site) plus (iii) any change in the Barge Capital Cost Component, the Railcar Capital Cost Component, the Container Capital Cost Component, the Reach Stacker Capital Cost Component, the Yard Jockey Capital Cost Component, the Chassis Capital Cost Component and the Railcar Mover Capital Cost Component resulting from a change in the Designated Disposal Site (and assuming there is no reduction of the Weekly Container Acceptance Limit), will exceed the projected cost over the same period of the then-existing (x) Rail Transport Variable Component plus (y) the Disposal Variable Component plus (z) the Barge Capital Cost Component, the Railcar Capital Cost Component, the Capital Container Cost Component, the Reach Stacker Capital Cost Component, the Yard Jockey Capital Cost Component, the Chassis Capital Cost Component and the Railcar Mover Capital Cost Component as in effect prior to the Linehaul Carrier Reprocurement; or (b) the proposed Linehaul Carrier Subcontract includes terms and conditions that are not included in the then-existing Linehaul Carrier Subcontract that impose additional risk upon the City.

(3) Cost Increase Due to Uncontrollable Circumstances. If, in any Contract Year, the Service Fee shall have increased as a result of Uncontrollable Circumstances by an amount equal to (i) 10% or more than the amount of the Service Fee would have been in such Contract Year had the Uncontrollable Circumstance not occurred, or (ii) 25% or more in the aggregate than the amount the Service Fee would have been when compared to such amounts that would have been payable during the comparable periods that no Uncontrollable Circumstances occurred.

(E) Payment of Amounts Owning Through the Termination Date. Upon any termination pursuant to this Section, the Company shall also be paid all amounts due for the Contract Services performed and to be paid as part of the Service Fee but not yet paid as of the date of termination.

(F) Termination Fee Payment Contingent Upon Surrender of Possession. The City shall have no obligation to pay the applicable convenience termination fee provided for under this Section except concurrently with the Company's surrender of possession and control of the applicable Transportation Equipment to the City.

(G) Adequacy of Termination Payment. The Company agrees that the applicable termination fee provided in this Article shall fully and adequately compensate the Company and all Subcontractors for all foregone potential profits, Loss-and-Expense, and charges of any kind whatsoever (whether foreseen or unforeseen), including initial transition and mobilization costs and demobilization, employee transition and other similar wind-down costs, attributable to the termination of the Company's right to perform this Service Contract.

(H) Consideration for Convenience Termination Payment. The right of the City to terminate this Service Contract, or terminate the rights of the Company to perform the Contract Services for MTS-2, for its convenience and in its sole discretion in accordance with this Article constitutes an essential part of the overall consideration for this Service Contract, and to the extent permitted by law the Company waives any right it may have in law or equity to contest the City's rights to exercise its rights under this Section for any reason whatsoever.

(I) Completion or Continuance by City. The City may, at any time, (but without any obligation to do so) take any and all actions necessary or desirable to continue the Contract Services so terminated, including entering into contracts with other operators and contractors.

SECTION 12.6. TERMINATION FOR TOTAL CONSTRUCTIVE LOSS. After the Service Date, if a Total Constructive Loss of Designated Disposal Site, the Designated Alternate Disposal Site, or the New York Container Terminal Intermodal Facility occurs: (1) the Company shall have the right, exercisable in its sole discretion, to terminate this Service Contract by delivering to the City a notice within 60 days after the occurrence of the Total Constructive Loss; and (2) the City shall have the termination rights set forth in subsection 12.5(D)(1). If the Company terminates this Service Contract in accordance with this Section, neither party shall owe the other any money except for monies already due and owing.

SECTION 12.7. TERMINATION FOR MATERIAL ADVERSE CHANGE. Whenever there is a Material Adverse Change for which the Company has not provided timely credit enhancement pursuant to Section 14.1, the City shall have the right, exercisable in its sole discretion, to terminate this Service Contract pursuant to this Section only by delivering to the Company a notice within 180 days after the City's receipt of the Company's notice of Material Adverse Change delivered pursuant to subsection 14.1(B). If, with respect to a particular Material Adverse Change, the City fails to deliver a termination notice within the applicable 180-day period, the termination right with respect to such Material Adverse Change shall cease. The Termination Date set forth in the City's notice shall not occur later than 180 days after the City's delivery of its notice pursuant to this Section. If the City terminates this Service Contract in accordance with this Section, neither party shall owe the other any money except for monies already due and owing.

SECTION 12.8. MODIFICATION OR CANCELLATION FOR NON-APPROPRIATION OF FUNDS. This Service Contract is subject to modification by mutual agreement (in accordance with Section 15.4) or cancellation by the City if adequate funds are not appropriated to support continuation of performance in any fiscal year following the first Contract Year, as required under Section 3-03(a)(6)(iii) of the PPB Rules. The Company shall

not be entitled to any cancellation or termination payment pursuant to this Service Contract in the event of any such cancellation by the City. The City and the Company recognize that waste transportation and disposal services described herein are essential City services.

SECTION 12.9. SPECIAL PAYMENT OBLIGATION OF THE CITY UPON EXPIRATION OF TERM. Upon the expiration of the Term, the City shall pay the Company an amount equal to the sum of: (1) the Unamortized Value of Designated Transportation Equipment having an amortization period of 360 months and comprising the Minimum Transportation Equipment Requirement with respect to the MTS-1 Notice to Proceed; (2) the Unamortized Value of those items of Company Owned Transportation Equipment which the Company has purchased at the direction of the City as Additional Transportation Equipment in connection with an increase in the Minimum Transportation Equipment Requirement which, at the time of being purchased by the Company, were mutually agreed by the City and the Company to be expected to have an Unamortized Value at the Termination Date in excess of \$0.00; (3) the Unamortized Value of Containers; and (4) the Lease Termination Amount due with respect to Leased Transportation Equipment with respect to which (a) the term of the lease extends beyond the Termination Date, and (b) the leases will be terminated in connection with the expiration of the Term. The sum of the foregoing shall constitute the “Expiration Termination Adjustment”.

SECTION 12.10. CITY RIGHT TO EQUIPMENT UPON EXPIRATION OR TERMINATION.

(A) Transportation Equipment Upon Termination. Upon the termination by the City of this Service Contract, or the termination by the City of the Company’s rights to perform the Contract Services with respect to only MTS-2, as applicable, the City shall have the right, exercisable in its sole discretion, to take ownership of all or some of the Designated Transportation Equipment upon notice to the Company and payment to the Company of the Unamortized Value of such Transportation Equipment.

(B) Transportation Equipment Upon Expiration of Term. Upon the expiration of the Term (other than termination for an Event of Default, Uncontrollable Circumstances or convenience) the City shall have the right, exercisable in its sole discretion to take ownership of all or some of the Designated Transportation Equipment upon notice to the Company. No Unamortized Value shall be payable by the City for such Transportation Equipment, except for such Transportation Equipment for which an Expiration Termination Adjustment is due.

(C) Transfer of Title and Delivery. The City shall provide to the Company details pertinent to the transfer of the appropriate instruments of title or assignment of leases



and delivery of the Company Owned Transportation Equipment and Leased Transportation Equipment.

(D) Company Purchase of Leased Equipment. If the City elects to take ownership of Designated Transportation Equipment that is Leased Transportation Equipment, the Company shall promptly purchase such Leased Transportation Equipment from the equipment lessor and terminate the applicable leases. Upon such purchase such Leased Transportation Equipment shall become Company Owned Transportation Equipment subject to transfer to the City as set forth above.

(E) Unamortized Value. The City shall take ownership of the Company Owned Transportation Equipment specified in this Section at no additional cost to the City, except for the Unamortized Value of the Company Owned Transportation Equipment paid by the City pursuant to this Article and costs associated with the delivery of such Transportation Equipment to the locations designated by the City.

SECTION 12.11. OBLIGATIONS OF THE COMPANY UPON TERMINATION OR EXPIRATION.

(A) Company Obligations. Upon any termination or expiration of this Service Contract, or termination of the Company's right to perform the Contract Services with respect to MTS-2, the Company shall, as applicable:

- (1) stop performance of the Contract Services (except as required pursuant to clause (2) below) on the date and to the extent specified by the City;
- (2) unless otherwise directed by the City, continue to perform the Contract Services with respect to all Containerized Waste that has been accepted by the Company pursuant to this Service Contract;
- (3) promptly take all commercially reasonable action necessary to protect and preserve the Marine Transfer Station and the Transportation Equipment;
- (4) leave the Barge Loading Area in a neat and orderly condition;
- (5) subject to subsection (B) of this Section, promptly remove all employees of the Company and any Subcontractors and vacate the Marine Transfer Station;
- (6) deliver to the City a copy of all books and records in its possession relating to the performance of the Contract Services;
- (7) promptly deliver to the City copies of all Subcontracts, together with a statement of:

- (i) the items ordered and not yet delivered pursuant to each agreement;
  - (ii) the expected delivery date of all such items; and
  - (iii) a record of billings and payments made under each agreement;
- (8) assign to the City any Subcontract that the City elects in writing, at its sole election and without obligation, to have assigned to it and to assume and have Company released from;
- (9) terminate all Subcontracts which the City has not directed the Company to assign, and make no additional agreements with Subcontractors with respect to the Contract Services;
- (10) as directed by the City, transfer to the City by appropriate instruments of title, and deliver to the Marine Transfer Station (or such other place as the City may specify), all special order items pursuant to this Service Contract for which the City has made payment;
- (11) as directed by the City, transfer to the City by appropriate instruments of title, and deliver to such place as the City may specify, all Transportation Equipment that the City has elected to take ownership of or assume the leasehold interest in pursuant to Section 12.10 for which the City has made payment;
- (12) promptly transfer to the City all warranties given by any manufacturer or Subcontractor with respect to any Equipment transferred to the City pursuant to Section 12.10;
- (13) notify the City promptly in writing of any Legal Proceedings against the Company by any Subcontractor or other third parties relating to the termination of the applicable Contract Services (or any Subcontracts);
- (14) arrange its dealings with employees such that no accrued benefit liability shall bind the City in the event the City determines to offer employment to the Company's employees following the Termination Date, or the date of the termination of the Company's rights to perform the Contract Services pursuant to subsection (B) of this Section; and
- (15) take such other actions, and execute such other documents as may be necessary to effectuate and confirm the foregoing matters.
- (B) Hiring of Company Personnel. Upon the termination or expiration of this Service Contract, or the termination of the Company's rights to perform the Contract Services

with respect to MTS-2, as applicable, the City or any successor service provider designated by the City shall have the right to offer employment on any terms it may choose to any Company employee employed full time in the performance of the Contract Services. No Company employment agreement, job offer, letter or similar document may contravene this right. The City or its designated successor operator shall extend any such job offer within 30 days of the expiration or termination of this Service Contract or the termination of the Company's rights to perform the Contract Services with respect to MTS-2, as applicable. The Company shall assist and cooperate with any such employee transition.

(C) Continuity of Service and Technical Support. Upon the termination or expiration of this Service Contract, or the termination of the Company's rights to perform the Contract Services with respect to MTS-2, as applicable, the Company shall, at the request and direction of the City, for a period of up to 90 days following termination or expiration of this Service Contract, or the termination of the Company's rights to perform the Contract Services with respect to MTS-2, as applicable, provide reasonable consultation and advice, operating manuals and records, and other information reasonably useful or necessary for the City or any replacement service provider designated by the City to perform the applicable Contract Services.

(D) Payment of Costs. Upon the termination or expiration of this Service Contract, the Company shall pay the costs and expenses of performing its obligations under this Section; provided, however, that if this Service Contract, or the Company's rights to perform the Contract Services with respect to MTS-2 only is terminated by the City for convenience under Section 12.5, the City shall pay the costs and expenses of the Company's performing its obligations under this Section. If the Company fails to comply with any obligation under this Section, the City may perform such obligation and the Company shall pay on demand all Substantiated Costs.

SECTION 12.12. SURVIVAL OF CERTAIN PROVISIONS UPON TERMINATION. The following provisions, rights and obligations shall survive the termination of this Service Contract: (1) all representations and warranties of the parties contained in Article II; (2) each of the party's indemnity obligations in this Service Contract with respect to events that occurred prior to the Termination Date or during the Company's provision of post-termination services under Section 12.11; (3) all provisions of this Service Contract that expressly establish post-termination obligations; and (4) all obligations that have accrued prior to the Termination Date and have not been performed or satisfied. No termination of this Service Contract shall (a) limit or otherwise affect the respective rights and obligations of the parties hereto accrued prior to the date of such termination, or (b) preclude either party from

impleading the other party in any Legal Proceeding originated by a third party as to any matter occurring during the Term.

SECTION 12.13. NO WAIVERS. No action of the City or the Company pursuant to this Service Contract (including any investigation or payment), and no failure to act, shall constitute a waiver by either party of the other party's compliance with any term or provision of this Service Contract. No course of dealing or delay by the City or the Company in exercising any right, power or remedy under this Service Contract shall operate as a waiver thereof or otherwise prejudice such party's rights, powers and remedies. No single or partial exercise of (or failure to exercise) any right, power or remedy of the City or the Company under this Service Contract shall preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

SECTION 12.14. NO CONSEQUENTIAL OR PUNITIVE DAMAGES. In no event shall either party be liable to the other or obligated in any manner to pay to the other any special, incidental, consequential, punitive or similar damages based upon claims arising out of or in connection with the performance or non-performance of its obligations under this Service Contract, or the material falsity or inaccuracy of any representation made in this Service Contract, whether such claims are based upon contract, tort, negligence, warranty or other legal theory; provided, however, that nothing in this Section shall limit the obligation of either party to indemnify the other party for any special, incidental, consequential, punitive or similar damages claimed by third parties as a result of any act or circumstance for which a party is obligated to indemnify the other party hereunder.

SECTION 12.15. NO CLAIMS AGAINST OFFICERS, AGENTS AND EMPLOYEES. No claim whatsoever shall be made by the Company against any officer, agent or employee of the City, or by the City against any officer, agent or employee of the Company, for, or on account of, anything done or omitted in connection with this Service Contract.

SECTION 12.16. DISPUTE RESOLUTION. The "Certain General Provisions Governing Contracts for Consultants, Professional and Technical Services" (including the PPB Rules of the City referenced therein), provided in Appendix 8, shall govern the resolution of disputes relating to the obligations and responsibilities of the parties under this Service Contract.

SECTION 12.17. NON-BINDING MEDIATION.

(A) Rights to Request and Decline. Prior to exercising dispute resolution procedures in accordance with Section 12.16, either party may request Non-Binding Mediation of any dispute arising under this Service Contract, whether technical or otherwise. The non-

requesting party may decline the request in its sole discretion. If there is concurrence that any particular matter shall be mediated, the provisions of this Section shall apply.

(B) Procedure. The mediator shall be an attorney licensed in the State or other professional mutually acceptable to the parties who has no current or on-going relationship to either party. The mediator shall have full discretion as to the conduct of the mediation. Each party shall participate in the mediator’s program to resolve the dispute until and unless the parties reach agreement with respect to the disputed matter or one party determines in its sole discretion that its interests are not being served by the mediation.

(C) Non-Binding Effect. Mediation is intended to assist the parties in resolving disputes relating to this Service Contract. No mediator shall be empowered to render a binding decision.

(D) Relation to Legal Proceedings. Nothing in this Section shall operate to limit, interfere with or delay the right of either party under this Service Contract to commence Legal Proceedings upon a breach of this Service Contract by the other party, whether in lieu of, concurrently with, or at the conclusion of any Non-Binding Mediation.

SECTION 12.18. LIMITATION OF LIABILITY FOR BREACH AND DEFAULT.

(A) Company Limitation of Liability.

(1) Overall Limitation of Liability. The Company’s liability under this Service Contract for any and all defaults and breaches by the Company taken together may not exceed the product of (1) \$100 million and (2) the CPINY Adjustment Factor (inclusive of all drawings under the Letter of Credit) (the “Overall Limitation of Liability”). Liabilities of the Company that are applied towards the Special NYCT Limitation of Liability due to New York Container Terminal, LLC Breaches shall count towards the Overall Limitation of Liability as well.

(2) Special NYCT Limitation of Liability. The Company’s liability under this Service Contract for any and all defaults and breaches by the Company attributable to New York Container Terminal, LLC Breaches may not exceed the product of (1) \$50 million and (2) the CPINY Adjustment Factor (inclusive of all drawings under the Letter of Credit) (the “Special NYCT Limitation of Liability”).

(3) Meaning of “Liability”. The term “liability” as used in this subsection means only those amounts paid or payable by the Company to the City (whether as direct payments or offsets) as actual or liquidated damages and reflected in a Billing Statement, an offset taken by the City that is not reflected in a Billing Statement, an invoice delivered by the City to the Company, a semiannual or annual reconciliation, a reconciliation of damages due upon termination, or otherwise documented as a payment of actual or liquidated damages.

The term “liability” as used in this subsection does not include amounts in the Service Fee for services rendered, or amounts due for a tort claim.

(B) City Limitation of Liability. The City’s liability under this Service Contract for any and all defaults and breaches by the City taken together may not exceed the termination fee as set forth in subsection 12.5(B)(1). The term “liability” as used in this subsection means only those amounts paid or payable by the City to the Company as actual or liquidated damages and reflected in a Billing Statement, a semiannual or annual reconciliation, or a reconciliation of damages due upon termination, or otherwise documented as a payment of actual or liquidated damages. The term “liability” as used in this subsection does not include amounts paid for in the Service Fee for services rendered, or amounts due for a tort claim.

ARTICLE XIII

INSURANCE, UNCONTROLLABLE CIRCUMSTANCES  
AND INDEMNIFICATION

SECTION 13.1. INSURANCE.

(A) Company Insurance. The Company shall obtain, or cause to be obtained, the applicable Required Insurance in accordance with the requirements of Appendix 6.

(B) Insurers, Deductibles and City Rights. All Required Insurance shall be obtained and maintained from financially sound and generally recognized responsible insurance companies meeting the qualifications set forth in Appendix 6. The insurance coverage may be written with deductible amounts as and to the extent permitted by Appendix 6, and the Company shall be responsible for paying all deductible amounts (or to the extent that a Subcontractor is responsible, the Company shall cause such Subcontractor to pay such deductible amounts). The Company shall also be responsible for any excluded losses (or any other losses for which an insurer fails to provide coverage) if such losses are within the liability of the Company hereunder (or to the extent that a Subcontractor is responsible, the Company shall cause such Subcontractor to be responsible for such losses). All policies evidencing such insurance shall provide for at least 30 days' prior written notice of the cancellation thereof to the Company (or, if applicable, a Subcontractor) and the City (except with respect to cancellation for non-payment of premiums to which a 10-day written notice shall be required). All policies of insurance required by this Section shall be primary insurance without any right of contribution from other insurance carried by the City.

(C) Certificates of Insurance. The Company shall furnish, or shall cause a Subcontractor to furnish, the City with certificates of insurance at the following times: (1) on or prior to the Contract Execution Date; (2) on or prior to the commencement date of the MTS-1 Ramp-Up Period; (3) on or prior to the commencement date of the MTS-2 Ramp-Up Period; (4) not later than 30 days prior to the beginning of each Contract Year; and (5) as otherwise as reasonably requested by the City. Each certificate of insurance (or renewal certificate of insurance) furnished hereunder shall (a) evidence the existence and coverage amounts of the Required Insurance and insurance amounts and coverage then in effect under the Guarantor's Business Insurance Program; (b) show the City, and its officials and employees, as an "additional insured" with respect to the liabilities arising out of the Contract Services and the Contract Services System pursuant to [Section 7.1(E), 7.2(E), and 7.6] of Appendix 6, on each policy of Required Insurance; (c) not include text limiting the right of the City to rely on the

information in the certificate of insurance; (d) otherwise be in a form acceptable to the City; and (e) be accompanied by an Insurance Broker’s Certification.

(D) Insurance Broker’s Certification. (1) Form of Insurance Broker’s Certification. An “Insurance Broker’s Certification” shall mean a notarized certificate of the Company’s or a Subcontractor’s insurance broker in the form set forth below:

INSURANCE BROKER’S CERTIFICATION

The undersigned certifies to the City of New York that the policies set forth in the attached Certificate of Insurance are in full force and effect, and that they fully comply with the requirements set forth in Sections 6.1 (if applicable), 6.2 (if applicable), 6.3, 6.4, and 6.5 of Appendix 6 (“Required Insurance”) in the Service Contract for Municipal Solid Waste Management, Transportation and Disposal (North Shore Marine Transfer Station and East 91<sup>st</sup> Street Marine Transfer Station) between The City of New York and Covanta 4Recovery, L.P.

[APPROPRIATE NAME,  
SIGNATURE AND  
AUTHORITY BLOCKS]

(2) Multiple Insurance Brokers. To the extent that the Required Insurance is provided by more than one insurance broker, each insurance broker may provide a separate Insurance Broker’s Certification in the form set forth in clause (1) of this subsection certifying as to the compliance of the policy or policies of insurance provided by that insurance broker, provided that, in the aggregate, all applicable provisions in clause (1) of this subsection have been certified to by the Company’s or a Subcontractor’s insurance brokers.

(E) City Right to Review and Copy. The City shall have the right, upon request made to the Company by the City and at any time to receive complete copies of the Required Insurance related solely to the Contract Services and the Contract Services System. The City, acting through its counsel or other advisors, shall have the right, upon request made to the Company by the City and at any time, to review at a mutually convenient location in New York County (but not retain copies of) complete copies of the policies of insurance provided under the Guarantor’s Business Insurance Program. If after review of the policies of insurance maintained under the Guarantor’s Business Insurance Program, the City reasonably believes that either (1) the Company has breached any covenant contained in this Section or Appendix 6, or (2) the insurer has failed to honor the terms of the applicable policy of insurance, the City shall have the right to receive and make copies of any such applicable policy of insurance to enforce its rights with respect to such policy and this Service Contract.



The City will support the Company in opposing any Freedom of Information Law request to obtain a copy of any policy of insurance provided under the Guarantor's Business Insurance Program for which the City retained copies.

(F) Maintenance of Insurance Coverage. If the Company or a Subcontractor fails to pay any premium for Required Insurance, or if any insurer cancels any Required Insurance policy and the Company or Subcontractor fails to obtain replacement coverage so that the Required Insurance is maintained on a continuous basis, then, at the City's election (but without any obligation to do so), the City, following notice to the Company, may pay such premium to the insurer or procure similar insurance coverage from another company or companies and upon such payment by the City the amount thereof shall be immediately reimbursable to the City by the Company as part of the Extraordinary Items Component. The Company and its Subcontractors shall comply with the terms and conditions of all applicable Required Insurance and take all steps necessary to assure that Required Insurance remains continuously in effect in accordance with the requirements of this Service Contract, and shall promptly notify the City of any change in insurance coverage that could materially and adversely affect the City. The failure of the Company or its Subcontractors to obtain and maintain any Required Insurance shall not relieve the Company of its liability for any losses intended to be insured thereby. The purchase of insurance to satisfy the Company's obligations under this Section shall not be a satisfaction of any Company liability under this Service Contract or in any way limit, modify or satisfy the Company's indemnity obligations under Section 13.7.

(G) Liquidated Damages for Failure to Maintain Required Insurance. For each day, or any portion thereof, that the Company or its Subcontractors fails to maintain all policies of Required Insurance in accordance herewith, the Company shall pay the City liquidated damages in the amount of \$1,750 (escalated each Contract Year by the CPINY Adjustment Factor), and such liquidated damages shall be payable as part of the Extraordinary Items Component. Such liquidated damages shall not excuse the Company's failure to maintain the Required Insurance or limit the City's rights under this Service Contract as a result of such failure.

SECTION 13.2. UNCONTROLLABLE CIRCUMSTANCES.

(A) Relief from Performance Obligations. Except as expressly provided under the terms of this Service Contract, neither party to this Service Contract shall be liable to the other for any loss, damage, delay, default or failure to perform any obligation to the extent it results from an Uncontrollable Circumstance. The parties agree that the relief for an Uncontrollable Circumstance described in this Section shall apply to all obligations in this

Service Contract, except to the extent specifically provided otherwise, notwithstanding that such relief is specifically mentioned with respect to certain obligations in this Service Contract but not other obligations. Relief granted under this subsection shall be to the minimum extent reasonably forced on the party by the Uncontrollable Circumstance, and is conditioned on complying with the mitigation requirements of subsection (C) of this Section and the requirements of subsection (D) of this Section. The occurrence of an Uncontrollable Circumstance shall not excuse or delay the performance of a party's obligation to pay monies due and owing or becoming due and owing under this Service Contract, or to perform any obligation hereunder not affected by the occurrence of the Uncontrollable Circumstance.

(B) Financial Relief. If and to the extent that Uncontrollable Circumstances increase the cost of the Company's performing the Contract Services, the Company shall be entitled to an increase in the Service Fee (except as and to the extent provided in Sections 13.3, 13.4 and 13.5), but only to the minimum extent reasonably forced on the Company by the Uncontrollable Circumstance, and is conditioned on the Company complying with the mitigation requirements of subsection (C) of this Section and the requirements of subsection (D) of this Section. If and to the extent that an Uncontrollable Circumstance has the effect of reducing the Company's actual cost of performing the Contract Services (or increasing revenues of a Designated Disposal Site or a Designated Alternate Disposal Site through the sale of carbon, energy or similar renewable or environmental energy credits that were produced or made available because of a Capital Modification), the Service Fee shall be reduced in an amount equal to the cost savings (or additional revenues) actually experienced by the Company as a result of such Uncontrollable Circumstance (subject to the materiality threshold and sharing formula set forth in Sections 13.3, 13.4 and 13.5). An example of such an event includes a Change in Law that has the effect of reducing the Company's cost of complying with Applicable Law. The Company shall notify the City as promptly as possible of the occurrence of such an Uncontrollable Circumstance and shall comply with the notice requirements set forth in subsection (C) of this Section. The financial relief provided by this subsection shall not apply to an Uncontrollable Circumstance identified in item (12) in the list of inclusions in the definitions.

(C) Notice and Mitigation. The party that asserts the occurrence of an Uncontrollable Circumstance shall notify the other party in person, by e-mail, telephone or facsimile, on or promptly after the date the party experiencing such Uncontrollable Circumstance first knew of the occurrence thereof, followed within 15 days after the initial communication (or at a later time if additional time is granted by the party not asserting the claim of Uncontrollable Circumstances) by a written description of: (1) the Uncontrollable Circumstance and the cause thereof; (2) the date the Uncontrollable Circumstance began, its

estimated duration, and the estimated time during which the performance of such party's obligations hereunder shall be delayed, or otherwise affected; (3) the estimated impact of the Uncontrollable Circumstance on all obligations of such party under this Service Contract, including the amount, if any, by which the Service Fee is proposed to be adjusted; and (4) what steps the affected party plans to take to mitigate the effects of the Uncontrollable Circumstance. The party affected by the Uncontrollable Circumstance shall use commercially reasonable efforts to mitigate the effects of the Uncontrollable Circumstance. To the extent mitigation requires that the Company provide services of accepting, transporting and disposing of DSNY-managed Waste in a manner not expressly set forth in this Service Contract (but in compliance with Applicable Law), the Company shall identify such proposed alternate service arrangements and, if the City agrees, and subject to the conditions of subsection (D) of this Section, perform such services to the extent required by the Uncontrollable Circumstance. The affected party shall also provide prompt written notice of the cessation of such Uncontrollable Circumstance. Whenever an Uncontrollable Circumstance occurs, the party claiming to be adversely affected thereby shall, as promptly as practicable and after consulting with the other party, use all commercially reasonable efforts to eliminate the cause thereof, reduce costs resulting therefrom, mitigate and limit damage to the other party, and resume full performance under this Service Contract. While the Uncontrollable Circumstance continues, the affected party shall give notice to the other party before the first day of each succeeding month (or more frequently if circumstances change prior to such date), updating the information previously submitted.

(D) Conditions to Performance, Service Fee and Schedule Relief. If the Company believes it is entitled to any performance, price or schedule relief as a result of any Uncontrollable Circumstance, it shall furnish the City with notice of the specific relief requested, detailing the event giving rise to the claim and including the amount, if any, by which the Service Fee is proposed to be adjusted as a result of such Uncontrollable Circumstance, within 30 days after the giving of notice delivered pursuant to subsection (C) of this Section. The Company shall reasonably demonstrate the existence and effects of the Uncontrollable Circumstance, and shall furnish promptly any documents or other information relating to the Uncontrollable Circumstance reasonably requested by the City. Within 30 days after receipt of all such timely submissions from the Company the City shall issue a written determination as to the extent, if any, it concurs with the Company's claim for performance, price or schedule relief, and the reasons therefor.

(E) Acceptance of Relief Constitutes Release. The Company's acceptance of all of the agreed-upon performance, price or schedule relief under this Section shall be construed as a release of the City by the Company (and all persons claiming by, through, or

under the Company) for any and all Loss-and-Expense resulting from, or otherwise attributable to, the event giving rise to the relief claimed. If any amount is in dispute, the Company may, in its sole discretion, accept partial performance or price relief, which will release the City from all Loss-and-Expense, other than the amount in dispute.

(F) Timeliness of Company Notices. The Company acknowledges that its failure to give timely notice pertaining to an Uncontrollable Circumstance as required under this Section may adversely affect the City. To the extent the City asserts that any such adverse effect has occurred and that the relief to the Company or the additional cost to be borne by the City under this subsection should be reduced to account for such adverse effect, the Company shall have the affirmative burden of refuting the City's assertion. Absent such refutation, the reduction in relief to the Company and the reduction in additional cost to the City asserted by the City in such circumstances shall be effective.

SECTION 13.3. LIMITATION OF PRICE RELIEF TO COMPANY DUE TO UNCONTROLLABLE CIRCUMSTANCES.

(A) Insured Events. The Company shall not be entitled to any price relief through an adjustment to the Service Fee or otherwise on account of any of the costs set forth in this Section incurred by the Company as the result of an act, event or circumstance that the Company or the Guarantor is obligated to insure against under the Required Insurance, irrespective of any limits of coverage (other than any deductible amount specified in the Required Insurance) applicable under any policy of insurance maintained or required to be maintained under the Required Insurance. Deductible amounts borne by the Company under insurance policies consistent with the Required Insurance shall be included in calculating the Company's limitation of liability set forth in subsection 12.18(A), the Uncontrollable Circumstance Materiality Threshold, and the Company Annual Cost-Sharing Cap.

(B) Property Damage or Destruction. The Company shall not be entitled to any price relief through an adjustment to the Service Fee or otherwise on account of any of the costs incurred by the Company of repairing or replacing any real or personal property owned by any person which is damaged or destroyed as the result of an Uncontrollable Circumstance, including any property constituting part of the Contract Services System. Deductible amounts borne by the Company under insurance policies consistent with the Required Insurance shall be included in calculating the Company's limitation of liability set forth in subsection 12.18(A), the Uncontrollable Circumstance Materiality Threshold, and the Company Annual Cost-Sharing Cap.

(C) Uncontrollable Circumstance Costs at Secondary Authorized Disposal Sites.

(1) General. Except as set forth in clauses (2) and (3) of this subsection, the Company shall not be entitled to additional compensation through an adjustment to the Service Fee for, and the City shall not be responsible for, any costs relating to Uncontrollable Circumstances affecting an Authorized Disposal Site that is neither a Designated Disposal Site nor the Designated Alternate Disposal Site (such Authorized Disposal Sites being referred to herein as “Secondary Authorized Disposal Sites”) even if such costs are passed through to the Company by a Subcontractor.

(2) Forced Diversions to Secondary Authorized Disposal Sites. The City shall be responsible for the Substantiated Costs of Uncontrollable Circumstances for each Container diverted to a Secondary Authorized Disposal Site because of a Forced Diversion.

(3) Fixed Uncontrollable Circumstance Costs at a New Designated Disposal Site or New Designated Alternate Disposal Site. If a Secondary Authorized Disposal Site is subsequently designated as a Designated Disposal Site or the Designated Alternate Disposal Site pursuant to subsection 8.8(C), for purposes of identifying and computing Fixed Uncontrollable Circumstances Costs for which the City may be responsible, (i) the applicable Secondary Authorized Disposal Site shall be treated as if it had been a Designated Disposal Site or the Designated Alternate Disposal Site, as applicable, as of the Contract Execution Date, (ii) the cost of the Uncontrollable Circumstance and the applicable Uncontrollable Circumstance Materiality Threshold shall be calculated based on circumstances reasonably documented as applicable at the time of the Uncontrollable Circumstance, and (iii) the City’s applicable share of Fixed Uncontrollable Circumstances Costs shall be calculated based on the formulas set forth in Section 13.4 as of the date on which the Secondary Authorized Disposal Site becomes a Designated Disposal Site or the Designated Alternate Disposal Site, as applicable.

(D) Non-Material Uncontrollable Circumstance Costs. The Company shall not be entitled to any price relief through an adjustment to the Service Fee or otherwise on account of any costs which are below the Uncontrollable Circumstance Materiality Threshold, as and to the extent provided in Section 13.4.

(E) Cost-Shared Uncontrollable Circumstance Costs. The Company shall not be entitled to any price relief through an adjustment to the Service Fee or otherwise on account of any costs which are to be borne by the Company on a cost-shared basis resulting from an Uncontrollable Circumstance, as and to the extent provided in Section 13.5.

SECTION 13.4. UNCONTROLLABLE CIRCUMSTANCE COSTS.

(A) Event Response Measure. Upon the occurrence of an Uncontrollable Circumstance, the Company shall take all mitigation and other action necessary in response thereto as required by Section 13.2. In the event the Uncontrollable Circumstance is reasonably expected to have an impact on the Company's cost of performing the Contract Services over an extended period of time, the parties shall review all commercially reasonable options available for addressing the effect of the Uncontrollable Circumstance and shall agree on the option (if a commercially reasonable option is available) that is reasonably expected to result in the lowest net present value incremental cost to the Company (the "Event Response Measure"). Capital, operating, and combined capital and operating options shall be considered where appropriate.

(B) Determining the Projected Present Value Cost of the Event Response Measure. In projecting the present value cost of the Event Response Measure in regard to capital costs, the parties shall: (1) reasonably estimate the cost of any capital asset which is to be part of the Event Response Measure; (2) determine the useful life of any such capital asset; and (3) calculate the annual debt service that would be payable on a hypothetical loan having a principal amount equal to the reasonably estimated cost of such capital asset, bearing interest at a rate equal to the Prime Rate on the date of the Uncontrollable Circumstance plus one percentage point, and amortized on a level debt service basis over a period beginning on the reasonably estimated date of completion of construction or installation of such capital asset and ending on the date on which the useful life of such capital asset is reasonably expected to end. For any capital asset that has a useful life equal to less than the remaining Term, it will be assumed that such asset will be replaced at the end of its useful life on identical financial terms and that the capital cost escalates at a rate of 3.0% per Contract Year for determining the cost of the replacement asset. As to the operating and maintenance costs, the parties shall estimate the operating costs that are reasonably expected to be incurred by the Company in carrying out the Event Response Measure during the remaining Term, assuming that all values that escalate under this Service Contract do so at a rate of 3.0% per Contract Year. For operating Costs measured on a cost/Ton basis, it will be assumed that future deliveries will be 75% of the then-applicable WCAL, and that there will be 18.0 Tons in each Loaded Container. The future stream of debt service payment and operating costs so projected (in each case through the Term, which only includes a Renewal Term if the City has exercised its option to extend the Term for such Renewal Term pursuant to Section 3.2(B)) shall be present valued using a discount rate equal to the Prime Rate on the date of the Uncontrollable Circumstance plus one percentage point in order to arrive at the projected net present value cost of the Event Response Measure (the "Projected Present Value Cost of the Event Response Measure"). For

purposes of determining the net present value, all revenues, expenses and savings shall be deemed to occur at the end of the Contract Year.

(C) Determining the Uncontrollable Circumstance Materiality Threshold. For each Uncontrollable Circumstance, the “Uncontrollable Circumstance Materiality Threshold”, at any point during the Term that such threshold is required to be determined, shall be an amount equal to the net present value (calculated using a discount rate equal to the Prime Rate on the date the Uncontrollable Circumstance occurred, plus one percent) of the future stream of Annual Threshold Amounts from the date of such calculation through the end of the Term. For each Uncontrollable Circumstance, the “Annual Threshold Amount” for the Contract Year ending June 30, 2013 shall be \$118,425, and for each subsequent Contract Year shall be \$118,425 times the CPINY Adjustment Factor (using the actual CPINY Adjustment Factor for each Contract Year up to and including the Contract Year in which the Uncontrollable Circumstance occurred and thereafter assuming that the CPINY will increase at 3.0% throughout the remaining Term, notwithstanding any actual increases in the CPINY). Deductible amounts borne by the Company under insurance policies consistent with the Required Insurance shall count toward the Uncontrollable Circumstance Materiality Threshold and the Annual Threshold Amount.

(D) Prorating Fixed Costs. (1) To the extent an event affects fixed costs relating to an Intermodal Facility or a Designated Disposal Site that are subject to either (a) a determination as to Uncontrollable Circumstance Materiality Threshold pursuant to subsection (C) of this Section, or (b) sharing pursuant to Section 13.5, only that portion of the cost that is allocable to this Service Contract shall be considered in determining the Uncontrollable Circumstance Materiality Threshold or the amount that is subject to sharing.

(2) The portion of total fixed costs resulting from an Uncontrollable Circumstance that are allocable to this Service Contract shall be the reasonably projected total cost (calculated using the assumptions set forth in subsection (B) of this Section) allocated as follows:

(a) in the case of an Intermodal Facility used by the Company exclusively to perform the Contract Services and for no other purpose (but expressly excluding the Niagara RTT Intermodal Facility), the portion allocable to this Service Contract shall be 100%;

(b) in the case of an Intermodal Facility that is not used by the Company exclusively to perform the Contract Services, a fraction calculated as follows:

the WCAL applicable when the Uncontrollable Circumstance event first occurs, multiplied by the percent of total annual Tons of DSNY-managed Waste earmarked to be transported through such Intermodal Facility pursuant to the Designated Waste Allocation as determined at the end of the Contract Year during which the Uncontrollable Circumstance occurs, further multiplied by 0.75

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total average container volume from all customers handled at such Intermodal Facility during the preceding 12-month period (calculated on a containers/Operating Week basis)

(c) in the case of New York Container Terminal and any other Intermodal Facility at which the Company subcontracts for services from a third party that is not an Affiliate, the amount allocable to this Service Contract shall be such amount charged by the Subcontractor to the Company pursuant to the terms of such subcontract for such fixed costs resulting from the Uncontrollable Circumstance.

(d) in the case of a Designated Disposal Site which by Governmental Approval, lease or host community agreement, has a yearly tonnage permitted capacity, the fraction calculated as follows:

the WCAL applicable when the Uncontrollable Circumstance event first occurs, multiplied by 52 weeks, multiplied by the percent of total annual Tons of DSNY-managed Waste earmarked to be disposed of at such Designated Disposal Site pursuant to the Designated Waste Allocation, further multiplied by 0.75, further multiplied by 18 Tons/Container

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(i) for the Delaware Valley Resource Recovery Facility, 1,108,140 TPY; (ii) for the Niagara Resource Recovery Facility, 755,550 TPY; and (iii) for any other waste to energy facility, 92% of the daily nameplate capacity of such facility as determined by the parties at the time of the Uncontrollable Circumstance event and memorialized in a Contract Administration Memorandum, multiplied by 365 days.

(e) in the case of a Designated Disposal Site which by Governmental Approval, lease or host community agreement, has a daily tonnage permitted capacity, the fraction calculated as follows:

the WCAL applicable when the Uncontrollable Circumstance first occurs, multiplied by the percent of total annual Tons of DSNY-managed Waste earmarked to be disposed of at such Designated Disposal Site pursuant to the Designated Waste Allocation, further multiplied by 0.75, further multiplied by 18 Tons/Container

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daily permitted capacity, multiplied by the number of receiving days per week

(f) in the case of a Designated Disposal Site which by Governmental Approval, lease or host community agreement, has a weekly or monthly tonnage permitted capacity, a model based on items (d) or (e) of this subsection, as applicable, and converted to the appropriate period.



(g) in the case of a Designated Disposal Site which does not have a daily, weekly, monthly, or yearly tonnage permitted capacity, the fraction calculated as follows:

the WCAL applicable when the Uncontrollable Circumstance first occurs, multiplied by 52 weeks, multiplied by the percent of total annual Tons of DSNY-managed Waste earmarked to be disposed of at such Designated Disposal Site pursuant to the Designated Waste Allocation, further multiplied by 0.75, further multiplied by 18  
Tons/Container

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the average daily Tons of all waste delivered to such landfill, multiplied by 365 days

(h) in the case of Lee County Landfill (either as an Designated Alternate Disposal Site or as a Designated Disposal Site) and any Designated Alternate Disposal Site, the amount allocable to this Service Contract shall be only such amounts on a per Ton or per Container basis for which the Company is charged by its Subcontractor.

(i) when making calculations in this subsection, if the Uncontrollable Circumstance occurs before the MTS-2 Service Date, and the MTS-2 Service Date subsequently occurs, the reference to 'WCAL Level' shall be understood as (x) the WCAL Level of MTS-1 when the Uncontrollable Circumstance first occurs; and (y) on and after the MTS-2 Service Date, the amount from (x) plus the WCAL Level of MTS-2 on the MTS-2 Service Date.

(j) when making calculations in this subsection, if the reference to WCAL is calculated by using the WCAL Levels at both MTS-1 and MTS-2 at any time, and the City subsequently exercises its right of termination under Section 12.5 only with respect to MTS-2, but not both Marine Transfer Stations, the reference to WCAL shall thereafter be understood as the WCAL of MTS-1 when the Uncontrollable Circumstance first occurs.

(3) In the case of a Designated Disposal Site which is not restricted by a daily permitted capacity imposed by a Governmental Approval, lease or host community agreement, the cost allocable to this Service Contract shall be the reasonably projected total cost allocable to DSNY-managed Waste transported to such Designated Disposal Site pursuant to this Service Contract which is calculated by taking into account the assumptions set forth in subsection (B) of this Section, in addition to the mitigation measures set forth in subsections 13.2(B) and (C).

(4) The fractions calculated in this subsection shall never be greater than 1.0.

(5) For purposes of the computations to be made pursuant to this Section, it shall be assumed that Loaded Containers (and Tons) shall be delivered in accordance with the Designated Waste Allocation.

(E) Costs Under Threshold. To the extent that the Projected Present Value Cost of the Event Response Measure is less than or equal to the Uncontrollable Circumstance Materiality Threshold, the City shall have no responsibility for any costs arising out of Uncontrollable Circumstance, and the Company shall bear all such costs.

(F) Cost Savings. In the event that the present value of the projected cost savings of an Uncontrollable Circumstance is less than or equal to the Uncontrollable Circumstance Materiality Threshold, there shall be no reduction in the Service Fee or other compensation payable to Company under this Service Contract, and the cost savings shall be solely for the account of the Company.

SECTION 13.5. COST-SHARED UNCONTROLLABLE CIRCUMSTANCES.

(A) Costs Exceeding Threshold. A “Cost-Shared Uncontrollable Circumstance” is an Uncontrollable Circumstance with respect to which the Projected Present Value Cost of the Event Response Measure exceeds the Uncontrollable Circumstance Materiality Threshold. The cost of Cost-Shared Uncontrollable Circumstances shall be shared in the manner described in this Section.

(B) Company Responsibility. For each Contract Year, the Company shall bear an amount up to the product of (1) \$168,400 and (2) the CPINY Adjustment Factor (the “Company Annual Cost-Sharing Cap”) of all Cost-Shared Uncontrollable Circumstances occurring in such Contract Year, in the following manner:

(1) For the first Cost-Shared Uncontrollable Circumstance, the Company shall bear an amount equal to the Annual Threshold Amount for such Contract Year, plus 5% of any costs above the Annual Threshold Amount, up to the Company Annual Cost-Sharing Cap.

(2) If a subsequent Cost-Shared Uncontrollable Circumstance occurs and the Company has not borne costs equal to the Company Annual Cost-Sharing Cap, then the Company shall bear an amount equal to the remaining amount of the Company Annual Cost-Sharing Cap.

(3) Deductible amounts borne by the Company under insurance policies consistent with the Required Insurance in excess of the Uncontrollable Materiality Threshold shall count toward the Company Annual Cost-Sharing Cap.

(C) City Responsibility. For each Contract Year, the City shall bear the aggregate actual costs reasonably resulting from all Cost-Shared Uncontrollable Circumstance events occurring in such Contract Year and all prior Contract Years, other than those the Company is obligated to bear under this Section.

SECTION 13.6. UNCONTROLLABLE CIRCUMSTANCE AFFECTING ONLY ONE MTS. After the MTS-2 Service Date, to the extent that an Uncontrollable Circumstance affects the performance of the Contract Services at only one MTS, the Company, as part of its mitigation obligations, shall accept DSNY-managed Waste at the other MTS, up to the lesser of the Container Acceptance Guarantee or the amount of DSNY-managed Waste which such MTS is both physically and legally capable of accepting.

SECTION 13.7. INDEMNIFICATION BY THE COMPANY. The Company shall indemnify, defend and hold harmless the City, and its elected officials, appointed officers, agents, representatives, contractors, subcontractors and employees (each, a “City Indemnitee”), from and against (and pay the full amount of) any and all Loss-and-Expense incurred by a City Indemnitee to third parties arising from or in connection with (or alleged to arise from or in connection with): (1) any failure by the Company to perform its obligations under this Service Contract; or (2) the negligence or willful misconduct of the Company or any of its officers in connection with the Contract Services. The Company’s indemnity obligations hereunder shall not be limited by any coverage exclusions or other provisions in any insurance policy maintained by the Company which is intended to respond to such events. The Company shall not, however, be required to reimburse or indemnify any City Indemnitee for any Loss-and-Expense to the extent caused by any failure by the City perform its obligations under this Service Contract, or the negligence or willful misconduct of any City Indemnitee or to the extent attributable to any Uncontrollable Circumstance. Upon knowledge by the Senior Claim Specialist, Affirmative Litigation Division, New York City Law Department, of the assertion of any claim against a City Indemnitee for which the City is entitled to be indemnified hereunder, the City shall promptly notify the Company of the assertion of such claim, and the Company shall have the right to assume the defense of the claim in any Legal Proceeding and to approve any settlement of the claim. These indemnification provisions are for the protection of the City Indemnitees only and shall not establish, of themselves, any liability to third parties. The provisions of this Section shall survive the termination of this Service Contract.

SECTION 13.8. INDEMNIFICATION BY THE CITY. The City shall indemnify, defend and hold harmless the Company, and its officers, directors, and employees (each a “Company Indemnitee”), from and against (and pay the full amount of) any and all Loss-and-Expense incurred by a Company Indemnitee to third parties for damage or injury to the person or property of such third party to the extent such damage or injury is caused by any failure by the City to perform its obligations under this Service Contract, or the negligence or willful misconduct of the City or any of its elected officials, appointed officers and employees in the performance of the City’s obligations under this Service Contract. The City shall not, however, be required to reimburse or indemnify any Company Indemnitee for any other Loss-and-Expense. A Company Indemnitee shall promptly notify the City of the assertion of any claim against it for which it is entitled to be indemnified hereunder, and the City shall have the right to assume the defense of the claim in any Legal Proceeding and to approve any settlement of the claim. These indemnification provisions are for the protection of the Company Indemnitees only and shall not establish, of themselves, any liability to third parties. The provisions of this Section shall survive termination of this Service Contract.

ARTICLE XIV

SECURITY FOR PERFORMANCE

SECTION 14.1. GUARANTOR.

(A) Guaranty Agreement. The Company shall cause the Guaranty Agreement to be provided and maintained by the Guarantor during the Term substantially in the form attached hereto as a Transaction Form.

(B) Material Adverse Change to the Financial Condition of the Guarantor. A “Material Adverse Change” shall be deemed to have occurred at any time that the Guarantor’s Consolidated Net Tangible Assets: (1) drops from at or above the product of \$200,000,000 and the CPINY Adjustment Factor to below such amount (a “\$200 Million Level Material Adverse Change”); or (2) drops from at or above the product of \$100,000,000 and the CPINY Adjustment Factor to below such amount (a “\$100 Million Material Adverse Change”). For purposes of this Section, “Consolidated Net Tangible Assets” shall mean, as of the date of any determination thereof, the total amount of all assets of the Guarantor determined on a consolidated basis in accordance with GAAP as of such date less the sum of (i) all consolidated liabilities (excluding intangible liabilities) of the Guarantor determined in accordance with GAAP, and (ii) assets properly classified as intangible assets in accordance with GAAP. After a Material Adverse Change has occurred, (i) the Company shall promptly deliver to the City a notice stating that there has been a Material Adverse Change, and (ii) the Company shall have the opportunity to provide credit enhancement as set forth in subsection (C) of this Section.

(C) Credit Enhancement Upon a Material Adverse Change. If a Material Adverse Change occurs, the Company may in its sole discretion, at its sole cost and expense, cause to be provided credit enhancement within 30 days after such occurrence, by increasing the Letter of Credit to an amount equal to three times the otherwise applicable Letter of Credit amount for the Contract Year in which the decline occurs (but not to exceed the Company’s limitation of liability set forth in subsection 12.18(A)). Such increased Letter of Credit is referred to as an “Enhanced Letter of Credit”. As long as the Company maintains such Enhanced Letter of Credit, the Material Adverse Change shall be deemed to be cured, and in no event will another Material Adverse Change be deemed to occur. With respect to any Material Adverse Charge, if the Company fails to provide or maintain such Enhanced Letter of Credit and the Guarantor’s Consolidated Net Tangible Assets has not been restored to: (1) with respect to a \$200 Million Level Material Adverse Change, the product of \$200,000,000 and the CPINY Adjustment Factor, or (2) with respect to a \$100 Million Level Material Adverse Change, the product of \$100,000,000 and the CPINY Adjustment Factor, the City shall have the termination rights set forth in Section 12.7. The City shall have the right but not the

obligation, exercisable in its sole and absolute discretion, to accept alternative credit enhancement proposed by the Company from time to time as and to the extent the City deems necessary to protect the public interest and to secure the performance by the Company of its obligations hereunder and by the Guarantor of its obligations under the Guaranty Agreement in light of the nature, extent and potential duration of the Material Adverse Change.

(D) Restoration of Consolidated Net Tangible Assets.

(1) \$200 Million Level Material Adverse Change. If, at any time following the occurrence of a \$200 Million Level Material Adverse Change the Guarantor (1) restores its Consolidated Net Tangible Assets to a level at or above the product of (a) \$200,000,000 and (b) the CPINY Adjustment Factor; or (2) provides the City with an additional guaranty agreement in a form substantially identical to the form of the Guaranty Agreement issued by another company acceptable to the City whose Consolidated Net Tangible Assets would have avoided the occurrence of a Material Adverse Change, the required increase in the stated amount of the Letter of Credit provided for in subsection (C) of this Section shall no longer be applicable, and the required stated amount shall thereafter be the applicable stated amount provided for in Section 14.2.

(2) \$100 Million Level Material Adverse Change. If, at any time following the occurrence of a \$100 Million Level Material Adverse Change (and provided there is not already an Enhanced Letter of Credit in place pursuant to subsection (C) of this Section as a result of a \$200 Million Level Material Adverse Change) the Guarantor (1) restores its Consolidated Net Tangible Assets to a level at or above the product of (a) \$100,000,000 and (b) the CPINY Adjustment Factor; or (2) provides the City with an additional guaranty agreement in a form substantially identical to the form of the Guaranty Agreement issued by another company acceptable to the City whose Consolidated Net Tangible Assets would have avoided the occurrence of a Material Adverse Change, the required increase in the stated amount of the Letter of Credit provided for in subsection (C) of this Section shall no longer be applicable, and the required stated amount shall thereafter be the applicable stated amount provided for in Section 14.2.

(E) City Termination Right for Material Adverse Change. If there shall be a Material Adverse Change that remains uncured in accordance with this Section, the City shall have the termination rights set forth in Section 12.7.

SECTION 14.2. LETTER OF CREDIT.

(A) Requirements.

(1) Development Period Letter of Credit. On the Contract Execution Date, the Company shall provide to the City as beneficiary an irrevocable evergreen standby letter of credit in substantially the form attached hereto as Transaction Form B and in the stated amount of \$5,000,000 (the “Development Period Letter of Credit”). The Development Period Letter of Credit shall be for a term of one year and shall be continuously renewed, extended or replaced so that it remains in effect until delivery of the Service Period (Initial Term) Letter of Credit (defined below) or 90 days after the Termination Date, if earlier.

(2) Service Period (Initial Term) Letter of Credit. On or prior to the MTS-1 Scheduled Service Date (or the MTS-1 Service Date, if earlier), the Company shall provide to the City as beneficiary a new irrevocable evergreen standby letter of credit to replace the Development Period Letter of Credit in substantially the form attached hereto as Transaction Form B and in the stated amount of \$70,000,000 (the “Service Period (Initial Term) Letter of Credit”). The Service Period (Initial Term) Letter of Credit shall be for a term of one year and shall be continuously renewed, extended or replaced so that it remains in effect until delivery of the Service Period (Initial Renewal Term) Letter of Credit (defined below) or 90 days after the Termination Date, if earlier.

(3) Service Period (Initial Renewal Term) Letter of Credit. On or prior to the twentieth anniversary of the MTS-1 Service Date, if the City has exercised its option to renew the Service Contract for the Initial Renewal Term, the Company shall provide to the City as beneficiary a new irrevocable evergreen standby letter of credit to replace the Service Period (Initial Term) Letter of Credit in substantially the form attached hereto as Transaction Form B and in the stated amount of \$112,000,000 (the “Service Period (Initial Renewal Term) Letter of Credit”). The Service Period (Initial Renewal Term) Letter of Credit shall be for a term of one year and shall be continuously renewed, extended or replaced so that it remains in effect until delivery of the Service Period (Additional Renewal Term) Letter of Credit (defined below) or 90 days after the Termination Date, if earlier.

(4) Service Period (Additional Renewal Term) Letter of Credit. On or prior to the twenty fifth anniversary of the MTS-1 Service Date, if the City has exercised its option to renew the Service Contract for the Additional Renewal Term, the Company shall provide to the City as beneficiary a new irrevocable evergreen standby letter of credit to replace the Service Period (Initial Renewal Term) Letter of Credit in substantially the form attached hereto as Transaction Form B and in the stated amount of \$129,000,000 (the “Service Period (Additional Renewal Term) Letter of Credit”). The Service Period (Additional Renewal Term) Letter of Credit

shall be for a term of one year and shall be continuously renewed, extended or replaced so that it remains in effect until 90 days after the Termination Date.

(5) Limitation of Liability. Notwithstanding the required stated amounts for Letters of Credit set forth in clauses (1) through (4) of this subsection, if the limitation of liability of the Company set forth in subsection 12.18(A)(1) is lower than the otherwise applicable stated amount, the required stated amount shall not exceed the applicable limitation of liability of the Company.

(6) Damages for Failure to Provide a Letter of Credit. If the Company fails to provide a Letter of Credit in the amounts set forth in clauses (3) or (4) above, the Company shall be liable to the City for damages in an amount equal to the product of (i) .05 and (ii) the stated amount of the Letter of Credit required by the applicable clause, minus amounts held by the City as cash collateral pursuant to subsection (B) of this Section as a result of a draw on an existing Letter of Credit for failure to provide the replacement Letter of Credit pursuant to clause (3) or (4) of this subsection. Such damages shall be a credit to the City as an Extraordinary Item Component in Section 11.24.

(7) The Letters of Credit Generally. The Development Period Letter of Credit, the Service Period (Initial Term) Letter of Credit, the Service Period (Initial Renewal Term) Letter of Credit, the Service Period (Additional Renewal Term) Letter of Credit, and any replacement of any of the foregoing, are each referred to as the “Letter of Credit”. Each Letter of Credit shall be issued by a Qualified Commercial Bank selected by the Company that is a member of The Clearing House Association, and be subject to the approval of the City, which shall not unreasonably be withheld or delayed. The Letter of Credit shall, upon each renewal, extension or replacement thereof, be reduced from the required stated amount applicable for that Contract Year by the aggregate amount of all amounts drawn on all previous Letters of Credit provided under this subsection. The Letter of Credit shall serve as security for the performance of the Company’s obligations hereunder, and the stated amount thereof shall in no way limit the amount of damages to which the City may be entitled for any Company Event of Default hereunder. Upon the delivery of any new Letter of Credit by the Company pursuant to this Section, the City shall return to the Company the previously delivered Letter of Credit.

(B) Drawings for Non-Renewal, Non-Replacement or Bankruptcy. The City shall have the unconditional right to immediately draw upon the Letter of Credit for the full stated amount thereof upon the following conditions: (1) in the event that any required renewal, extension or replacement of the Letter of Credit is not made earlier than the date which is 30 days prior to its expiration date; (2) the Company or the Guarantor (a) has filed a petition of voluntary bankruptcy under the Bankruptcy Code, (b) has consented to the filing of



any bankruptcy or reorganization petition against the Company or the Guarantor, or (c) has filed a petition to reorganize the Company or the Guarantor pursuant to the Bankruptcy Code; or (3) a court of competent jurisdiction has issued an order appointing a receiver, liquidator, custodian or trustee of the Company or the Guarantor or of a major part of the Company's or the Guarantor's property, respectively, or a petition to reorganize the Company or the Guarantor pursuant to the Bankruptcy Code has been filed against the Company or the Guarantor, and such order has not been discharged or such filing has not been dismissed within 90 days after such issuance or filing. The proceeds of any such drawing shall be held by the City as cash collateral to secure the performance of the Contract Services and, in the event of a material breach of this Service Contract following any such drawing, may be retained by the City to the extent of damages resulting therefrom. If following a City draw on a Letter of Credit under this Section for non-renewal or for failure to replace a Letter of Credit in compliance with subsection (A) of this Section, the Company subsequently delivers a Letter of Credit complying with the terms of this Section, the City shall return amounts drawn on the prior Letter of Credit as a result of such non-renewal or failure to replace by the Company, less any amounts retained by the City for applicable damages as permitted by this Section.

(C) Drawings for Termination. The City shall have the unconditional right to immediately draw upon the Letter of Credit in an amount estimated by the City as representing the damages it has suffered as a result of the termination of this Service Contract by the City pursuant to Section 12.2.

(D) Drawings for Material Breach. The City shall have the right to draw upon the Letter of Credit in an amount estimated by the City as representing the damages it has suffered as a result of a material breach of this Service Contract by the Company. It shall be a condition to the right of the City to draw on the Letter of Credit for a material breach that: (1) the Contract Administrator has given the Guarantor notice of a material breach of this Service Contract, whether or not such breach constitutes an Event of Default, and attached a copy of his or her good faith assessment of the damages the City has suffered as a result of such breach; and (2) the Company has had an opportunity at a meeting scheduled by the Contract Administrator, to be held not earlier than 15 days nor later than 30 days following delivery of such notice, to present to the City evidence disputing the City's assertion of material breach or assessment of damages. Notice to the Company of a material breach hereof shall be given concurrently with the notice to the Guarantor, except that following any event of voluntary bankruptcy or involuntary bankruptcy by the Company as described in subsection 12.2(A) or a termination pursuant to Section 12.2, no such notice shall be required to be given to the Company, nor shall the giving of such notice be a condition to the City's drawing rights under the Letter of Credit pursuant to this subsection.

(E) Effect of Final Determination of Damages. In the event that, subsequent to any drawing on the Letter of Credit, it is determined by any court of competent jurisdiction in a final non-appealable decision that such drawing to any extent was not permitted hereunder, the City shall pay the amount wrongfully drawn to the Company together with interest thereon at the Overdue Rate calculated from the date of the drawing to the date of payment to the Company.

SECTION 14.3. COST OF PROVIDING SECURITY FOR PERFORMANCE.

(A) Cost Responsibility. The cost and expense of obtaining and maintaining the Security Instruments required as security for the performance of the Company's obligations hereunder shall be borne by the Company without reimbursement from the City.

(B) Release of Security. The City shall have the right at any time to release the Company from its obligation to provide the Letter of Credit required under this Article. Upon any such release, the Service Fee shall be reduced each year by an amount equal to 1% of the stated amount of the Letter of Credit at the time of such release.

ARTICLE XV

MISCELLANEOUS PROVISIONS

SECTION 15.1. RELATIONSHIP OF THE PARTIES. The Company is an independent contractor of the City and the relationship between the parties shall be limited to performance of this Service Contract in accordance with its terms. All experts, consultants, Subcontractors, Affiliates, or employees of the Company who are employed by the Company to perform work under this Service Contract are neither employees of the City nor under contract to the City and the Company alone is responsible for their work, direction, compensation and personal conduct while engaged under this Service Contract. Neither party shall have any responsibility with respect to the services to be provided or contractual benefits assumed by the other party. Nothing in this Service Contract shall be deemed to constitute either party a partner, agent or legal representative of the other party, except as explicitly provided hereunder. No liability or benefits or Taxes of any nature, such as workers' compensation, pension rights or liabilities, or other provisions or liabilities arising out of or related to a contract for hire or employer/employee relationship shall arise or accrue to any party's agent or employee as a result of this Service Contract or the performance thereof.

SECTION 15.2. POLITICAL ACTIVITY; CONFLICT OF INTEREST.

(A) Political Activity. There shall be no partisan political activity or any activity to further the election or defeat of any candidate for public, political or party office as part of or in connection with this Service Contract, nor shall any of the funds provided under this Service Contract be used for such purposes.

(B) Conflict of Interest. Neither the Company nor any of its directors, officers, members, partners or employees has any interest nor shall they acquire any interest, directly or indirectly, which would or may conflict in any manner or degree with the performance or rendering of the Contract Services, and, in the performance of this Service Contract, no person having such interest or possible interest shall be employed by it.

SECTION 15.3. CONTRACT ADMINISTRATION.

(A) Administrative Communications. The parties recognize that a variety of contract administrative matters will routinely arise throughout the Term. These matters shall by their nature involve requests, notices, questions, assertions, responses, objections, reports, claims, and other communications made personally, in meetings, by phone, by mail and by electronic and computer communications. The purpose of this Section is to set forth a process by which the resolution of the matters at issue in such communications (except to the extent that the resolution of any such matter requires an amendment to this Service Contract

pursuant to subsection (D) of this Section), once resolution is reached, can be formally reflected in the common records of the parties so as to permit the orderly and effective administration of this Service Contract.

(B) Contract Administration Memoranda. The principal formal tool for the administration of matters arising under this Service Contract between the parties shall be a “Contract Administration Memorandum.” A Contract Administration Memorandum shall be prepared, once all preliminary communications have been concluded, to evidence the resolution reached by the City and the Company as to matters of interpretation and application arising during the course of the performance of their obligations hereunder. Such matters may include, for example: (1) the determination of the specific relief to be given the Company under Section 13.2 as a result of an Uncontrollable Circumstance; (2) the determination of the specific amount of any increase or decrease of the Service Fee to which the Company is entitled under any provision of this Service Contract (including the parties’ agreement as to the treatment and designation of the payment of any Extraordinary Items Component); (3) issues as to the meaning, interpretation, application or calculation to be made under any provision hereof; (4) notices, waivers, releases, satisfactions, confirmations, further assurances, consents and approvals given hereunder; and (5) other similar contract administration matters. Contract Administration Memoranda are intended to reflect the mutual agreement of the parties and be enforceable in accordance with their terms.

(C) Procedures. Either party may request the execution of a Contract Administration Memorandum. When resolution of the matter is reached, a Contract Administration Memorandum shall be prepared by or at the direction of the City, and acknowledged by the Company, reflecting the resolution. The Contract Administration Memorandum shall be numbered, dated, signed on behalf of the Company by its authorized Agent or his or her designee in writing, and on behalf of the City by the Director of the Export Contract Management Unit of the DSNY, or his or her designee in writing. The City and the Company each shall maintain a parallel, identical file of all Contract Administration Memoranda, separate and distinct from all other documents relating to the administration and performance of this Service Contract.

(D) Effect. Executed Contract Administration Memoranda shall govern the ongoing interpretation, application and performance of this Service Contract and, in accordance with the last sentence of subsection (B) of this Section, are not intended to amend, alter or modify this Service Contract. Any material change, amendment, alteration, revision or modification of this Service Contract shall be effectuated solely through a formal Service

Contract amendment authorized, approved or ratified by the City in accordance with Applicable Law as provided in Section 15.4 and properly authorized by the Company.

SECTION 15.4. CONTRACT AMENDMENT, MODIFICATION OR WAIVER.

(A) Amendment or Modification. This Service Contract may not be amended or modified except by a written amendment signed by the parties in accordance with Section 4-02 of the PPB Rules and all requirements of Applicable Law.

(B) Waiver. Any of the terms, covenants, and conditions of this Service Contract may be waived at any time by the party entitled to the benefit of such term, covenant, or condition if such waiver is in writing and executed by the party against whom such waiver is asserted.

SECTION 15.5. PROPERTY RIGHTS.

(A) Protection from Infringement. The Company shall pay all royalties and license fees payable in connection with the performance of the Contract Services. The Company shall protect, defend, indemnify and hold harmless the City, and any of the City Indemnitees, from and against all Loss-and-Expense arising out of or related to the infringement or unauthorized use of any patent, trademark, copyright or trade secret relating to, or for the performance of, the Contract Services, or shall, at its option, acquire the rights of use under infringed patents, or modify or replace infringing equipment with equipment equivalent in quality, performance, useful life and technical characteristics and development so that such equipment does not so infringe. The provisions of this Section shall survive termination of this Service Contract.

(B) Intellectual Property Developed by the Company. All intellectual property developed by the Company through or in connection with the performance of the Contract Services (other than with respect to the technology used in any energy-from-waste facility) shall be promptly and fully reported to the DSNY, and if this work is supported by a federal grant of funds, shall be promptly and fully reported to the federal government for determination as to whether patent protection on such invention shall be sought and how the rights in the invention or discovery, including rights under any patent issued thereon, shall be disposed of and administered in order to protect the public interest. Such intellectual property shall be owned by the Company and is hereby licensed to the City on a nonexclusive cost free, perpetual basis for use by the City. Such intellectual property shall include technology, inventions, innovations, processes, know-how, formulas and software, whether protected as proprietary information, trade secrets, or patents. No report, document or other data produced in whole or in part with payments made pursuant to this Service Contract shall be copyrighted

by the Company nor shall any notice of copyright be registered by the Company in connection with any report, document or other data developed for this Service Contract. In no case shall this provision prevent the Company from asserting or protecting its rights in any report, document or other data or any invention which existed prior to or was developed or discovered independently from the activity directly related to this Service Contract.

SECTION 15.6. INTEREST ON OVERDUE OBLIGATIONS. Except as otherwise provided herein, all amounts due hereunder, whether as Service Fee payments, damages, credits, revenue, charges or reimbursements, that are not paid when due shall bear interest at the rate of interest which is the Overdue Rate from the date the amount was due, on the amount outstanding from time to time, on the basis of a 365-day year, counting the actual number of days elapsed, and such interest accrued at any time shall, to the extent permitted by Applicable Law, be deemed added to the amount due as accrued.

SECTION 15.7. NEGOTIATED FIXED PRICE WORK. This Service Contract obligates the City to pay for certain costs resulting from Uncontrollable Circumstances, City Fault and otherwise as more specifically provided herein. The parties may agree that the City shall pay for such costs on a negotiated, fixed price basis, and that the fixed price shall be negotiated in advance of the Company's performance of the work. To facilitate such negotiations, the Company shall furnish the City with all information reasonably required by the City regarding the Company's expected costs of performing the work. Once the parties agree upon the fixed price, the Company's actual costs of performance shall not be subject to Cost Substantiation unless otherwise agreed to by the parties prior to the performance of the work.

SECTION 15.8. COST SUBSTANTIATION OF WORK ALREADY PERFORMED.

(A) Cost Substantiation Generally. The Company shall provide Cost Substantiation for the costs for which the City is financially responsible hereunder, other than costs for which the parties have negotiated fixed pricing, all as provided in Section 15.7. In incurring costs which are or may be subject to Cost Substantiation, the Company shall utilize competitive practices to the maximum reasonable extent (including, where practicable and except with respect to costs of the Company to which the Service Fee applies, obtaining three competing written quotes or estimates for costs expected to be in excess of \$50,000), and shall enter into Subcontracts on commercially reasonable terms and prices in light of the work to be performed and the City's potential obligation to pay for it.

(B) Costs Requiring Cost Substantiation. Cost Substantiation shall be provided as soon as reasonably practicable after the costs which require substantiation have

been incurred by the Company. Examples of costs which require substantiation include: (1) work done on an emergency basis to respond to an Uncontrollable Circumstance, where it is not reasonably practicable for the parties in advance to negotiate fixed pricing for the work; and (2) work done by the Company to transport and dispose of Unacceptable Waste. Cost Substantiation shall also be required where the parties agree that the Company shall perform work on a cost-plus basis.

(C) Cost Substantiation Certificate. Any certificate delivered hereunder to substantiate cost shall state the amount of such cost and the provisions of this Service Contract under which such cost is chargeable to the City, shall describe the competitive or other process utilized by the Company to obtain the commercially reasonable price, and shall state that such services and materials are reasonably required pursuant to this Service Contract. The Cost Substantiation certificate shall be accompanied by copies of such documentation as shall be necessary to reasonably demonstrate that the cost as to which Cost Substantiation is required has been paid or incurred, including to the extent reasonably necessary, copies of timesheets, invoices, canceled checks, expense reports, receipts and other similar documents, as appropriate. Such documentation shall be in a format reasonably acceptable to the City and shall include reasonably detailed information concerning all Subcontracts and, with respect to self-performed work: (1) the amount and character of materials, equipment and services furnished or utilized, the persons from whom purchased, the amounts payable therefor and related delivery and transportation costs and any sales or personal property Taxes; (2) a statement of the equipment used and any rental payable therefor; (3) Company employee hours, duties, wages, salaries, benefits and assessments; (4) bonds, insurance, Taxes, premiums, and other expenses; and (5) Company mark-up for overhead and profit as described in subsection (E) of this Section. The Company's entitlement to reimbursement of Substantiated Costs shall be subject to the limitations set forth in this Section.

(D) Technical Services. Company personnel and Subcontractor personnel of Subcontractors providing technical services shall be billed at or less than their then currently applicable rates for similar services on projects of similar size and scope to the operation services. The Company shall use commercially reasonable efforts to use available Company personnel for additional work hereunder before using Subcontractors.

(E) Mark-Up. On all direct labor costs (e.g. wages and benefits) incurred by the Company for work performed directly by the Company, any of its Affiliates or any Subcontractor which are subject to Cost Substantiation, the Company shall be entitled to a 5% allocation for overhead and administrative costs plus a mark-up of 10% for risk and profit;

provided, however, that for work done in response to an emergency costing up to \$50,000 per event, the Company shall be entitled to no mark-up. The price payable to all Subcontractors, including Subcontractor overhead and mark-ups for risk and profit, shall be commercially reasonable.

SECTION 15.9. SUBCONTRACTORS

(A) Use Restricted; VENDEX. Subcontractors may be used to perform the Contract Services, subject to the City's right of approval set forth in subsection (B) of this Section. The Company shall require all Subcontractors to comply with any applicable VENDEX requirements. For purposes of this subsection, the term Subcontractors shall be modified as set forth in subsection (D) of this Section.

(B) City Review and Approval of Subcontractors. The City shall have the right, based on the criteria provided below in this Section and Section 4.13 of the PPB Rules, to approve all Subcontractors for the performance of the Contract Services, except any person which is 100% owned, directly or indirectly, by the Guarantor. The Subcontractors listed in Appendix 7 are hereby conditionally approved by the City. With respect to Subcontractors that have been conditionally approved, final approval will occur upon registration of the Service Contract by the Comptroller as set forth in Section 3.1. The City will not rescind its conditional approval set forth herein except for cause under applicable City laws, rules, regulations and policies. Prior to entering into any Subcontracts requiring approval, the Company shall furnish the City notice of its intention to engage Subcontractors requiring City approval, together with all information reasonably requested by the City pertaining to the proposed Subcontractor in the following areas, including, but not limited to,: (1) any conflicts of interest; (2) any record of felony criminal convictions or pending felony criminal investigations; (3) any final judicial or administrative finding or adjudication of illegal employment discrimination; (4) any unpaid federal, State, City or local Taxes; (5) any final judicial or administrative findings or adjudication of non-performance in contracts with the City or the State; and (6) the necessary facilities, skill, integrity, past experience, and financial resources to perform the required work. In the event that the City fails to respond to any such notice of intention within 30 days of receipt, the City shall be deemed to have rejected the proposed Subcontractor. The Company shall promptly notify the City of all new Subcontractors hired in connection with the performance of the Contract Services. The approval or withholding by the City of any proposed Subcontractor shall not create any liability of the City to the Company, to third parties or otherwise. In no event shall any Subcontract be awarded to any person debarred, suspended or disqualified from State or City contracting for



any services similar in scope to the Contract Services. For purposes of this subsection, the term Subcontractors shall be modified as set forth in subsection (D) of this Section.

(C) Subcontract Terms and Subcontractor Actions. The Company shall retain full responsibility to the City under this Service Contract for all matters related to the Contract Services, notwithstanding the execution or terms and conditions of any Subcontract and nothing contained in any such Subcontract shall impair the rights of the City. Nothing contained in this Service Contract shall create any contractual relationship between any Subcontractor and the City. Any Subcontract shall require such Subcontractor to agree to be bound by the confidentiality provision set forth in Section 15.15. No failure of any Subcontractor used by the Company in connection with the provision of the Contract Services shall relieve the Company from its obligations hereunder to perform the Contract Services. The Company shall be responsible for settling and resolving with all Subcontractors all claims arising out of delay, disruption, interference, hindrance, or schedule extension caused by the Company or inflicted on the Company or a Subcontractor by the actions of another Subcontractor.

(D) Limited Applicability. For purposes of subsections (A) and (B) of this Section, a Subcontractor shall not include (1) materials or equipment suppliers, (2) leasing or financing companies, or (3) any Person entering into a contract with the Company for performance of the Contract Services that either (1) do not occur on a day-to-day basis, such as turbine maintenance, boiler maintenance and other non-routine maintenance of the Designated Disposal Sites that are energy-from-waste facilities, or (2) relate to the day-to-day operations of the Contract Services System but are not integral to the waste processing and handling operations comprising the Contract Services (e.g. janitorial or utility services).

(E) Indemnity for Subcontractor Claims. The Company shall pay or cause to be paid to all Subcontractors all amounts due in accordance with their respective Subcontracts. No Subcontractor shall have any right against the City for labor, services, materials or equipment furnished for the Contract Services. The Company acknowledges that its indemnity obligations under Section 13.7 shall extend to all claims for payment or damages by any Subcontractor who furnishes or claims to have furnished any labor, services, materials or equipment in connection with the Contract Services.

(F) Notice to City of Breaches and Defaults. The Company shall notify the City promptly of any material breach or event of default occurring under a Subcontract, and the probable effect on the Contract Services. The Company shall keep the City apprised of the course of the dispute and shall advise the City of its ultimate resolution.

(G) Assignability. All Subcontracts entered into by the Company with respect to the performance of the Contract Services shall be assignable to the City, solely at the City's election and without cost or penalty to the City, upon the expiration or termination of this Service Contract.

SECTION 15.10. ACTIONS OF THE CITY IN ITS GOVERNMENTAL CAPACITY.

(A) Rights as Government Not Limited. Nothing in this Service Contract shall be interpreted as limiting the rights and obligations of the City under Applicable Law in its governmental or regulatory capacity (including police power actions to protect health, safety and welfare or to protect the environment), or as limiting the right of the Company to bring any action against the City, not based on this Service Contract, arising out of any act or omission of the City in its governmental or regulatory capacity.

(B) No City Obligation to Issue Governmental Approvals. The City retains all issuance and approval rights it has under Applicable Law with respect to any Governmental Approval, and none of such rights shall be deemed to be waived, modified or amended as a consequence of the execution of this Service Contract. The City shall not be deemed to be in breach or default hereunder as a result of any delay or failure in the issuance or approval of any such Governmental Approval.

SECTION 15.11. REMOVAL OF RECORDS FROM PREMISES. Where performance of this Service Contract involves use by the Company of DSNY papers, files, data or records at DSNY facilities or offices, the Company shall not remove any such papers, files, data or records therefrom without the prior approval of the DSNY's designated official.

SECTION 15.12. ASSIGNMENT.

(A) By the Company. The Company shall not assign, transfer, convey, lease, encumber or otherwise dispose of this Service Contract, its right to execute the same, or its right, title or interest in all or any part of this Service Contract, whether legally or equitably, by power of attorney or otherwise, without the prior written consent of the City, given in its sole discretion. Any such approval given in one instance shall not relieve the Company of its obligation to obtain the prior approval of the City to any further assignment. Any assignment of this Service Contract which is approved by the City shall require the assignee of the Company to assume the performance of and observe all obligations, representations and warranties of the Company under this Service Contract, and no such assignment shall relieve the Guarantor of any of its obligations under the Guaranty Agreement, which shall remain in full force and effect during the Term. The Company shall promptly notify the City of any

assignment of this Service Contract, regardless of whether City approval is required hereunder. The approval of any assignment, transfer or conveyance shall not operate to release the Company in any way from any of its obligations under this Service Contract unless such approval specifically provides otherwise.

(B) By the City. This Service Contract may be assigned by the City to any governmental corporation, agency or instrumentality having authority to accept such assignment, but no such assignment shall relieve the City of any of its obligations under this Service Contract unless the entity to whom this Service Contract is assigned has a credit rating substantially the same as or better than that of the City.

SECTION 15.13. FURTHER AGREEMENTS. The parties may agree that the Company shall perform services in addition to those constituting the Contract Services as of the Contract Effective Date. The scope of such additional services, and the Company's additional compensation therefor, shall be negotiated by the parties and their agreement with respect thereto shall be reflected in a Contract Administration Memorandum or amendment to this Service Contract, as appropriate, and shall thereupon become part of the Contract Services. Any such agreement shall be authorized by appropriate action of the Company and the City as required by Applicable Law.

SECTION 15.14. ANTI-TRUST. The Company hereby assigns, sells, and transfers to the City all right, title and interest in and to any claims and causes of action arising under the anti-trust laws of the State or of the United States relating to the particular goods or services purchased or procured by the City under this Service Contract.

SECTION 15.15. CONFIDENTIALITY. All of the reports, information or data, furnished to or prepared, assembled or used by the Company under this Service Contract are to be held confidential, and the Company agrees that the same shall not be made available by the Company to any individual or organization without the prior approval of the City, except as required by Applicable Law.

SECTION 15.16. PUBLICITY. The prior approval of the City is required before the Company or any of its employees, servants, agents or subcontractors may, at any time, either during or after completion or termination of this Service Contract, make any statement to the press or issue any material for publication through any media of communication relating in any manner to this Service Contract or the performance of the Contract Services; provided, however, if in the reasonable opinion of counsel to the Company a public disclosure about this Service Contract or the performance of the Contract Services is required for the Company to comply with Applicable Law, then the Company may make such public disclosure after providing to the City as much advance notice thereof as is practicable

under the applicable circumstances. If the Company publishes a work dealing with any aspect of performance under this Service Contract, or of the results and accomplishments attained in such performance, the DSNY shall have a royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use the publication.

SECTION 15.17. BINDING EFFECT. This Service Contract shall bind and inure to the benefit of and shall be binding upon the City and the Company and any assignee acquiring an interest hereunder consistent with Section 15.12.

SECTION 15.18. NO DISCRIMINATION. This Service Contract is subject to the requirements of Executive Order No. 50 (April 25, 1980) and its implementing rules and regulations. See Appendix 8 for further description. The Company shall impose the non-discrimination provisions of this Section by contract on all Subcontractors hired to perform work related to the performance of the Contract Services and shall take all reasonable actions necessary to enforce such provisions. The Company shall post in conspicuous places, available to employees and applicants for employment, notices required by Applicable Law.

SECTION 15.19. PARTICIPATION IN INTERNATIONAL BOYCOTT.

(A) No Participation in International Boycott. The Company agrees that neither the Company nor any Affiliate is participating or shall participate in an international boycott in violation of the provisions of the Export Administration Act of 1979, as amended, or the regulations of the United States Department of Commerce promulgated thereunder.

(B) Violation of Export Administration Act of 1979. Upon the final determination of the Commerce Department or any other agency of the United States as to, or conviction of the Company or Affiliate thereof, participation in an international boycott in violation of the provisions of the Export Administration Act of 1979, as amended, or the regulations promulgated thereunder, the Comptroller may, at his option, render forfeit and void this Service Contract.

(C) Compliance with Section 6-114 of the Administrative Code of The City of New York. The Company shall comply, in all respects, with the provisions of Section 6-114 of the Administrative Code of the City of New York and the rules and regulations issued by the Comptroller thereunder.

SECTION 15.20. FORUM, JURISDICTION, VENUE, CHOICE OF LAW.

(A) Forum. This Service Contract shall be deemed to be executed in the City of New York, State of New York, regardless of the domicile of the Company, and shall be governed by and construed in accordance with the laws of the State.

(B) Jurisdiction. The parties agree that any and all claims asserted by or against the City arising under this Service Contract or related thereto shall be heard and determined either in the courts of the United States located in New York City (“Federal Court”) or in the courts of the State of New York (“New York State Courts”), in each case located in the City and County of New York. To effect this Service Contract and intent, the Company agrees:

(1) If the City initiates any action against the Company in Federal Court or in New York State Court, service of process may be made on the Company either in person, wherever the Company may be found, or by registered mail addressed to the Company at its address as set forth in this Service Contract, or to such other address as the Company may provide to the City in writing;

(2) With respect to any action between the City and the Company in New York State Court, the Company hereby expressly waives and relinquishes any rights it might otherwise have to (a) move to dismiss on grounds of forum non conveniens, (b) remove to a court of the United States other than a Federal Court, and (c) move for a change of venue to a New York State Court outside New York County;

(3) With respect to any action between the City and the Company in Federal Court, the Company expressly waives and relinquishes any right it might otherwise have to move to transfer the action to a court of the United States other than a Federal Court; and

(4) If the Company commences any action against the City in a court located other than in the City, upon request of the City, the Company shall either consent to a transfer of the action to a court of competent jurisdiction located in the City or, if the court where the action is initially brought will not or cannot transfer the action, the Company shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of competent jurisdiction in the City.

SECTION 15.21. SITE SUPERVISORS AND OPERATING NOTICES.

(A) Company Site Supervisor. The Company shall designate a site supervisor (the “Company Site Supervisor”) to supervise all aspects of the Company’s day-to-day performance of the Contract Services at each Marine Transfer Station. Each Company Site Supervisor shall be appropriately trained, experienced and knowledgeable in all aspects of the Contract Services so as to knowledgeably interact and communicate with the City and all Subcontractors regarding each Marine Transfer Station and the Contract Services System, and appropriately oversee the day-to-day performance of the Contract Services. The Company Site Supervisor at MTS-1 shall maintain his or her primary office in the New York Container

Terminal Intermodal Facility and shall have as his or her primary work duty responsibility for managing the performance of the Contract Services. The Company Site Supervisor at MTS-2 shall maintain his or her primary office in the New York Container Terminal Intermodal Facility and shall have as his or her primary work duty responsibility for managing the performance of the Contract Services. The Company shall keep the City continuously informed of all business telephone, mobile telephone, fax and beeper numbers, e-mail addresses and other means by which each Company Site Supervisor may be contacted. Each Company Site Supervisor or his designee shall be available to be contacted by the City on a continuous 24-hours per day, 7 days per week, 365 days per year basis for emergency response, information, coordination or any other purpose hereunder. Before assigning any individual to act as a Company Site Supervisor from time to time hereunder, the Company shall submit the qualifications of the proposed Company Site Supervisor to the City for its review and comment. Any proposed Company Site Supervisor shall be subject to the City's approval; provided, however, that the Company may assign a temporary Company Site Supervisor pending the City's approval.

(B) City Site Supervisor. The City shall designate a site supervisor (the "City Site Supervisor") to supervise the operation of the Facility and to communicate with the Company on a day-to-day basis concerning the performance of the Contract Services. The City shall keep the Company continuously informed of all business telephone, mobile telephone, fax and beeper numbers, e-mail addresses and other means by which the City Site Supervisor may be contacted. Each City Site Supervisor or his designee shall be available to be contacted by the Company on a continuous 24 hours per day, 7 days per week, 365 days per year basis for emergency response, information, coordination or any other purpose hereunder.

(C) City Contract Administrator. The City shall designate an individual or firm to administer this Service Contract and act as the City's liaison with the Company in connection with the Contract Services (the "Contract Administrator"). The City shall keep the Company continuously informed of all business telephone, mobile telephone, fax and beeper numbers, e-mail addresses and other means by which the Contract Administrator may be contacted.

(D) Operating Notices. Operating Notices hereunder shall be given by fax or e-mail, and may be given personally or by telephone promptly followed by fax or e-mail confirmation. Operating Notices to the Company shall be given to the Company Site Supervisor (unless otherwise specifically provided herein to be given to the Company's shift supervisor), and Operating Notices to the City shall be given to the City Site Supervisor.

SECTION 15.22. CONTRACT NOTICES.

(A) Contract Notices. All notices, consents, approvals or written communications given pursuant to the terms of this Service Contract (other than Operating Notices) shall be in writing and: (1) delivered in person; or (2) transmitted by certified mail, return receipt requested, postage prepaid or by overnight courier utilizing the services of a nationally recognized overnight courier service with signed verification of delivery. Notices shall be deemed given only when actually received at the address first given below with respect to each party. Either party may, by like notice, designate further or different addresses to which subsequent notices shall be sent.

(B) Company Notice Address. All notices (other than Operating Notices) required to be given to the Company shall be addressed as follows:

Covanta 4Recovery, L.P.  
445 South Street  
Morristown, New Jersey 07960  
Attn: Sr. Vice President

with a copy to:

Covanta 4Recovery, L.P.  
445 South Street  
Morristown, New Jersey 07960  
Attn: General Counsel

and a copy to:

Covanta Holding Corporation  
445 South Street  
Morristown, New Jersey 07960  
Attn: CEO

(C) City Notice Address. All notices (other than Operating Notices) required to be given to the City shall be addressed as follows:

City of New York  
Department of Sanitation  
44 Beaver Street, 12<sup>th</sup> Floor  
New York, New York 10004  
Attn: Deputy Commissioner, Bureau of Long Term Export

with a copy to:

City of New York  
Department of Sanitation  
Bureau of Legal Affairs  
125 Worth Street  
New York, New York 10013  
Attn: Assistant Commissioner, Contracts

with a copy to:

City of New York  
Department of Sanitation  
Bureau of Waste Disposal  
125 Worth Street  
New York, New York 10013  
Attn: Director, Bureau of Waste Disposal

and a copy to:

City of New York  
Department of Sanitation  
Export Contract Management Unit  
125 Worth Street, Room 727  
New York, NY 10013  
Attn: Director, Export Contract Management Unit

SECTION 15.23. NOTICE OF LITIGATION. If the Company or City receives notice of or undertakes the defense or the prosecution of any Legal Proceedings, claims, or investigations in connection with the Contract Services System, the party receiving such notice or undertaking such prosecution shall give the other party timely notice of such proceedings and shall inform the other party in advance of all hearings regarding such proceedings.

SECTION 15.24. FURTHER ASSURANCES. The City and Company each agree to execute and deliver such further instruments and to perform any acts that may be necessary or reasonably requested in order to give full effect to this Service Contract. The City and the Company, in order to carry out this Service Contract, each shall use all commercially reasonable efforts to provide such information, execute such further instruments and documents and take such actions as may be reasonably requested by the other and not inconsistent with the provisions of this Service Contract and not involving the assumption of obligations or liabilities different from or in excess of or in addition to those expressly provided for herein.

SECTION 15.25. ELECTRONIC FUNDS TRANSFER.

(A) Company Enrollment to Receive Electronic Funds. In accordance with Section 6-107.1 of the Administrative Code of the City of New York, the Company agrees to



accept payments under this Service Contract from the City by electronic funds transfer. An electronic funds transfer is any transfer of funds, other than a transaction originated by check, draft or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument or computer or magnetic tape so as to order, instruct or authorize a financial institution to debit or credit an account. Prior to the first payment made under this Service Contract, the Company shall designate one financial institution or other authorized payment agent and shall complete the City's "EFT Vendor Payment Enrollment Form" in order to provide the Commissioner of Finance of the City of New York with information necessary for the Company to receive electronic funds transfer payments through the designated financial institution or authorized payment agent. The crediting of the amount of a payment to the appropriate account on the books of a financial institution or other authorized payment agent designated by the Company shall constitute full satisfaction by the City for the amount of the payment under this Service Contract. The account information supplied by the Company to facilitate the electronic funds transfer shall remain confidential to the fullest extent provided by law.

(B) Waiver Requirements. The City may waive the application of the requirements herein to payments on contracts entered into pursuant to §315 of the New York City Charter. In addition, the Commissioner of the Department of Finance of the City of New York and the Comptroller may jointly issue standards pursuant to which the contracting agency may waive the requirements hereunder for payments in the following circumstances: (i) for individuals or classes of individuals for whom compliance imposes a hardship; (ii) for classifications or types of checks; or (iii) in other circumstances as may be necessary in the interest of the City.

SECTION 15.26. COLLECTIVE BARGAINING AND PENSION PLAN CONTRIBUTION OBLIGATION LIMITATIONS. The Company is an independent contractor of the City in accordance with Section 15.1, and this Service Contract is exclusively for the benefit of the City and the Company and shall not provide any third parties with any remedy, claim, liability, reimbursement, cause of action or other rights. It is expressly understood that notwithstanding any provisions of this Service Contract:

(1) City Not a Member of Employer Bargaining Unit. The City shall not be deemed to be a member of, nor shall it join or otherwise become a member of, any employer bargaining unit established for the purposes of negotiating and entering into collective bargaining agreements relating to any portion of the Contract Services.

(2) City Not Party to Collective Bargaining Agreement. The City shall not be deemed to have signed, executed, subscribed to, entered into or otherwise have become

a party to, nor shall it sign, execute, subscribe to, enter into or otherwise become a party to, any collective bargaining agreement entered into between any employer or employer bargaining unit and any labor union relating to any portion of the Contract Services.

(3) No City Contributions to Pension Plan. The City shall not be deemed to have made or otherwise considered to have directly made or otherwise become obligated to have made, nor shall it make or otherwise become obligated to make (as a direct employer or in the interest of an employer of the plan's participants or otherwise) any express or implied contributions to any pension plan established pursuant to any agreements between any employer or employer bargaining unit and any labor union relating to any portion of the Contract Services.

(4) Service Fee Not a Contribution to Pension Plan. No payment of any portion of the Service Fee by the City to the Company shall be deemed, considered or otherwise constitute a contribution, either directly or in the interest of an employer of the plan's participants, to any pension plan established pursuant to any agreements between any employer or employer bargaining unit and any labor union relating to any labor provided by or on behalf of the Company for any portion of the Contract Services.

(5) Company Not Required to Contribute to Pension Plan. Nothing in this Service Contract obligates the Company to apply Service Fee payments towards any pension contributions relating to any portion of the Contract Services.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Commissioner acting on behalf of the City, and the Company have executed multiple counterparts of this Service Contract, each of which shall be deemed an original.

THE CITY OF NEW YORK,  
acting by and through the Department of  
Sanitation

By: \_\_\_\_\_  
John J. Doherty  
Commissioner  
New York City Department of Sanitation

COVANTA 4RECOVERY, L.P.

By: \_\_\_\_\_  
Name:  
Title:


Approved as to Form and Certified as to Legal Authority

By: \_\_\_\_\_  
Acting Corporation Counsel


MAY 30 2013

IN WITNESS WHEREOF, the Commissioner acting on behalf of the City, and the Company have executed multiple counterparts of this Service Contract, each of which shall be deemed an original.

THE CITY OF NEW YORK,  
acting by and through the Department of  
Sanitation

By:   
John J. Doherty  
Commissioner  
New York City Department of Sanitation

COVANTA 4RECOVERY, L.P.

By:   
Name: Derek Veenhof  
Title: SVP of its General Partner

Approved as to Form and Certified as to Legal Authority

By: \_\_\_\_\_  
Acting Corporation Counsel

ACKNOWLEDGMENT BY COMMISSIONER

STATE OF NEW YORK )  
 : ss.:  
COUNTY OF NEW YORK )

On this 3<sup>rd</sup> day of July, 2013, before me personally came John J. Doherty to me known and known to me to be the Commissioner, and as such executed the foregoing instrument and he acknowledged to me that he executed the same as Commissioner for the purpose therein mentioned.

Subscribed and sworn to before me this 3<sup>rd</sup> day of July, 2013

Ellen Cooper  
Notary Public

ELLEN COOPER  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 02CO6163633  
Qualified in Richmond County  
My Commission Expires March 26, 2015

ACKNOWLEDGMENT OF A PRINCIPAL OF COMPANY

STATE OF NEW YORK )  
 : ss.:  
COUNTY OF NEW YORK )

On this 3 day of July, 2013, before me personally came David Veenhof who being by me duly sworn, did depose and say that he or she resides in the city of Bridgewood NJ; that he or she is the Authorized Agent of the Company described as such in and which executed the foregoing instrument; and that he or she signed his or her name thereto by like order.

Subscribed and sworn to before me this 3 day of July, 2013

Dolores Henry  
Notary Public

DOLORES HENRY  
Commissioner of Deeds  
City of New York No. 212422  
Certificate Filed in New York County  
Commission Expires 12-1-14

CONTRACT AUTHORITY

MAYOR'S CERTIFICATE NO: CBX\_\_\_\_\_ DATED \_\_\_\_\_

BUDGET DIRECTOR'S CERTIFICATE NO. \_\_\_\_\_ DATED \_\_\_\_\_

APPROPRIATION CERTIFICATE  
DEPARTMENT OF SANITATION

In conformity with the provisions of Section 93C-3.0 of the Administrative Code of the City of New York, it is hereby certified that the estimated cost of the work, materials and supplies required by the within contract, amounting to \$\_\_\_\_\_, is chargeable to the budget of the Department of Sanitation as follows:

Agency: \_\_\_\_\_ Budget Code: \_\_\_\_\_

Unit of Appropriation \_\_\_\_\_ Object Code: \_\_\_\_\_

I further hereby certify that the specifications contained herein comply with the terms and conditions of the BUDGET.

\_\_\_\_\_  
\_\_\_\_\_  
for the Department of Sanitation

COMPTROLLER'S CERTIFICATE

The City of New York, \_\_\_\_\_, \_\_\_\_

In pursuance of the provisions of Section 93C-3.0 of the Administrative Code of the City of New York, I hereby certify that there remains unapplied and unexpended a balance of the above mentioned fund applicable to this Service Contract sufficient to pay the estimated expense of executing this Service Contract, \$\_\_\_\_\_.

\_\_\_\_\_  
Comptroller of the City of New York

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TRANSACTION FORMS  
RELATING TO THE  
SERVICE CONTRACT  
FOR  
MUNICIPAL SOLID WASTE MANAGEMENT,  
TRANSPORTATION AND DISPOSAL  
(NORTH SHORE MARINE TRANSFER STATION  
AND  
EAST 91<sup>ST</sup> MARINE TRANSFER STATION)

between

THE CITY OF NEW YORK,  
NEW YORK

and

COVANTA 4RECOVERY, L.P.

Dated

July 3, 2013

TRANSACTION FORM A  
FORM OF GUARANTY AGREEMENT



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GUARANTY AGREEMENT

between

COVANTA HOLDING CORPORATION

and

THE CITY OF NEW YORK, NEW YORK

Dated as of

July 3, 2013

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## GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT is dated as of July 3, 2013, between Covanta Holding Corporation, a corporation organized and existing under the laws of the State of New Jersey (together with any permitted successors and assigns hereunder, the “Guarantor”), and the City of New York, New York, a municipal corporation organized and existing under and by virtue of the laws of the State of New York (the “City”).

### RECITALS

The City and Covanta 4Recovery, L.P., a limited partnership organized and existing under the laws of the State of Delaware (the “Company”), have entered into the Service Contract for Municipal Solid Waste Management, Transportation and Disposal (North Shore Marine Transfer Station and East 91<sup>st</sup> Street Marine Transfer Station), dated as of July 3, 2013, as amended from time to time (the “Service Contract”), whereby the Company has agreed to receive, transfer, transport and dispose of certain municipal solid waste through implementation of a Contract Services System, all as more particularly described therein.

The Company is a wholly-owned, indirect subsidiary of the Guarantor.

The City shall enter into the Service Contract only if the Guarantor guarantees the performance by the Company of all of the Company’s responsibilities and obligations under the Service Contract as set forth in this Guaranty Agreement (the “Guaranty”).

In order to induce the execution and delivery of the Service Contract by the City and in consideration thereof, the Guarantor agrees as follows:

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

SECTION 1.1. DEFINITIONS. For the purposes of this Guaranty, the following words and terms shall have the respective meanings set forth as follows. Any other capitalized word or term used but not defined herein is used as defined in the Service Contract.

“Obligations” means the amounts payable by, and the covenants and agreements of, the Company pursuant to the terms of the Service Contract.

“Transaction Agreement” means any agreement entered into by the Company or the City in connection with the transactions contemplated by the Service Contract, including the Service Contract, and any supplements thereto.

SECTION 1.2. INTERPRETATION. In this Guaranty, unless the context otherwise requires:

(A) References Hereto. The terms “hereby”, “hereof”, “herein”, “hereunder” and any similar terms refer to this Guaranty, and the term “hereafter” means after the date of execution and delivery of this Guaranty.

(B) Gender and Plurality. Words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa.

(C) Persons. Words importing persons include firms, companies, associations, general partnerships, limited partnerships, trusts, business trusts, corporations and other legal entities, including public bodies, as well as individuals.

(D) Headings. The table of contents and any headings preceding the text of the Articles, Sections and subsections of this Guaranty shall be solely for convenience of reference and shall not constitute a part of this Guaranty, nor shall they affect its meaning, construction or effect.

(E) Entire Agreement; Authority. This Guaranty constitutes the entire agreement between the parties hereto with respect to the transactions contemplated by this Guaranty. Nothing in this Guaranty is intended to confer on any person other than the Guarantor, the City and their permitted successors and assigns hereunder any rights or remedies under or by reason of this Guaranty.

(F) Counterparts. This Guaranty may be executed in any number of original counterparts. All such counterparts shall constitute but one and the same Guaranty.

(G) Applicable Law. This Guaranty shall be governed by and construed in accordance with the applicable laws of the State of New York.

(H) Severability. If any clause, provision, subsection, Section or Article of this Guaranty shall be ruled invalid by any court of competent jurisdiction, the invalidity of any such clause, provision, subsection, Section or Article shall not affect any of the remaining provisions hereof, and this Guaranty shall be construed and enforced as if such invalid portion did not exist, provided that such invalidity shall not increase the liability of the Guarantor for that which would have been had the provision not been determined to be invalid.

(I) Approvals. Unless expressly provided otherwise, all approvals, consents and acceptances required to be given or made by any party hereto shall be at the sole discretion of the party whose approval, consent or acceptance is required.

(J) Payments. All payments required to be made by the Guarantor hereunder shall be made in lawful money of the United States of America.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

SECTION 2.1. REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR.

The Guarantor hereby represents and warrants that:

(1) Existence and Powers. The Guarantor is a Corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with the full legal right, power and authority to enter into and perform its obligations under this Guaranty.

(2) Due Authorization and Binding Obligation. This Guaranty has been duly authorized, executed and delivered by all necessary action of the governing body of the Guarantor and constitutes the legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, except to the extent that its enforceability may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights from time to time in effect and equitable principles of general application.

(3) No Conflict. To the best of its knowledge, neither the execution nor delivery by the Guarantor of this Guaranty nor the performance by the Guarantor of its obligations in connection with the transaction contemplated hereby or the fulfillment by the Guarantor of the terms and conditions hereof: (a) conflicts with, violates or results in a breach of any law or governmental regulation applicable to the Guarantor; (b) conflicts with, violates or results in a breach of any term or condition of the Guarantor's corporate charter or by-laws or any order, judgment or decree, or any contract, agreement or instrument to which the Guarantor is a party or by which the Guarantor or any of its properties or assets are bound, or constitutes a default under any of the foregoing; or (c) shall result in the creation or imposition of any material encumbrance of any nature whatsoever upon any of the properties or assets of the Guarantor except as permitted hereby.

(4) No Approvals Required. No approval, authorization, order or consent of, or declaration, registration or filing with, any Governmental Body is required for the valid execution and delivery of this Guaranty by the Guarantor or the performance of its payment or other obligations hereunder, except as such shall have been duly obtained or made.

(5) No Litigation. Except as disclosed in writing to the City, there is no Legal Proceeding, at law or in equity, before or by any Governmental Body pending or, to the best of the Guarantor's knowledge, overtly threatened or publicly announced against the Guarantor, in which an unfavorable decision, ruling or finding could reasonably be expected to have a material and adverse effect on the validity, legality or enforceability of this Guaranty against the Guarantor, or on the ability of the Guarantor to perform its obligations hereunder.

(6) No Legal Prohibition. The Guarantor has no knowledge of any Applicable Law in effect on the date as of which this representation is being made which would prohibit the performance by the Guarantor of this Guaranty and the transactions contemplated by this Guaranty other than the Bankruptcy Code.

(7) Consent to Agreements. The Guarantor acknowledges that it has received an executed copy of the Service Contract and is fully aware of its terms and conditions.

(8) Consideration. This Guaranty is made in furtherance of the purposes for which the Guarantor has been organized, and the assumption by the Guarantor of its obligations hereunder shall result in a material benefit to the Guarantor.

## ARTICLE III

### GUARANTY COVENANTS

SECTION 3.1. GUARANTY TO THE CITY. The Guarantor hereby absolutely, presently, irrevocably and unconditionally guarantees to the City for the benefit of the City (1) the full and prompt payment when due of each and all of the payments required to be credited or made by the Company under the Service Contract (including all amendments and supplements thereto) to, or for the account of, the City, when the same shall become due and payable pursuant to this Guaranty, and (2) the full and prompt performance and observance of each and all of the Obligations. Notwithstanding the unconditional nature of the Guarantor's obligations as set forth herein, the Guarantor shall have the right to assert the defenses provided in Section 3.4 hereof against claims made under this Guaranty, including but not limited to the limitation of liability set forth in subsection 12.17(A) of the Service Contract.

SECTION 3.2. RIGHT OF CITY TO PROCEED AGAINST GUARANTOR. This Guaranty shall constitute a guaranty of payment and of performance and not of collection, and the Guarantor specifically agrees that in the event of a failure by the Company to pay or perform any Obligation guaranteed hereunder, the City shall have the right to proceed first and directly against the Guarantor under this Guaranty and without proceeding against the Company or exhausting any other remedies against the Company which the City may have. Without limiting the foregoing, the Guarantor agrees that it shall not be necessary, and that the Guarantor shall not be entitled to require, as a condition of enforcing the liability of the Guarantor hereunder, that the City: (1) file suit or proceed to obtain a personal judgment against the Company or any other person that may be liable for the Obligations or any part of the Obligations; (2) make any other effort to obtain payment or performance of the Obligations from the Company other than providing the Company with any notice of such payment or performance as may be required by the terms of the Service Contract or required to be given to the Company under Applicable Law; (3) foreclose against or seek to realize upon any security for the Obligations; or (4) exercise any other right or remedy to which the City is or may be entitled in connection with the Obligations or any security therefor or any other guarantee thereof, except to the extent that any such exercise of such other right or remedy may be a condition to the Obligations of the Company or to the enforcement of remedies under the Service Contract. Upon any unexcused failure by the Company in the payment or performance of any Obligation and the giving of such notice or demand, if any, to the Company and the Guarantor as may be required in connection with such Obligation and this Guaranty, the liability of the Guarantor shall be effective and shall immediately be paid or performed. Notwithstanding the City's right to proceed directly against the Guarantor, the City (or any



successor) shall not be entitled to more than a single full performance of the Obligations in regard to any breach or non-performance thereof.

SECTION 3.3. GUARANTY ABSOLUTE AND UNCONDITIONAL. The obligations of the Guarantor hereunder are absolute, present, irrevocable and unconditional and shall remain in full force and effect until the Company shall have fully discharged the Obligations in accordance with their respective terms and conditions, and, except as provided in Section 3.4 hereof, shall not be subject to any counterclaim, set-off, deduction or defense (other than full and strict compliance with, or release, discharge or satisfaction of, such Obligations) based on any claim that the Guarantor may have against the Company, the City or any other person. Without limiting the foregoing, the obligations of the Guarantor hereunder shall not be released, discharged or in any way modified by reason of any of the following (whether with or without notice to, knowledge by, or further consent of, the Guarantor):

(1) the extension or renewal of this Guaranty or the Service Contract up to the specified Terms of each agreement;

(2) any exercise or failure, omission or delay by the City in the exercise of any right, power or remedy conferred on the City with respect to this Guaranty or the Service Contract except to the extent such failure, omission or delay gives rise to an applicable statute of limitations defense with respect to a specific claim;

(3) any permitted transfer or assignment of rights or obligations under the Service Contract or under any other Transaction Agreement by any party thereto or any permitted assignment, conveyance or other transfer of any of their respective interests in the Contract Services System or in, to or under any of the Transaction Agreements;

(4) any permitted assignment for the purpose of creating a security interest or mortgage of all or any part of the respective interests of the City or any other person in any Transaction Agreement or in the Contract Services System;

(5) any renewal, amendment, change or modification in respect of any of the Obligations or terms or conditions of any Transaction Agreement;

(6) any failure of title with respect to all or any part of the respective interests of any person in the Contract Services Assets or the Contract Services System;

(7) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, moratorium, arrangement, composition with creditors or readjustment of, or other similar proceedings against the Company or the Guarantor, or any of the property of either of them, or

any allegation or contest of the validity of this Guaranty or any other Transaction Agreement in any such proceeding (it is specifically understood, consented and agreed to that, to the extent permitted by law, this Guaranty shall remain and continue in full force and effect and shall be enforceable against the Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted and as if no rejection, stay, termination, assumption or modification has occurred as a result thereof, it being the intent and purpose of this Guaranty that the Guarantor shall and does hereby waive all rights and benefits which might accrue to it by reason of any such proceeding);

(8) except as permitted by Sections 4.1 or 4.2 hereof, any sale or other transfer by the Guarantor or any Affiliate of any of the capital stock or other interest of the Guarantor or any Affiliate in the Company now or hereafter owned, directly or indirectly, by the Guarantor or any Affiliate, or any change in composition of the interests in the Company;

(9) any failure on the part of the Company for any reason to perform or comply with any agreement with the Guarantor;

(10) the failure on the part of the City to provide any notice to the Guarantor which is not required to be given to the Guarantor pursuant to this Guaranty and to the Company as a condition to the enforcement of Obligations pursuant to the Service Contract;

(11) any failure of any party to the Transaction Agreements to mitigate damages resulting from any default by the Company or the Guarantor under any Transaction Agreement;

(12) the merger or consolidation of any party to the Transaction Agreements into or with any other person, or any sale, lease, transfer, abandonment or other disposition of any or all of the property of any of the foregoing to any person;

(13) any legal disability or incapacity of any party to the Transaction Agreements; or

(14) the fact that entering into any Transaction Agreement by the Company or the Guarantor was invalid or in excess of the powers of such party.

Should any money due or owing under this Guaranty not be recoverable from the Guarantor due to any of the matters specified in subparagraphs (1) through (14) above, then, in any such case, such money, together with all additional sums due hereunder, shall nevertheless be recoverable from the Guarantor as though the Guarantor were principal obligor in place of the Company pursuant to the terms of the Service Contract and not merely a guarantor and shall be paid by the Guarantor forthwith subject to the terms of this Guaranty. Notwithstanding anything to the contrary expressed in this Guaranty, nothing in this Guaranty shall be deemed

to amend, modify, clarify, expand or reduce the Company's rights, benefits, duties or obligations under the Service Contract. To the extent that any of the matters specified in subparagraphs (1) through (6) and (8) through (14) would provide a defense to, release, discharge or otherwise affect the Company's Obligations, the Guarantor's obligations under this Guaranty shall be treated the same.

SECTION 3.4. DEFENSES, SET-OFFS AND COUNTERCLAIMS. Notwithstanding any provision contained herein to the contrary, the Guarantor shall be entitled to exercise or assert any and all legal or equitable rights or defenses which the Company may have under the Service Contract or under Applicable Law (other than bankruptcy or insolvency of the Company and other than any defense which the Company has expressly waived in the Service Contract or the Guarantor has expressly waived in Section 3.5 hereof or elsewhere hereunder), and the obligations of the Guarantor hereunder are subject to such counterclaims, set-offs or deductions which the Company is permitted to assert pursuant to the Service Contract or under Applicable Law (other than bankruptcy or insolvency of the Company and other than any defense which the Company has expressly waived in the Service Contract or the Guarantor has expressly waived in Section 3.5 hereof or elsewhere hereunder), if any.

SECTION 3.5. WAIVERS BY THE GUARANTOR. The Guarantor hereby unconditionally and irrevocably waives:

- (1) notice from the City of the City's acceptance of this Guaranty;
- (2) notice of any of the events referred to in Section 3.3 hereof;
- (3) to the fullest extent lawfully possible, all notices which may be required by statute, rule of law or otherwise to preserve intact any rights against the Guarantor, except any notice to the Company required pursuant to the Service Contract or Applicable Law as a condition to the performance of any Obligation;
- (4) to the fullest extent lawfully possible, any statute of limitations defense based on a statute of limitations period that may be applicable to guarantors (or parties in similar relationships) which would be shorter than the applicable statute of limitations period for the underlying claim;
- (5) any right to require a proceeding first against the Company;
- (6) any right to require a proceeding first against any person or the security provided by or under any Transaction Agreement except to the extent such Transaction Agreement specifically requires a proceeding first against any person (except the Company) or security;

(7) any requirement that the Company be joined as a party to any proceeding for the enforcement of any term of any Transaction Agreement;

(8) the requirement of, or the notice of, the filing of claims by the City in the event of the receivership or bankruptcy of the Company; and

(9) all demands upon the Company or any other person and all other formalities the omission of any of which, or delay in performance of which, might, but for the provisions of this Section 3.5 hereof, by rule of law or otherwise, constitute grounds for relieving or discharging the Guarantor in whole or in part from its absolute, present, irrevocable, unconditional and continuing obligations hereunder.

SECTION 3.6. PAYMENT OF COSTS AND EXPENSES. The Guarantor agrees to pay the City on demand all Fees and Costs, incurred by or on behalf of the City in successfully enforcing by Legal Proceeding observance of the covenants, agreements and obligations contained in this Guaranty against the Guarantor, other than the Fees and Costs that the City incurs in performing any of its obligations under the Service Contract, or other applicable Transaction Agreement where such obligations are a condition to performance by the Company of its Obligations.

SECTION 3.7. SUBORDINATION OF RIGHTS. The Guarantor agrees that any right of subrogation or contribution which it may have against the Company as a result of any payment or performance hereunder is hereby fully subordinated to the rights of the City hereunder and under the Transaction Agreements and that the Guarantor shall not recover or seek to recover any payment made by it hereunder from the Company until the Company and the Guarantor shall have fully and satisfactorily paid or performed and discharged the Obligations giving rise to a claim under this Guaranty.

SECTION 3.8. SEPARATE OBLIGATIONS; REINSTATEMENT. The obligations of the Guarantor to make any payment or to perform and discharge any other duties, agreements, covenants, undertakings or obligations hereunder shall: (1) to the extent permitted by Applicable Law, constitute separate and independent obligations of the Guarantor from its other obligations under this Guaranty; (2) give rise to separate and independent causes of action against the Guarantor; and (3) apply irrespective of any indulgence granted from time to time by the City. The Guarantor agrees that this Guaranty shall be automatically reinstated if and to the extent that for any reason any payment or performance by or on behalf of the Company is rescinded or must be otherwise restored by the City, whether as a result of any proceedings in bankruptcy, reorganization or similar proceeding, unless such rescission or restoration is pursuant to the terms of the Service Contract, or any applicable Transaction Agreement or the Company's enforcement of such terms under Applicable Law.

SECTION 3.9. TERMS. This Guaranty shall remain in full force and effect from the date of execution and delivery hereof until all of the Obligations of the Company have been fully paid and performed.

ARTICLE IV

GENERAL COVENANTS

SECTION 4.1. MAINTENANCE OF CORPORATE EXISTENCE.

(A) Consolidation, Merger, Sale or Transfer. The Guarantor covenants that during the term of this Guaranty it shall maintain its corporate existence, shall not dissolve or otherwise dispose of all or substantially all of its assets and shall not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it unless the successor is the Guarantor and the conditions contained in clause (2) below are satisfied; provided, however, that the Guarantor may consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or sell or otherwise transfer to another entity all or substantially all of its assets as an entirety and thereafter dissolve if: (1) the successor entity (if other than the Guarantor) (a) assumes in writing all the obligations of the Guarantor hereunder and, if required by law, is duly qualified to do business in the State of New York, and (b) delivers to the City an opinion of counsel to the effect that its obligations under this Guaranty are legal, valid, binding and enforceable subject to applicable bankruptcy and similar insolvency or moratorium laws; and (2) any such transaction does not result in a Material Adverse Change, as defined in the Service Contract or if such transaction results in a Material Adverse Change, as defined in the Service Contract, the successor Guarantor provides credit enhancement as required by the Service Contract or otherwise acceptable to the City in its sole discretion.

(B) Continuance of Obligations. If a consolidation, merger or sale or other transfer is made as permitted by this Section, the provisions of this Section shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section. No such consolidation, merger or sale or other transfer shall have the effect of releasing the initial Guarantor from its liability hereunder unless a successor entity has assumed responsibility for this Guaranty as provided in this Section, and if such transaction results in a Material Adverse Change, as defined in the Service Contract, the successor Guarantor shall provide credit enhancement reasonably acceptable to the City.

SECTION 4.2. ASSIGNMENT. Except as provided in Section 4.1 hereof, this Guaranty may not be assigned by the Guarantor without the prior written consent of the City.

SECTION 4.3. PRESERVATION OF ENFORCEABILITY. The Guarantor will take all such action as may be required to preserve the enforceability of the Guaranty.

SECTION 4.4. CONSENT TO JURISDICTION. The Guarantor irrevocably: (1) agrees that any Legal Proceeding related to this Guaranty or to any rights or relationship between the parties arising therefrom shall be solely and exclusively initiated and maintained in the State or federal courts located in New York County, New York, having appropriate jurisdiction therefor; (2) consents to the jurisdiction of such courts in any such Legal Proceeding; and (3) waives any objection which it may have to the laying of the jurisdiction of any such Legal Proceeding in any such court.

SECTION 4.5. BINDING EFFECT. This Guaranty shall inure to the benefit of the City and its permitted successors and assigns and shall be binding upon the Guarantor and its successors and assigns.

SECTION 4.6. AMENDMENTS, CHANGES AND MODIFICATIONS. This Guaranty may not be amended, changed or modified or terminated and none of its provisions may be waived, except with the prior consent of the City and the Guarantor.

SECTION 4.7. LIABILITY. It is understood and agreed to by the City that nothing contained herein shall create any obligation of, or right to look to, any director, officer, employee or stockholder of the Guarantor (or any Affiliate of the Guarantor) for the satisfaction of any obligations hereunder, and no judgment, order or execution with respect to or in connection with this Guaranty shall be taken against any such director, officer, employee or stockholder.

SECTION 4.8. NOTICES. (A) Procedure. All notices, demands or written communications given pursuant to the terms of this Guaranty shall be in writing and: (1) delivered in person; or (2) transmitted by certified mail, return, receipt requested, postage prepaid or by overnight courier utilizing the services of a nationally-recognized overnight courier service with signed verification of delivery. Notices shall be deemed given only when actually received at the address first given below with respect to each party. Either party may, by like notice, designate further or different addresses to which subsequent notices shall be sent.

(B) City Notice Address. Notices required to be given to the City shall be addressed as follows:

City of New York  
Department of Sanitation  
44 Beaver Street, 12th Floor  
New York, New York 10004  
Attn: Deputy Commissioner, Bureau of Long Term Export

with a copy to:

City of New York  
Department of Sanitation  
125 Worth Street  
New York, New York 10013  
Attn: Assistant Commissioner, Contracts

with a copy to:

City of New York  
Department of Sanitation  
Bureau of Waste Disposal  
125 Worth Street  
New York, New York 10013  
Attn: Director, Bureau of Waste Disposal

and a copy to:

City of New York  
Department of Sanitation  
Export Contract Management Unit  
125 Worth Street, Room 727  
New York, New York 10013  
Attn: Director, Export Contract Management Unit

(C) Guarantor Notice Address. Notices required to be given to the Guarantor shall be addressed as follows:

Covanta Holding Corporation  
445 South Street  
Morristown, New Jersey 07960  
Attn: Chief Operating Officer

with a copy to:

Covanta Holding Corporation  
445 South Street  
Morristown, New Jersey 07960  
Attn: General Counsel

[SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed in its name and on its behalf by its duly authorized officer as of the date first above written.

COVANTA HOLDING CORPORATION,  
as Guarantor

*JSB*

By: *Tim Simpson*  
Signature

Timothy J. Simpson  
Printed Name

EVP + General Counsel  
Title

ACCEPTED AND AGREED TO BY:

THE CITY OF NEW YORK,  
acting by and through the Department of  
Sanitation

By: *John J. Doherty*  
John J. Doherty  
Commissioner  
New York City Department of Sanitation

TRANSACTION FORM B  
FORM OF LETTER OF CREDIT

FORM OF LETTER OF CREDIT

[Date]

City of New York  
Department of Sanitation  
44 Beaver Street, 12th Floor  
New York, New York 10004  
Attn: Agency Chief Contracting Officer

Ladies and Gentlemen:

1. At the request and for the account of \_\_\_\_\_, a \_\_\_\_\_ corporation (the "Company"), we hereby establish in your favor, our Letter of Credit No. \_\_\_ (the "Letter of Credit") in the amount of \$\_\_\_\_\_ (as reduced from time to time in accordance with the provisions of paragraph 7, the "Stated Amount"), effective immediately and expiring at the close of business ([Insert Name of Location of Bank] time) on \_\_\_\_\_, \_\_\_ (the "Stated Termination Date"). All drawings under this Letter of Credit shall be paid with our own funds.

2. This Letter of Credit is automatically extended without amendment for an additional one year period from the Stated Termination Date, or any future Stated Termination Date, unless at least 60 days prior to any Stated Termination Date we notify you, by certified mail or overnight courier service at the above address, that we elect not to consider this Letter of Credit extended for any such additional period, with copies to:

City of New York  
Department of Sanitation  
125 Worth Street, Room 708  
New York, New York 10013  
Attn: Assistant Commissioner, Contracts

and

City of New York  
New York City Law Department  
100 Church Street  
New York, New York 10007  
Attn: Chief, Contracts & Real Estate Division

3. We hereby irrevocably authorize you to draw on us, in an aggregate amount not to exceed the Stated Amount and in accordance with the terms and conditions and subject to the reductions in amount as hereinafter set forth, in one or more drawings by one or more of your drafts in the form of Annex A attached hereto, payable at sight by us on a Business Day (as hereinafter defined), and accompanied by your written and completed certificate in the form of Annex B attached hereto (any such draft accompanied by such certificate being your "Drawing Certificate"), an aggregate amount not exceeding the Stated Amount, representing amounts payable to you by the Company under the Service Contract for Municipal Solid Waste Management, Transportation and Disposal (North Shore Marine Transfer Station and East 91<sup>st</sup> Street Marine Transfer Station, procurement identification number 82704RR00031, dated as of May \_\_, between the Company and the City of New York, New York (the "Service Contract").

4. Each Drawing Certificate drawn under this Letter of Credit must be dated the date of presentation and bear on its face the clause "Drawn under Irrevocable Letter of Credit No. \_\_\_\_."

5. Funds under this Letter of Credit shall be available to you against receipt by us of your Drawing Certificate. Presentation of any such Drawing Certificate by you shall be made at our office located at:

[Bank Name and Address]

\_\_\_\_\_  
Attention: Standby Letter of Credit Department

Telephone no. \_\_\_\_\_

Telecopy no. \_\_\_\_\_

Demand for payment hereunder may also be made in the form of facsimile transmission of the appropriate Drawing Certificate hereunder to the address and telecopy number shown above, under telephonic confirmation at the number shown above; provided however, that the absence of such confirmation shall not affect our obligation to honor any demand. As used herein, the term "Business Day" means any day, other than a Saturday or Sunday or other day on which we at our aforesaid office are authorized or required to close.

6. In the case of a presentation of a Drawing Certificate hereunder, if such Drawing Certificate is presented hereunder by sight or facsimile transmission as permitted hereunder, by 11:00 a.m. ([Insert Name of Location of Bank] time), on a Business Day, and provided that such Drawing Certificate strictly conforms to the terms and conditions hereof, payment shall be made to you of the amount specified, in immediately available funds, not later than 3:00 p.m. ([Insert Name of Location of Bank] time) on the next Business Day or such later Business Day as you may specify. If a Drawing Certificate is presented by you hereunder after the time specified hereinabove, on a Business Day, and provided that such Drawing Certificate strictly conforms to the terms and conditions hereof, payment shall be made to you of the amount specified, in immediately available funds, not later than 1:00 p.m. ([Insert Name of Location of Bank] time), on the second Business Day thereafter or on such later Business Day as you may specify. If requested by you, payment under this Letter of Credit may be made by wire transfer of Federal Reserve Bank of New York funds to your account in a bank on the Federal Reserve wire system or by deposit of immediately available funds into an account that you maintain with us.

7. Upon honoring any Drawing Certificate presented by you, the Stated Amount and the amount available to be drawn hereunder by you by any subsequent Drawing Certificate shall be automatically and permanently decreased by the amount stated in each drawing hereunder.

8. Only you may make a drawing under this Letter of Credit. Upon any payment to you of the amount demanded hereunder, we shall be fully discharged of our obligation under this Letter of Credit with respect to such demand for payment, and we shall not thereafter be obligated to make further payments under this Letter of Credit with respect to that payment to you.

9. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Service Contract); and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement (including, without limitation, the Service Contract), except as set forth in the next paragraph and for the certificates referred to herein.

10. This Letter of Credit is to be construed in accordance with the International Standby Practices 1998, International Chamber of Commerce Publication 590 (the "ISP98").

11. Any claims or disputes arising under this Letter of Credit shall be heard in a state or federal court located in the City of New York.

Very truly yours,

[Name of Bank]

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_  
(Authorized Officer)

ANNEX A TO LETTER OF CREDIT

FORM OF SIGHT DRAFT

AT SIGHT PAY TO THE CITY OF NEW YORK, NEW YORK, as Beneficiary, [Amount in words]  
United States Dollars (US\$\_\_\_\_\_). Drawn under Irrevocable Letter of Credit  
No. \_\_\_\_\_.

CITY OF NEW YORK, NEW YORK

Date of Presentation: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

ANNEX B TO LETTER OF CREDIT

CERTIFICATE FOR DRAWING  
IN CONNECTION WITH  
PAYMENT OF AMOUNTS  
UNDER THE SERVICE CONTRACT

Drawn under Irrevocable Letter of Credit No. \_\_\_\_

The undersigned, a duly authorized representative of the City of New York, New York (the "Beneficiary"), hereby certifies to [Name of Bank] (the "Bank"), with reference to Irrevocable Letter of Credit No. \_\_\_\_ (the "Letter of Credit"; terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Beneficiary, as follows:

1. The Beneficiary is a party to the Service Contract for Municipal Solid Waste Management, Transportation and Disposal (North Shore Marine Transfer Station and East 91<sup>st</sup> Street Marine Transfer Station), dated as of May \_\_, 2013, procurement identification number 82704RR00031 (the "Service Contract") by and between the Beneficiary and \_\_\_\_\_ (the "Company").

2. The Beneficiary is making a demand for payment under the Letter of Credit in the amount of \_\_\_\_\_ United States Dollars (US\$\_\_\_\_\_) and such amount represents an amount owed to the Beneficiary with respect to an obligation of the Company under the Service Contract and does not exceed the Stated Amount.

3. Payment of the amount described hereby shall be made by wire transfer to the following account: [wire transfer instructions].

4. The undersigned is the [ \_\_\_ Title \_\_\_] of the City of New York, is a duly authorized representative of the City and authorized to bind the City.

IN WITNESS WHEREOF, the Beneficiary has caused this certificate to be executed and delivered by its Representative as of this \_\_\_ day of \_\_\_\_\_, \_\_\_\_.

CITY OF NEW YORK, NEW YORK

Signature:\_\_\_\_\_

Printed Name:\_\_\_\_\_

Title:\_\_\_\_\_

APPENDICES TO THE  
SERVICE CONTRACT  
FOR  
MUNICIPAL SOLID WASTE MANAGEMENT,  
TRANSPORTATION AND DISPOSAL  
(NORTH SHORE MARINE TRANSFER STATION  
AND  
EAST 91<sup>ST</sup> STREET MARINE TRANSFER STATION)

between

THE CITY OF NEW YORK,  
NEW YORK

and

COVANTA 4RECOVERY, L.P.

Dated

July 3, 2013

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## APPENDICES

1. Description of the Marine Transfer Stations
  - a. MTS-1 (North Shore Marine Transfer Station)
  - b. MTS-2 (East 91<sup>st</sup> Street Marine Transfer Station)
2. Tugboat, Barge, Railcar, Container, Reach Stacker, Yard Jockey, Chassis, and Railcar Mover Specifications
3. Intermodal Facilities and Authorized Disposal Sites
  - (a) Intermodal Facilities
    1. New York Container Terminal Intermodal Facility
    2. Delaware Rail Receiving Site
    3. Niagara RTT Intermodal Facility
  - (b) Authorized Disposal Sites
    1. Niagara Resource Recovery Facility
    2. Delaware Valley Resource Recovery Facility
    3. Lee County Landfill
    4. Covanta Essex Resource Recovery Facility
    5. Covanta Hempstead Resource Recovery Facility
    6. Covanta Union Resource Recovery Facility
    7. Covanta Warren Resource Recovery Facility
4. WCAL Tables
5. Governmental Approvals
6. Required Insurance
7. Approved Subcontractors
8. Certain General Provisions Governing City Contracts for Consultants, Professional and Technical Services
9. Rail Fuel Surcharge
10. Example Service Fee Calculations
11. Forms of Twice Monthly and Monthly Billing Statement

12. [INTENTIONALLY OMITTED]
13. Preliminary Company Development Plan
14. Description of Facilities For Company Personnel at the MTS (Section 7.2); Areas of Company Control; Company Maintenance and Security Responsibilities
15. Schedule of Convenience Termination Payments
16. Semiannual and Annual Reconciliation

**APPENDIX 1**  
**DESCRIPTION OF THE MARINE TRANSFER STATIONS**

## **APPENDIX 1**

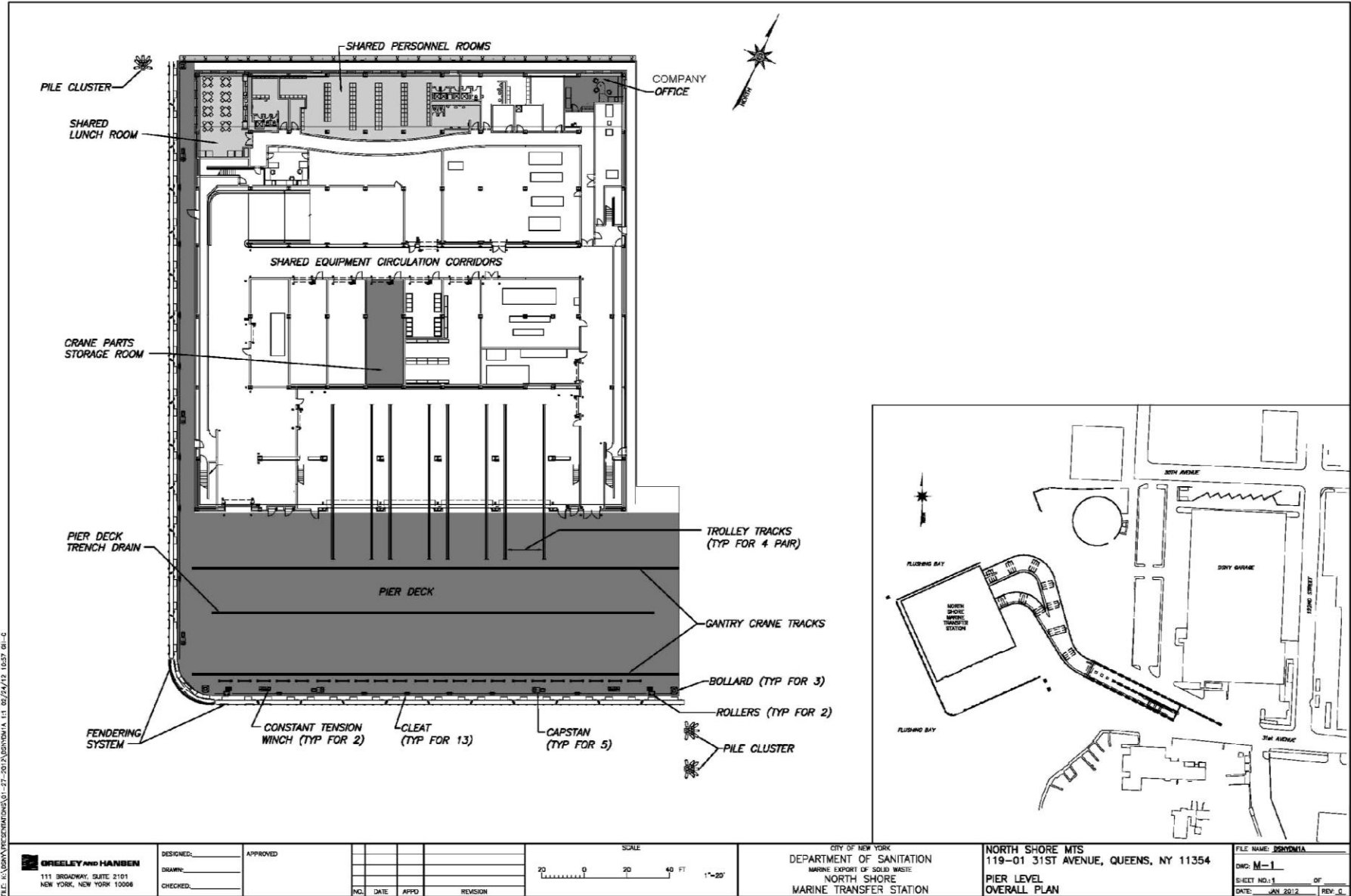
### **DESCRIPTION OF THE MARINE TRANSFER STATIONS**

Part A of this Appendix contains a description and depictions of the physical layout of MTS-1.

Part B of this Appendix contains a description and depictions of the physical layout of MTS-2.

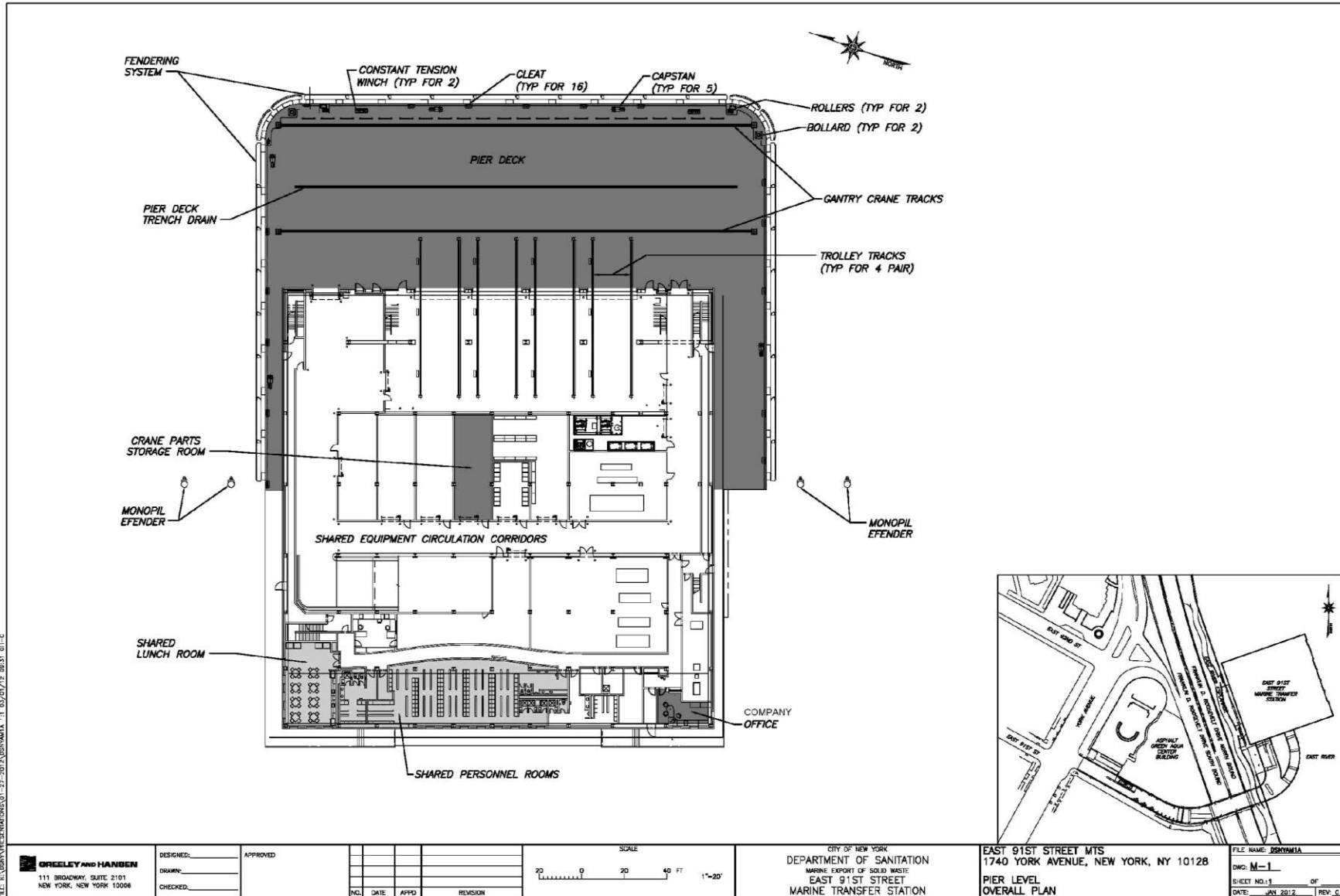
**Part A**  
**MTS-1**

### MTS-1 – North Shore Marine Transfer Station



**Part B**  
**MTS-2**

## MTS-2 – East 91st Street Marine Transfer Station



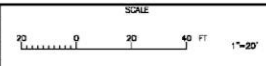
FILE: \\L:\BNA\DESIGN\BNA\01-27-2013\BNA\01-27-2013\BNA\01-27-2013\_01-C

**GRIELEY AND HANSEN**  
111 BROADWAY, SUITE 2101  
NEW YORK, NEW YORK 10006

DESIGNED: \_\_\_\_\_  
DRAWN: \_\_\_\_\_  
CHECKED: \_\_\_\_\_

APPROVED \_\_\_\_\_

NO.	DATE	APPROVED	REVISION



CITY OF NEW YORK  
DEPARTMENT OF SANITATION  
MARINE EXPORT OF SOLID WASTE  
EAST 91ST STREET  
MARINE TRANSFER STATION

EAST 91ST STREET MTS  
1740 YORK AVENUE, NEW YORK, NY 10128  
PIER LEVEL  
OVERALL PLAN

FILE NAME: BSNYAMA
DWG: M-1
SHEET NO.: 1 OF
DATE: JUN 2012 REV: 0



**APPENDIX 2**

**TUGBOAT, BARGE, RAILCAR, CONTAINER, REACH STACKER, YARD JOCKEY,  
CHASSIS, AND RAILCAR MOVER SPECIFICATIONS**

## APPENDIX 2

### TUGBOAT, BARGE, RAILCAR, CONTAINER, REACH STACKER, YARD JOCKEY, CHASSIS, AND RAILCAR MOVER SPECIFICATIONS

#### 2.1 TUGBOAT SPECIFICATIONS

All Tugboats to be used in support of the movement and handling of the Barges shall comply with the minimum specifications as follows:

1. U.S. flag vessel owned and operated in full compliance with the Jones Act, 46 U.S.C. §§ 12101-12122.
2. All steel molded bow hull or similar hull construction with valid Certificates of Inspection when required under federal regulations.
3. Twin screw, multi azimuth or similarly maneuverable propulsion system.
4. Minimum horsepower of 1600 bhp, sufficient to handle the proposed tow in both a light and loaded condition, capable of coordinating with additional vessels of similar or larger bhp as needed to provide sufficient horsepower to propel the Barge(s) within harbor and river areas.
5. Outfitted with necessary deck equipment to safely anchor vessel to the sea bottom in all reasonable sea conditions within harbor, river and coastal areas in Sea State up to 5.
6. USCG compliant Automatic Identification System (AIS).
7. USCG compliant safety equipment, including but not limited to sufficient emergency flotation devices for crew complement and USCG approved Emergency Position-Indicating Radio Beacons (EPIRB).
8. Appropriate navigation equipment, with minimum of two (2) redundant radar systems. An equipment list shall be provided to DSNY by the Company.
9. Appropriate communication equipment monitored on a twenty four (24) hour basis, with minimum of two (2) redundant VHF radios and at least one cellular telephone.
10. Operational capability on 24 hour basis with a minimum crew complement of five (5) licensed crewmen consisting of Captain, Mate, Engineer and two (2) Able Bodied Seamen (deckhands).
11. Crew complement to meet the following requirements:
  - a. Valid holder of a Transportation Workers Identification Credential.
  - b. USCG Marine License commensurate with their position, including but not limited to Merchant Mariners Document (MMD), Standards of Training, Certification and Watchkeeping (IMO-STCW) endorsement for voyages extending outside of the Boundary Line (ocean operations beyond the Line of Demarcation) as set forth in 46 CFR Part 7 and USCG Towing Endorsement for all standers of a navigational watch.
  - c. Crew to have minimum of six (6) months experience in the following areas:
    - i. The intended geographical transit and/or operational area, including but not limited to New York harbor and the navigable waters adjacent thereto.
    - ii. Operations including shifting, transit, handling, landing and embarkation of barges in and out of the facilities identified or similar to those proposed.
    - iii. Emergency response protocols appropriate to the cargo carried in compliance with all Federal, State and local law, including but not limited to marine casualty response.

**2.1.1 TUGBOAT NOISE, EMISSIONS AND FUEL SPECIFICATIONS**

The Company shall at all times comply with the Special Tugboat Noise Specifications, the Special Tugboat Emissions Specifications and the Special Tugboat Fuel Specifications, and shall cause all Subcontractors to comply with such specifications, in accordance with Section 10.6 of the Service Contract as summarized below.

Special Tugboat Emissions Specifications:

In addition to the requirement that Tugboats meet all emissions requirements set forth under Applicable Law, the named Tugboats that are chartered to perform Contract Services shall be repowered with engines that are designed to meet the federal Tier 3 emissions standards or better for NOx and particulate matter requirements set forth in 40 CFR 1042.101, based on the engine category and power (the “Maximum Emissions Specifications”).

Notwithstanding the requirement that Tugboats performing Contract Services have emissions meeting the Maximum Emissions Specifications set forth above, if during unforeseen emergency situations the Company is unable, after reasonable diligence, to have available a Tugboat (other than a Tugboat customarily used by the Company in performing the Contract Services) to perform Contract Services that meets the Maximum Emissions Specifications, the Company may use a Tugboat that is non-compliant; provided, however, such use shall not exceed the duration of the emergency situation.

Norfolk Tug Company will provide the Captain D and the James William to serve as the first named Tugboats at the commencement of service for MTS-1. Prior to commencement of service for MTS-2 a third named Tugboat, that has been repowered to meet the Maximum Emissions Specifications, will be provided under charter by Norfolk Tug Company. The following table provides specifications for the named Tugboats as well as for the fleet Tugboats that will serve during emergencies:

NAME	OFFICIAL NUMBER	GROSS TONS	LENGTH	WIDTH	DEPTH	RCP STATUS	HP
CAPTAIN D	554079	195	90.7	26.0	11.3	Active	2000
JAMES WILLIAM	1199589	194	77.0	30	10	Active	2550
JACK HOLLAND	669003	141	66.5	26.0	8.7	Active	1700
LORETTE	669001	141	66.5	26.0	8.7	Active	1700
LUCKY D	528453	154	86.0	27.9	9.4	Active	2600
MISS GILL	524330	143	100.2	31.2	12.2	Active	3000
PATHFINDER	542692	186	91.5	26.8	9.7	Active	2200
TAFT BEACH	647773	118	72.0	26.0	10.7	Active	2000
BUCHANAN 1	512111	191	89.4	28.1	9.5	Active	2200
BUCHANAN 10	509787	146	78.8	24	8.6	Active	2200
BUCHANAN 12	544868	238	86.5	30	9.5	Active	3000
MISTER T	1121020	145	81.7	24	11.9	Active	2200

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## 2.2 BARGE SPECIFICATIONS

The container deck Barges are to have the following principal characteristics:

Length, maximum	150 ft
Beam, approximate	48.5 ft
Depth midships, approximate	12.75 ft
Depth at ends, approximate	13.5 ft
Container capacity	48
Deadweight	1,344 short tons
Air draft, maximum	37.5 ft

The Barges are to be designed and built in accordance with the latest edition of the American Bureau of Shipping (ABS) *Rules for Building and Classing Steel Vessels for Service on Rivers and Intracoastal Waterways*. The Barges are to be maintained in accordance with the Classification Society requirements set forth in clause (2) of subsection 6.1(D) of the Service Contract for their entire period of service.

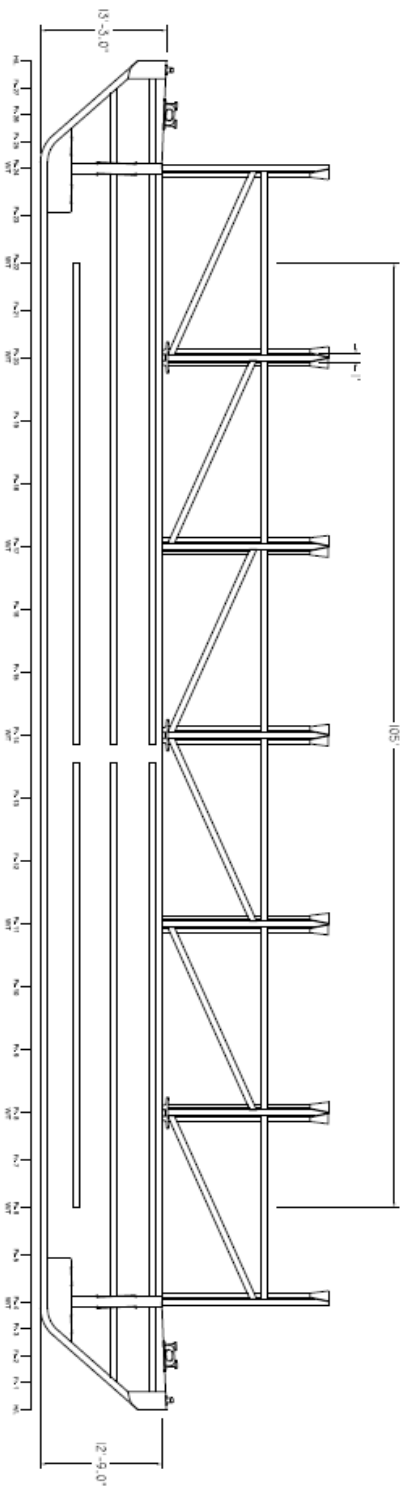
The Barges are to have sufficient stability such that the combined angle of heel and trim does not exceed 5 degrees during normal loading and unloading operations. The intact stability of the Barge is to comply with U.S. Coast Guard Subchapter S stability regulations 46 C.F.R. § 170.160, Weather Criteria, and § 174.015 Special Rules Pertaining to Deck Cargo Barges for operation on lakes, bays and sounds. The Barge is to be built to a one compartment subdivision standard. The hull volume below deck is to be divided into transverse watertight compartments such that the Barge will remain floating upright, with a minimum freeboard of 3 inches, when the buoyancy between any set of adjacent transverse watertight bulkheads is lost.

The Barges are to have a capacity of 48 Containers, each measuring 20 ft long, 8.5 ft wide and 12 ft high, each with a maximum loaded (gross) weight of 28 short tons. The Containers are to be stowed on the deck of the Barge 6 bays long, 4 rows across and 2 tiers high. The Containers are to be stowed in vertical cell guides with sufficient clearance within the cells for rapid loading and unloading of the Containers by DSNY container cranes equipped with ISO standard spreaders. The cell guides are to be fitted with entry guides at the top to facilitate Container and spreader entry into the cell. The entry guides are to be wide enough to allow longitudinal and transverse tolerances of +/- 6 inches in the crane operator's placement of Containers and spreaders. The cell guide structure is to be designed, built and certified in accordance with the ABS *Guide for Certification of Container Securing Systems* (2012), as adapted for the intended service.

The container cell guides are to be arranged such that Containers can be loaded and unloaded under all conditions using a container gantry crane having a maximum longitudinal travel of 105 ft, foremost Container center to aft most Container center, and a maximum outreach of 37.75 ft from the Barge side to the center of the outermost Container. The maximum air draft to the top of the cell guide structure, including the entry guides, is not to exceed 37.5 feet with no Containers on the Barge.

The Barges are to be equipped with 8 - 42 inch cleats, 4 - 8 inch double bitts and 4 - 24 inch open chocks, suitably arranged on deck for mooring at the Marine Transfer Stations. The Barge is to have wire rope handrails along the sides.

Barge design drawings are set forth on the following two pages of this Appendix.



REV	DESCRIPTION	DATE
1	Basest Corner radius INCREASED FROM 9" TO 24" CELL GUIDES CHANGED TO PARTIAL HEIGHT.	10-26-12

PRINCIPAL PARTICULARS

LENGTH..... 105'-0"

BEAM HEIGHT..... 13'-3"

DEPTH..... 12'-9"

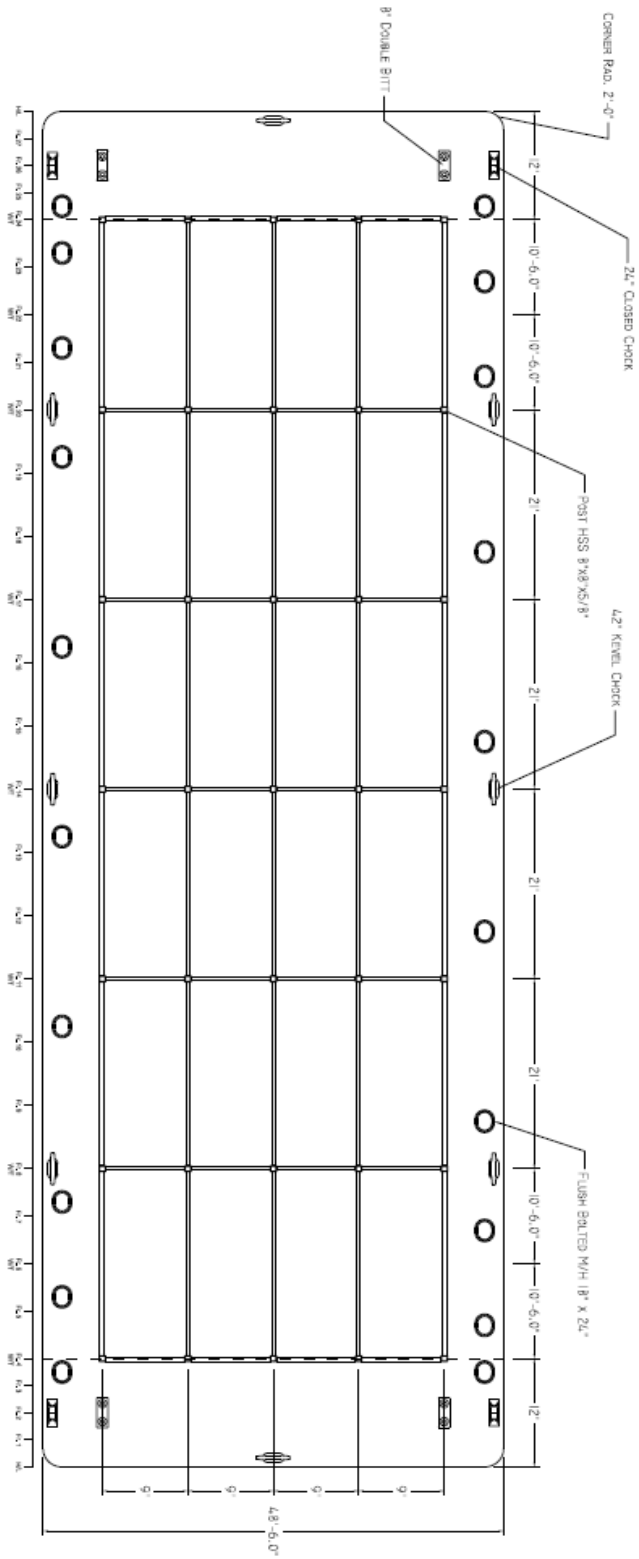
DRAFT..... 9'-0"

CLASS NOTATION..... RIVER SERVICE



**C. R. CUSHING & CO., INC.**  
 1000 E. 10th Street, Suite 1000, St. Paul, MN 55108  
 (612) 291-1000

CONTAINERIZED WASTE BARGE			
GENERAL ARRANGEMENT			
NO.	DATE	BY	REV.
1	10/26/12	JAM	1
2	11/16/12	JAM	1
3	1/27/13	JAM	1
4	1/27/13	JAM	1



REV	DESCRIPTION	DATE
1	BASE CORNER RADIUS INCREASED FROM 9" TO 24". CELL GAUZE CHANGED TO PARTIAL HEIGHT.	10-26-12

PRINCIPAL PARTICULARS

LENGTH.....50'-0"

BEAM, HOLLOW.....48'-0"

DEPTH.....12'-0"

POST.....9'-0"

CHOK.....42"

CLASS NOTATION.....RIVER SERVICE



**C. R. CUSHING & CO., INC.**  
 2000 WEST 20TH STREET, SUITE 100, DENVER, CO 80202  
 (303) 733-1000

**GENERAL ARRANGEMENT PLAN**

CONTAINERIZED WASTE BARGE

DATE: 10/26/12

SCALE: AS SHOWN

PROJECT: 10-26-12

REV: 1

## 2.3 RAILCAR SPECIFICATIONS

### 2.3.1 Description

Container On Flat Car (COFC), suitable for a gross rail load of 286,000 pounds. The rail car will be rated for 110 tons, measure a minimum of 82 feet in length, and have the ability to carry four 20 foot long municipal solid waste containers weighing approximately 56,750 pounds each.

The design meets or exceeds the design requirements of the American Association of Railroads (AAR) Specification M-1001 for rail cars of this type and loading. The car shall have a spine car configuration with a fish belly center sill. The container supports shall be cantilevered box beams extending laterally from the center sill. The car shall also have fabricated stub body bolsters and end sills.

### 2.3.2 Clearance

The car shall be designed within the AAR Plate F equipment diagram reduced at the center of the car for the 66' 0" truck centers.

### 2.3.3 Design

The design and construction of this Car shall meet the requirements outlined in the AAR Design. Specification M-1001 for cars of this type. In addition, it shall be designed for a gross rail load of 286,000 lbs., in accordance with AAR Standard S-286.

### 2.3.4 Material

Structural steel shall generally be high strength low alloy (HSLA) steel to one of the following specifications:

Plate: ASTM A572 (Charpy V Notcha- b) Grade 50 or 60 (for thickness greater than 1/2")

Sheet: ASTM A1011,CL1,Grade 50 or 60 ( $\leq 1/4$ ") ASTM A1018,CL1,Grade 50, 60 or 70 ( $>1/4$ ")

Hollow Structural Section: ASTM A500, Grade 50, 60 or 70

Unless otherwise specified the Charpy V notch value shall be in accordance with AAR Specification M-1001, par. 3.1.9 to 20 ft.-lbs.' @ 0°F on a heat lot basis. When required, Charpy V Notch testing is in accordance with ASTM Specifications. Low stressed structural or non-structural components shall generally be carbon steel to ASTM Specification A-36 or better.

### 2.3.5 Physical Data

Weights	Gross Load on Rail 286,000 lbs. Light Weight (Est.) 59,000 lbs. Load Limit (Est.) 227,000 lbs.
Length	Over Pulling Face of Couplers 85' 6-3/8" Over Strikers 82' 10-7/8" Truck Centers 66'0"
Width	Maximum car width 8'2-1/2" Maximum container width 8'6" Top of Center Sill Height 3'10" Top of Container Support Surface Height 3'11-3/4"
Trucks	Truck Wheelbase 5' 10"



	Truck Center Plate to Rail 2' 1-11/16" Truck Center Plate Diameter 16"
Curve Negotiation- Horizontal	Coupled to AAR Base Car 350' Coupled to Like Car 350' Uncoupled 180' No. 7 crossover 13 ft. centers Pass
Curve Negotiation - Vertical	Coupled to AAR Base Car 2000' Coupled to Like Car 2000' Uncoupled 1250'

### 2.3.6 Underframe

Center Sill: The center sill shall be a box section fabrication of fish belly design. Separator plates shall be welded to the webs and top flange in line with the webs of the cross bearers. The center sill ends shall be flared to form a bell mouth pocket for the coupler shank.

Stub Body Bolster: Each Stub body bolster half shall be a welded fabrication consisting of one web and top and bottom flange. The bolster web shall be continuously welded to the center sill web and the top and bottom cover plates. The bottom cover plate shall be shaped to suit the side bearing and truck clearance requirements. The side bearing supports shall be a closed tube section welded to the bottom flange, the top flange, and the web. All members shall be continuously welded to each other and the neighboring components.

Crossbearers: There shall be six (6) cross bearers cantilevered off the center sill. They shall be of a fabricated box beam construction with a top and bottom flange and double webs. The top flanges shall be butt welded to the top flange of the center sill. The webs and bottom flanges shall be butt welded to the center sill webs. Separators inside the center sill shall line up with the webs and a horizontal plate shall line-up with the bottom flange. These internal components provide structural continuity for the crossbearers beams through the center sill. These beams support the two central containers and the inboard ends of the end containers. Fabricated container support structures are welded to the ends of the beams. The container support locks are welded to these support structures. Automatic container locks shall be used to secure the containers to the car.

End Sills: The end sills are built up construction with a top and bottom flange, and a web. The end sills are welded to the center sills. The corner connection is reinforced, with the reinforcing also providing the container support pedestal.

Body Side Bearing Wear Plates: Body side bearing wear plates shall be 5/8" x 5" x 18", hardened bar, applied to AAR Standard S-235.

Center Plate: The Low Profile 16" diameter center plates shall be cast steel to AAR Specification M-201, M-126. The horizontal and vertical surfaces shall be hardened to 300 BHN at a depth of 1/8". The center plate shall be applied by welding.

### 2.3.7 Other

Lifting: The outboard cross bearers shall have a slot to receive the standard lifting hook for lifting the loaded car in accordance with AAR Standard S-234.

Jacking: Jacking provisions shall be applied to the outboard cross bearers in accordance with AAR Manual C-II, Paragraph 4.1.6.

Towing: Towing shall be provided for at the outboard cross bearers in accordance with AAR Manual C-II, Paragraph 4.1.17.

**2.3.8 Draft Assembly Components**

Coupler	E type, AAR No. SBE68CE with material to AAR Specification M-211, Grade E
Coupler Carrier	MANUFACTURER fabricated design
Coupler Carrier Wear Plate	Manganese steel
Draft Gear	To AAR Specification M-901E
Draft Gear Follower	AAR Y46
Yoke	AAR No. Y45AE with material to AAR Specification M-211 Grade E
Striker	MANUFACTURER fabricated striker
Front Draft Stops	Cast steel or forged to AAR Specification M-201, M-126, or MANUFACTURER fabricated design.
Rear Draft Stops	Cast steel or forged to AAR Specification M-201, M-126, or MANUFACTURER fabricated design
Uncoupling Rod	To AAR Standards

Trucks: The car shall be equipped with two (2) truck assemblies designed for 286,000 lbs. gross rail load to AAR Standard S-286. Each truck shall be equipped with the following main components:

Truck Components:

Bolster	To AAR Specification M-202 with cast steel material to AAR. Specification M-210, and M-201 Grade B or B+ and 16" dia. x 1-3/4" deep bowl above liner
Side Frame	To AAR Specification M-203 with cast steel material to AAR Specification M-201 Grade B or B+
Wear Liners	Bolster shall have loose manganese steel horizontal bowl liner, welded stainless steel vertical liner. The side frames shall have bolted only pocket wear plates
Springs	D5 springs with 3-11/16" travel, material to AAR Specification M-114
Stabilizers	To suit truck design
Wheels	One wear 36" diameter Class C to AAR Specification M-107, M-208
Axles	Size 6-1/2" X 9" with carbon steel material to AAR Specification M-101
Roller Bearings	Size 6-1/2" X 9" to AAR Specification M-934
Bearing Adapters	Size 6-1/2" X 9" to AAR Specification M-924
Side Bearings	Long travel, constant contact
Center Pins	1-3/4" dia.

Braking system: The braking shall be a dual capacity system with body mounted rigging. The system design and installation shall be in accordance with AAR Standards S-400 and S-401.

Braking system Components:

Air Brake	One stabilized control valve, fabricated air reservoir, Bottom 45 deg. and one 10x12 air brake cylinder.
Slack Adjuster	One double acting automatic type to AAR Standard S-419
Hand Brake	One vertical wheel, nonspin, quick release, intermediates power, Group N, to AAR Standard S-475
Brake Beams No.	#24 unit guide type to AAR Standard S-344
Guide Wear Plate	Steel to AAR Standard S-367
Brake Shoes	2" high friction composition type to AAR Specification M-926, Type H4
Brake Shoe Keys	Single leaf type to AAR Standard S-376
Levers & Rods	Fabricated
Brake Pins	To AAR Standard S-375, hardened

Air Brake Forces: The total net shoe forces as determined by a static dynamometer test shall be not less than 11% nor more than 14% of the gross rail load and not less than 15% or more than 32% of the light weight with a 30 psi brake pipe reduction from 90 psi brake pipe pressure. Minimum handbrake force to be 10% of gross rail load. Minimum brake application shall result in the shoes being forced against the wheels.

Safety Appliances: A letter and applicable drawings depicting the safety appliances and reflectorization will be sent to Transport Canada (TC), Railway Safety Directorate and the Federal Railroad Administration (FRA), Office of Safety Assurance and Compliance, Motive Power and Equipment Division, requesting review for compliance with the TC and FRA rules in effect at the time of receipt of order. A copy of the TC/FRA submittals and any reply will be available for the customer. The handholds shall be 3/4" diameter and the lengths specified shall be exclusive of any bend radii. Unsupported rungs with lengths between 36" and 72" shall be 1" diameter material. Rungs shall be attached to the car by 5/8" diameter mechanical fasteners. Sill steps shall be 2" x 1/2" in cross section and fastened with 5/8" diameter mechanical fasteners, except BL corner shall be 4" x 1/2" in cross section..

Route Card Boards: There shall be two (2) route card boards per car to be applied to AAR Standard S-229.

Automatic Equipment Identification: The car shall be equipped with Automatic Equipment Identification Transponder Tags per AAR Standard S-918.

Painting: The car body shall be grit blasted and painted with a waterborne paint system.

Surface Preparation: Rough welds, sharp edges and comers shall be ground, and weld splatter removed. Rubber hoses, critical brake components and mechanisms and finish painted items which are on the car shall be masked from grit and paint. The trucks shall be removed for

blasting. Surface grease, oil, and other similar matter shall be removed. All surfaces shall be prepared and grit blasted to SSPC SP-6.

Car Body Painting: The car shall be given direct to metal waterborne paint system before flash rusting occurs. Average dry film thickness shall be 4.0 to 6.0 mil.

Truck Painting: Truck side frames and bolsters shall be grit blasted and given one light coat of black paint by the foundry. Average dry film thickness shall be 4.0 to 6.0 mil.

Lettering: Lettering to be in accordance with the AAR, FRA, and related industry standards.

Air Brake Testing: Each car shall receive a "Single Car Test" in accordance with AAR Standard S-486 and a "Brake Pipe Restriction Test" in accordance with AAR Standard S-471. Brake force tests and air leakage tests shall be performed in accordance with AAR requirements.

Curve Negotiation Testing: The sample car will be tested for body and truck interference with the trucks swiveled to simulate the minimum curve radius requirement and with springs removed to simulate the solid spring height. To test for brake and truck fouling, the loaded car spring height shall be simulated. Testing shall be done on a 180' "S" curve horizontal test track at Supplier location.

### **2.3.9 Tracking Identification**

The Company will assign a unique 4 or 5 letter sequence, such as USWX or DJTX followed by a unique 5 or 6 digit sequence, such as 20399 or 638018 to identify the Railcars. As such, examples of unique Railcar identification numbering will resemble the following: USWX 63018, USWX 20393, DJTX 1500, etc.

The Company utilizes Universal Machine Language Equipment Register ("ULMER"), a computer-based Railcar tracking system provided by the Linehaul Carrier to identify and locate Railcars. ULMER allows the Linehaul Carrier and the Company to identify and locate a Railcar by its unique tracking identification number at any point along the route between the New York Container Terminal Intermodal Facility and a Designated Disposal Site, Designated Alternate Disposal Site or Authorized Disposal Site, as applicable, at any particular time.

## **2.4 CONTAINER SPECIFICATIONS**

### **2.4.1 PART 1 - GENERAL**

#### **2.4.1.1 SUMMARY**

A. Equipment specifications: 62 Cubic Yard Capacity Intermodal "Environmental" Containers to be used for rail, truck and barge transport of municipal solid waste.

#### **2.4.1.2 QUALITY ASSURANCE**

A. Referenced Standards:

1. American Bureau of Shipping (ABS):

a. ABS Rules and Guides for Certification of Cargo Containers which can be found at the following URL: <http://www.eagle.org/rules/download.html>

2. American Association of Railroads (AAR)

a. AAR M930-98

3. American Society for Testing and Materials (ASTM):

a. A36 Standard Specification for Carbon Structural Steel.

b. A1011/A1011M-02 Standard Specification for Steel, Sheet and Strip, Hot-Rolled, Carbon, Structural, High-Strength Low-Alloy and High-Strength Low-Alloy with Improved Formability

c. A242/A242M-01 Standard Specification for High-Strength Low-Alloy Structural Steel

d. A588/A588M-01 Standard Specification for High-Strength Low-Alloy Structural Steel with 50 ksi (345 MPa) Minimum Yield Point to 4-in. (100 mm) Thick

e. A500 Standard Specification for Cold-Formed Welded and Seamless carbon Steel Structural Tubing in Rounds and Shapes

4. American Welding Society (AWS)

a. A5.1 Standard Specification for Carbon Steel Electrodes for shielded metal arc welding

b. D1.1 Structural Welding Code Steel

5. International Standards Organization (ISO)

6. International Convention for Safe Containers (CSC)

B. Qualifications:

1. Welders to be ASME/AWS/ABS qualified.

2. Manufacturers must have their own fabricating plant and have a minimum of three (3) years of experience building intermodal containers of similar size and design for the transport of waste. The previously manufactured environmental containers used to meet this requirement shall have been designed for MSW or hazardous waste transport. Design specifications, shop drawings, and ABS test reports shall be provided for these previously manufactured environmental containers. References that conform to the terms of this general specification shall also be provided for these previously manufactured containers. References shall include, but not be limited to, the name of purchaser; contact information of purchaser; and the date container was sold.

3. Manufacturers must have an in-house quality assurance program and the capabilities of performing AAR, AAR Marine and CSC Prototype Tests. Prototype tests must be supervised and certified by an independent agency, such as the ABS. An ABS Prototype Certificate shall be provided to the owner.

**2.4.1.3 SUBMITTALS**

A. Shop Drawings:

1. Fabrication drawings.
  - a. Include construction details and materials of construction.
  - b. Include design for a mechanism that integrates with the spreader for installing and removing the container top automatically.
2. Product technical data including:
  - a. Acknowledgement that products submitted meets requirements of standards referenced.
  - b. Design data:
    - 1) Design calculations or analysis on container.
3. Certificates:
  - a. Mill test reports.
  - b. Affidavits of Compliance to required codes.
  - c. ABS Testing Reports and Certificates

## **2.4.2 PART 2 - PRODUCTS**

### **2.4.2.1 ACCEPTABLE MANUFACTURERS**

A. Subject to compliance with the Contract Standards, the following manufacturers are acceptable:

1. Wastequip Accurate
2. McClain Industries
3. Or Approved Equal

### **2.4.2.2 DESIGN REQUIREMENTS**

A. Intermodal Containers meeting the following minimum requirements:

1. Container type: Removable top water-tight environmental container intended for solid waste transport.
2. Those requirements defined in the ABS Rules and Guides for the Certification of Cargo Containers. The ABS Rules and Guides can be found at the following URL: <http://www.eagle.org/rules/download.html>
3. Capacity: 62 CYD (inside net).
4. Total outer height: 12' – 0" maximum.
5. Total outer width: 8.5' feet.

6. Total outer length: 19 feet 10.5 inches.
7. All connections fully welded.
8. All interior joints and seams fully welded
9. Walls and floors to be watertight
10. Smooth interior to avoid material hang up.
11. Eight (8) ISO corner castings shall be located to meet AAR and CSC standards. No protrusions of any kind, including hardware, doors, lids, etc., extending past the outer envelope of the corner castings.
12. Container shall be designed to be lifted with 8'-0" on center standard ISO spreader assemblies utilizing twist-lock mechanisms.
13. Must be structurally sound to stack maximum of 5 containers high, each having a gross weight of approx. 70,000 lbs.
14. Structural Steel Materials: ASTM A36, A500, A1011/A1011M-02, A242/A242M-01, and A588/A588M-01
15. Minimum design load (weight of container not included): 33 tons
16. Container shall be designed to allow air into Container to avoid risk of implosion during unloading.
17. Container tare weight shall not exceed 12,000 lbs.

#### B. Floor

1. Floor shall be 7 Ga. Steel, and shall have 5-1/2" formed 10 Ga. steel channel cross-members on approximately 16" spacing. Side sills shall be 3" x 8" x 11 Ga. structural tubing. Floor joints shall be located over a cross-member and spaced so a weld can be applied to joint and cross-member and full seam welded to assure structural integrity and watertight capabilities.
2. Material: Corrosion resistant high tensile steel meeting the requirements of ASTM A588
3. Seams to be fully welded.
4. Floor to have structural channel cross members
5. All floor seams to be located on structural cross members
6. Must be watertight.
7. Designed to accept weight of payload.
8. Shall be equipped with non-laden fork pockets per AAR design requirements; 81" centers, 14" wide minimum, 4-1/2" high minimum.

9. Floor shall have a minimum 1" high sump at the discharge door end that will provide a minimum 125 gallon reservoir prior to the needs of the gasket seal.

#### C. Lid

1. Lid shall be 12 Ga. steel. Structural side supports shall be 11 Ga. steel, 2-3/4" deep.

2. Material: Corrosion resistant high tensile steel meeting the requirements of ASTM A588

3. Must be fully welded and weatherproof.

4. Shall be fully sealed with a 30 to 45 durometer solid Neoprene Gasket.

5. Shall be removable and have provisions to be lifted via magnet, spreader or forklift.

6. Shall be designed to work in conjunction with the spreader assembly for mechanical installation and removal of lids described herein and as specified in attached Section 14601- Container Lidding System.

7. Four twist locks per Wastequip Accurate Industries patented design or approved equal shall hold down the container lid.

8. Shall be designed with a formed steel perimeter with internal tubing structure that does not hinder operation of rear door.

#### D. Sides

1. Sides shall be of 12 Ga. steel. Structural side supports shall be 11 Ga. steel, 2-3/4" deep.

2. Material: Corrosion resistant high tensile steel meeting the requirements of ASTM A588

3. All supports and stiffeners are to be fully welded to side plate. Bottom of sidewall and bottom of formed tubes are fully welded to floor and bottom rail on outside and inside. Top horizontal structural welded tubing shall be 8" by 4" by 1/4" minimum. Side sheet shall be fully welded to top tube on outside and stitch welded on the inside. Sidewall shall be designed to withstand the stresses developed during the loading and discharge of the container.

4. Shall be void of all sharp edges.

5. Fireport shall be installed in such manner to prevent damage during the loading and unloading process.

6. The eight (8) corners shall have vertical structural welded tubing, between and supporting, the top and bottom corner castings. These tubes shall be designed structurally to meet the AAR M930-98 / ABS Rules / CSC requirements for stacking loaded containers with a gross weight of 70,000 pounds, during transportation.



#### E. Bulkhead

1. Bulkhead shall be 11 Ga. sheet steel and shall have two (2) vertical members, full welded to bulkhead sheet. Top horizontal tube shall be 6" x 4" x 3/16" structural tube. Containers shall have the same welding pattern as side top tube.

2. Material: Corrosion resistant high tensile steel meeting the requirements of ASTM A588

#### F. Door

1. Type: Single top-swing fully opening.

2. Door shall have two (2) horizontal and two (2) vertical ¼" steel plate formed channel frames, plus two (2) 7 Ga. steel vertical members. Door shall be 11 Ga. steel.

3. Four (4) hinges shall be installed on top of door so door opens at bottom. Hinge pins shall be stainless steel.

4. Material: Corrosion resistant high tensile steel meeting the requirements of ASTM A588

5. Must form a watertight and weatherproof seal.

6. Neoprene gasket shall be provided on the door jamb mating face to guarantee a watertight seal. Gasket shall be 1" by 1 ½" and shall be made of 30 to 45 durometer solid neoprene and shall be easily replaceable

7. Door shall be locked in place by four ratchet binders for water tight security; one (1) on each side with a "V" chain to the door and one(1) on each side at the floor to operate a bottom flapper system. Ratchet binders shall be 1" by 10". Chain shall be G-70 transport chain. May be replaced by optional Wastequip Accurate Auto-Locking System that compresses the knife edge gasket utilizing an under floor cam lock system with three (3) grab hands guaranteeing a fully watertight seal. Three (3) points of adjustments allow for maintenance of the seal at any point during operation to allow for normal wear and tear. Door is to locked and unlocked via an integrated tipping chassis.

8. Able to be released and locked by single operator standing on the side of the container or released and locked remotely from the operator's cabin.

#### G. Testing and Documentation

1. Containers shall meet AAR tolerances on length, width, and diagonal measurements for a nominal 19'-10.5" long x 12' tall x 8'6" wide AAR container.

2. Container shall be designed to be lifted with 8'-0" on center standard ISO spreader assemblies utilizing twist-lock mechanisms.

3. Containers shall be certified by the American Bureau of Shipping and these certifications shall be provided for the containers.

4. Containers shall be tested by the American Bureau of Shipping based on the design requirements and the ABS Rules and Guides for the certification of cargo containers. Testing based on ABS standards shall include but not be limited to:

- Water tightness
- Weather tightness
- Corner fitting lifting
- Fork-lift pocket lifting
- Roof loading
- Floor strength
- Floor deflection
- Walls, Door, and Bulkhead loading
- Stacking
- Transverse Racking
- Longitudinal Racking
- Dimensions, including diagonals, within design tolerances

5. Vendor shall provide a list of references and ABS container test certification reports for previously manufactured containers conforming to this specification.

6. The container shall be watertight welded and tested in accordance with procedures. Every container must be fully welded on all joints and seams on the inside. A Water Test Certificate shall be provided for each container stating the internal water test procedure and signed by the Quality Control Inspector. The procedure shall be to fill the containers to 24" and let stand for 30 minutes and inspect for no leaks.

H. Loading specifications (container interior must accommodate following):

1. Cargo type: Municipal Solid Waste tamped by a CAT 345 excavator or similar machine.

#### **2.4.2.3 FABRICATION**

A. All exterior and interior surfaces shall be void of sharp edges, ground smooth and shop cleaned.

B. All exterior sides shall be sand blasted to SSPC-SP7.

C. Coating shall be used as follows:

1. Exterior - Polyamidoamine Epoxy Primer with Polyamidoamine Epoxy or Aliphatic Acrylic Polyurethane Enamel Finish Coat(s).

a. Prime coat: 1) 1 coat, 5 mils, Series N69 Epoxoline (Polyamidoamine Epoxy), VOC=2.11

2. Interior – 2 coats - Coal Tar Epoxy

Or,

Approved Optional Coating – Marine System from Hempel, Inc.

1. Exterior – Dry Film Thickness

a. Primer

1ST Coat: HEMPADUR FAST DRY 17410 3-5 mils

2ND Coat: HEMPATHANE HS 5561K 2-3 mils

2. Interior – Dry Film Thickness

a. Liner

Stripe Coat: HEMPADUR FAST DRY 17410 2-3 mils

1st Coat: HEMPADUR FAST DRY 17410 3-5 mils

D. AAR Placard will be furnished and installed by manufacturer. Number sequence to be provided by owner

E. All documentation required by AAR and ABS shall be provided by manufacturer.

**2.4.2.4 LABELING**

A. Numbering system: Letters and numerical decals 6” high to meet AAR Requirement will be furnished and installed by container manufacturer on all four (4) sides. Number sequence to be provided by manufacturer.

B. AAR Plate: will be furnished and installed by the container manufacturer.

C. CSC Plate shall be furnished and installed by the container manufacturer.

D. ABS Decal shall be furnished and installed by the container manufacturer.

E. DSNY Decals shall be provided by the Company and installed by the manufacturer.

F. No placard holders or paperwork holders or other mounting brackets shall be installed.

**2.4.2.5 TRACKING IDENTIFICATION**

The Company will use a uniform single color paint scheme for Containers. Each Container will be assigned a unique 4 digit identity, such as 7000, 7001, etc.

The Company generates a report each day which identifies each Container, by its unique identification number, that departs the New York Container Terminal Intermodal Facility and a Designated Disposal Site, Designated Alternate Disposal Site or Authorized Disposal Site, as applicable, on a Railcar (the “Daily Container Report”). The Daily Container Report identifies each Railcar by its unique identification number and the four (4) corresponding Containers which such Railcar is carrying, allowing the Company to identify which four (4) Containers are on any particular Railcar when the Railcar departs from the New York Container Terminal Intermodal Facility or a Designated Disposal Site, Designated Alternate Disposal Site or Authorized Disposal Site, as applicable,. Using UMLER, the Company can cross-reference the information from the Daily Container Report with the Railcar location to identify and track the location of each Container through the location of its corresponding Railcar.

## 2.5 REACH STACKER SPECIFICATIONS

Reach Stacker specifications are provided in Exhibit A at the end of this Appendix.

## 2.6 YARD JOCKEY SPECIFICATIONS

Capability	Haul Tipper Chassis with 20' length, 8.5' wide, 12' high intermodal container, weighing up to 60,000 LBS, then Tip Container to a minimum 50-degree angle.
Service	Off Road Commercial
Power Take-Off	Hydraulic – live power
Trailer Connection	Air hose Glad hand, electrical Cord, Wet line connection
Fifth Wheel Connection	Tractor standard
Engine	300 or greater HP, Tier Compliant
Fuel	Diesel, CNG will be considered
Transmission	Automatic 1100-1300 RPMs, Low Gear
Rear Axle	Two axles, 44,000 LBS Tandem, air ride
Front Axle	14,000 LBS
Exhaust	Above cab
Electrical	Rear Lights, Brake lights, wrap wire harness, battery box cover, Hook up lights, Lock out Disconnect switch, Back up Alarm.
Cabin	Air Conditioning, internal Hydraulic controls, Joy stick, Adjustable Driver seat.
DOT Requirements	Conspicuity taping, Mud Flaps
Color	White
Tires	Fronts/Rear; 11R24.5 Foam Filled or Equivalent
Brakes	Air Brake, Anti-Lock brakes, emergency Brake, Hand control for trailer brake
Weather	Cold weather protected package, Engine Block Heater, Hydraulic Oil heater

## 2.7 CHASSIS SPECIFICATIONS

### 2.7.1 Tipping Chassis

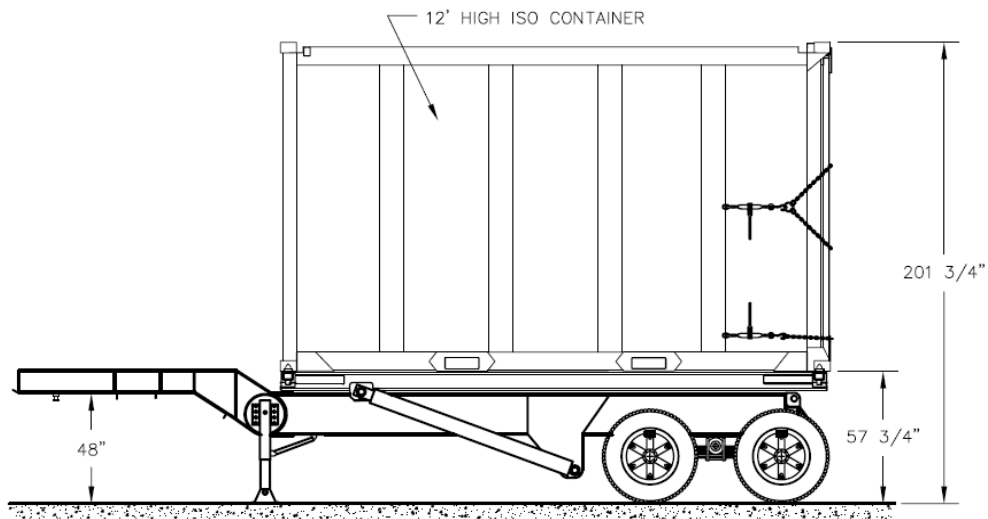
Tipping Chassis will meet the following specifications:

Capability	Handle 20' length, 8.5' wide, 12' high intermodal container, weighing up to 60,000 lbs. (loaded), standard ISO steel corner castings with automatic twist lock pins.
Lift Capacity	80,000 lbs.
Framing	Steel grade, cross members reinforced, container guides and air or hydraulic operated pin type twist-locks at each corner. The front guides to be heavy duty bulkhead type bump guides with 8" high flared extensions.
Hydraulic Controls	Wet line kit; cab controls, container back door lock & unlock. Weather protected and hoses routed through interior of frame to protect from heat.
Hydraulic Lift cylinders	Quantity – two, lower mount, single stage, rated to lift 80,000 lbs.
Maximum Height – Container in Tipping	27' measured from ground to upper front corners of container when lifted to maximum dump angle.

Position	
Rear Axles & Brakes	Two (2) with 30,000 lbs. capacity per axle. 16-1/2" x 7" brakes with quick change type with automatic slack adjusters. Vendor to identify option pricing to provide other.
Axle rating & Suspension	Heavy duty, single point with ten (10) leaf springs; 60,000 lb. capacity.
Dump Angle	60 degrees, state maximum angle unit will be capable of tilting and provide horizontal tolerances and load restriction to prevent overturning.
Attachments (Container Lock)	Four (4) air or hydraulic operated pin type, side plunge, spring biased to locked position; driver operated from cab with manual release.
Electrical	Rear Lights, Brake lights, Back Alarm
Color	Black
Tires	Eight - Foam Filled, 225/70R 22.5 or Equivalent

A Tipping Chassis design drawing is set forth on the following page of this Appendix.

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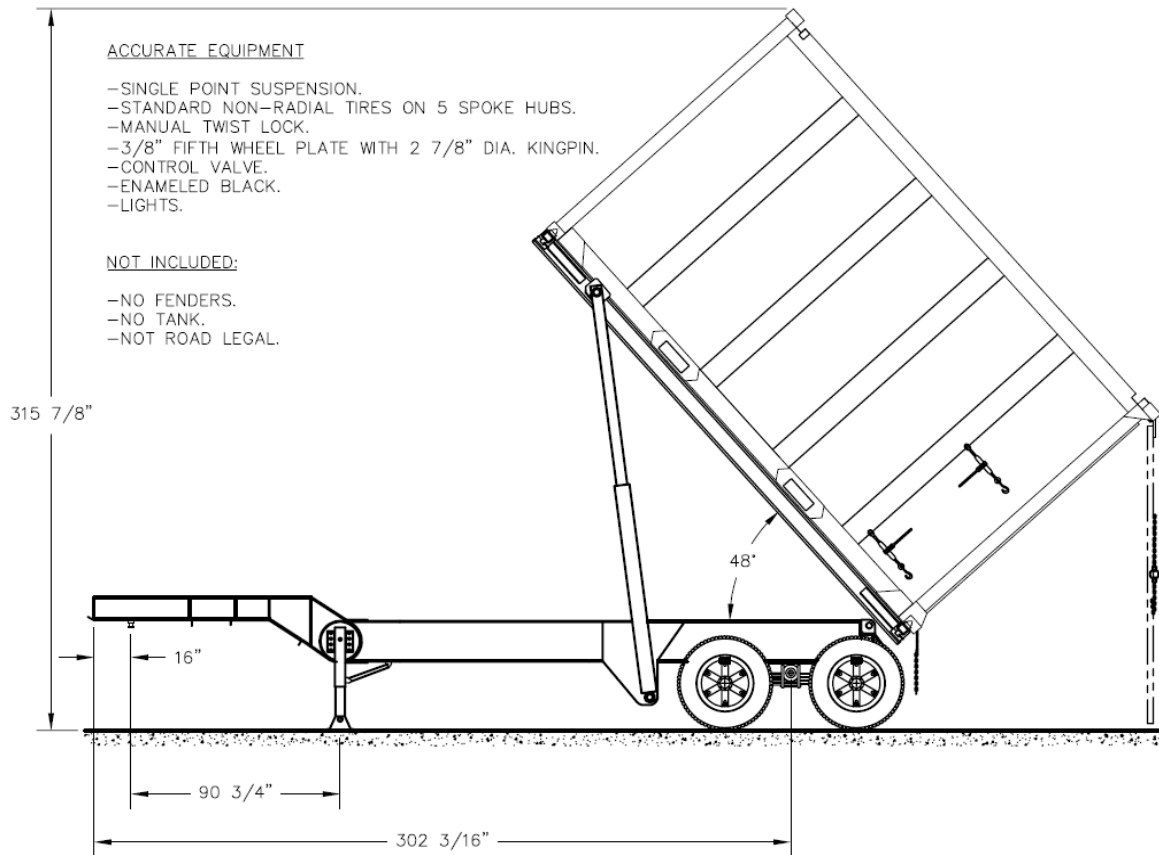


ACCURATE EQUIPMENT

- SINGLE POINT SUSPENSION.
- STANDARD NON-RADIAL TIRES ON 5 SPOKE HUBS.
- MANUAL TWIST LOCK.
- 3/8" FIFTH WHEEL PLATE WITH 2 7/8" DIA. KINGPIN.
- CONTROL VALVE.
- ENAMELED BLACK.
- LIGHTS.

NOT INCLUDED:

- NO FENDERS.
- NO TANK.
- NOT ROAD LEGAL.



REV	ECN #	DATE	DESCRIPTION	INT.



**WASTEQUIP**  
**ACCURATE**

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ACCURATE OFF-ROAD TIPPING CHASSIS			
DRAWN	LAD	SCALE	N.T.S.
DATE	06/22/00	JOB/ORDER #	1SA0110
APP'D		FILE#	1SA0110
		SHEET#	0110
		DWG. FMT.	R2000

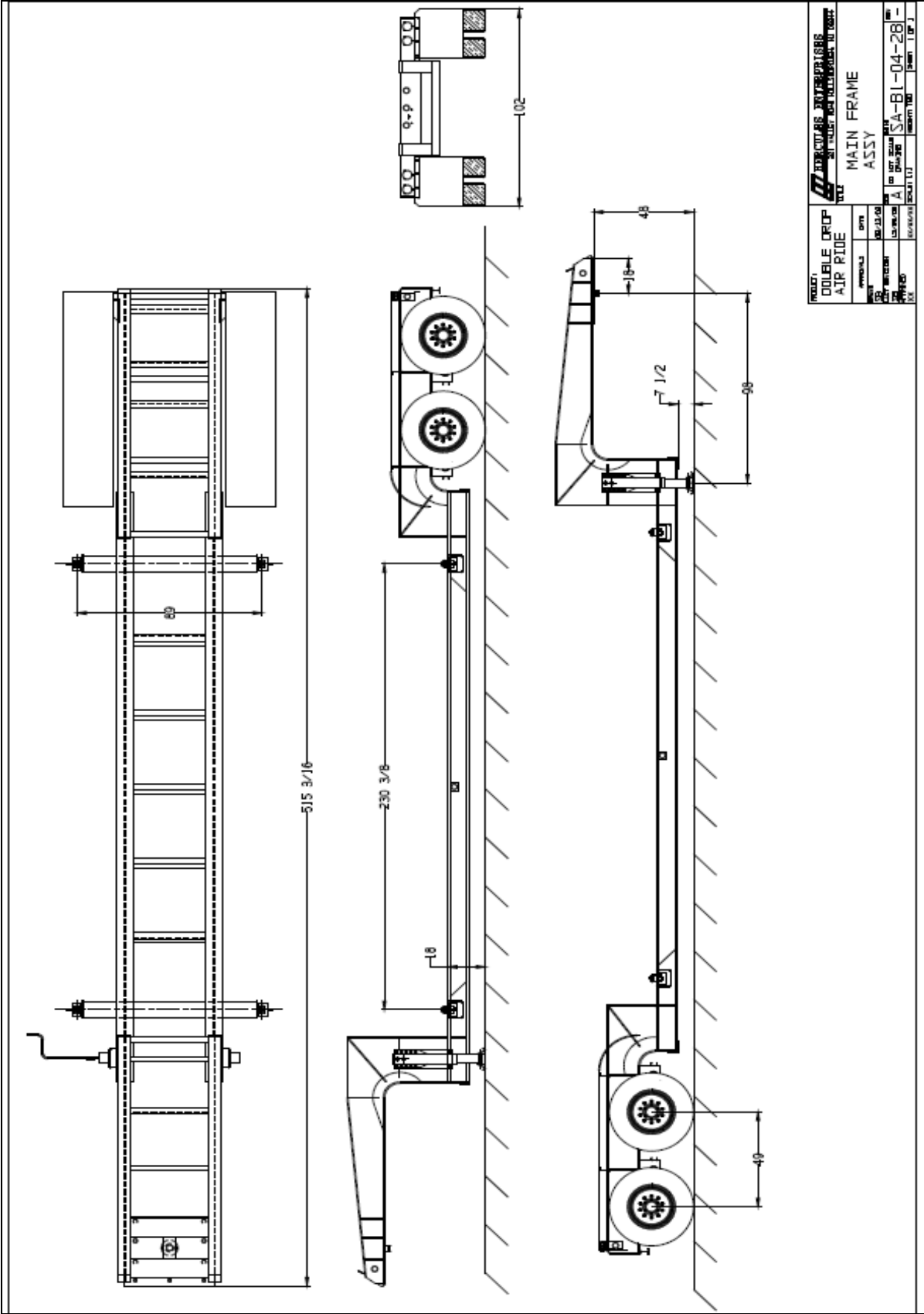
### 2.7.2 Double Drop-Deck Chassis

Double Drop-Deck Chassis will meet the following specifications:

Capability	Transport 20' length, 8' wide, 12' height intermodal container, weighing up to 70,000 LBS,
Load Capacity	70,000 LBS
Framing	70,000 LBS Steel Grade, cross member reinforced. Continuous I-Beam
Deck	20" loading deck height, Ground Clearance – 6", four twist lock pins, middle deck
Design	10' Gooseneck with mechanical fifth wheel, height 48"
Landing Gear	2 speed gear, cushion footing
Axles – Rear	2 axles, 48,000 LBS Tandem, air ride
Electrical	Rear Lights, Brake lights, wrap wire harness.
DOT Requirements	Conspicuity taping, Mud Flaps
Color	Black
Tires	225/70R 22.5 or Equivalent
Brakes	Disk, with ABS system, emergency Brakes

A Double Drop-Deck Chassis design drawing is set forth on the following page of this Appendix.

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**2.8 RAILCAR MOVER SPECIFICATIONS**

Capability	Ability to move 15 fully loaded railcars (286,000 lbs each).	0% grade at rail-to-truck terminal where the unit will be used.
Minimum tractive effort	28,000 lbs. with one coupler	
Fuel	Diesel	Compressed Natural Gas (CNG) powered unit will be considered.
Cabin	Air Conditioning, heater, defrost, wipers.	Remote operation. Lights and mirrors as standard equipment.
Weather	Cold weather protected package, Engine Block Heater, Hydraulic tank heater, sanders.	Options to be considered depending on make and model. Attachments for clearing snow, ice and debris from the track.

A Mobile Railcar Mover specification is set forth on the following pages of this Appendix.

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# HERCULES

Digital Instrumentation Display



Command Post Joystick



- Tier III Electronic Engine
- CAN-Bus Control System
- Larger Cab with controls integrated into seat
- Air Ride, High Back Swivel Seat with Joystick controls
- Automatic/Manual Power-Shift Transmission
- Digital Gauge Display
- On Board Diagnostics
- Neutral Braking
- Programmed Throttle Control
- 100 CFM Rotary Compressor

## HERCULES



**TRACKMOBILE**<sup>®</sup>  
MOBILE RAILCAR MOVERS

1602 Executive Drive  
LaGrange, Georgia 30240 USA  
(706) 884-6651 Fax: (706) 884-0390  
[www.trackmobile.com](http://www.trackmobile.com)

# TRACKMOBILE®

## HERCULES SPECIFICATIONS

**MAXIMUM TRACTIVE EFFORT:**

- 44,458 lbs to 45,870 lbs [20,166 kg to 20,806 kg] double coupled
- 28,123 lbs to 29,535 lbs [12,756 kg to 13,397 kg] single coupled

**DRIVE TRAIN CONFIGURATION:**

- Power transmitted through torque converter, transmission, and transfer case to a No-Spin differential and planetary axle assemblies.
- **Engine:** Cummins QSB6.7 turbocharged diesel engine, 6 cylinder, 4 cycle, 160 HP [119 kW] Tier III. Max. torque 539 ft. lbf. [731 Nm].
- **Transmission and Torque Converter:** Funk DF Series, four speed forward and reverse.
- **Transfer Case:** Heavy duty hardened alloy steel spur gears. Oil bath lubrication.
- **Rail Drive Axles:** Two Axletech Model PRLC, planetary type.
- **Roadwheel Drive:** Interlocking lug drive.

**FRAME:**

Heavy-duty, 2" [51 mm] thick welded frame.

**BRAKES:**

- **Rail & Road:** Hydraulic actuated disc brakes.
- **Train Brakes:** 100 CFM
- **Parking:** Spring applied, air released, disc/caliper arrangement.
- **Neutral Braking:** Automatically applies brakes in neutral.

**RAILWHEELS:**

27" [686 mm] heat treated cast steel. (AAR) specification.

**ROADWHEELS:**

16 ply 9.00x20 heavy duty mine service, rubber tires.

**RAIL GAUGE:**

Standard gauge: 56 1/2" [1435 mm]

**ELECTRICAL SYSTEM:**

12 Volt DC, 160 Amp Alternator, 925 CCA Dual Batteries.

**AIR INTAKE SYSTEM:**

2 Stage Filtration, primary + safety element.

**POWER STEERING:**

Hydraulic steering system, pivoting steering wheel.

**HYDRAULIC SYSTEM:**

Constant pressure hydraulic system, with piston pump.

**COUPLERS:**

Two heavy-duty cast steel, AAR style. Air operated, electrically controlled knuckle release.

**SANDERS:**

Air operated, electrically controlled eight sanders.

**LIGHTS:**

Operator's cab, interior dome, one clear, one red.  
 Rail Mode & Road Mode - 6 halogen lights, 3 each front & rear.  
 2 tail & stop combination, rear mounted.  
 2 Lateral work lights to illuminate roadbed.  
 Step lights.

**OPERATOR CAB:**

Totally enclosed 360 degree visibility. Sound level under 85 dBA. Two doors, front & rear. Isolation mounts for body frame and cab. Air suspension seat with 180° swivel. Full instrumentation with digital video display. Cup holders. Rear coupler alignment camera. Arm rest controls. Rearview mirror. Cab heater. Defroster fans. Sun visor. Windshield wipers and washers. Strobe light. Fold down jump seat.

**WARNING SIGNAL:**

Blast type air horn, automatic backup alarm for road operation. Electric alarm.

**OPTIONS:**

5 & 10# fire extinguishers, air conditioning, auxiliary transmission oil cooler, performance package (additional 3,900 LBS and 185 HP), battery wrap heater, cab window extension, camera location options, cold weather fluids, cylinder rod protectors, engine block heater, engine oil pan heater, foam filled tires, (GCS) Ground Control System, hydraulic tank heater, MAX-TRAC wheel slip control, MAX-TRAN® automatic weight transfer system, radio control, switch control spot light, train air charge indicator, transmission oil heater, track mirrors/ cab side, track mirrors/off side, turn signals, V shaped snow plow, wide traverse couplers for sharp curves/long cars.

HERCULES DIMENSIONS			
	On Rail AAR Clearance Pattern Maintained		On Road
Wheel Base	127.0"	3226 mm	85.4" 1661 mm
Length	170.0"	4318 mm	170.0" 4318 mm
Width	122.6"	3114 mm	122.6" 3114 mm
Height	**145.3"	3691 mm	153.0" 3886 mm
Weight	35,720 lbs. [16,202 kg]		

TABLE OF PERFORMANCE			
Maximum Speed* (Both Directions)	On Rail		On Road
Low	2.4 MPH	[3.9 km/h]	1.5 MPH [2.4 km/h]
2nd gear	4.0 MPH	[6.4 km/h]	2.5 MPH [4.0 km/h]
3rd gear	8.0 MPH	[12.9 km/h]	5.1 MPH [8.2 km/h]
4th gear	13.6 MPH	[21.9 km/h]	8.7 MPH [14.0 km/h]


\*Actual speeds obtained will depend on grade, load, track conditions and other factors.

\*\*Shipping height will increase by 1 1/2" due to rail flange plus any necessary truck blocking required.

Trackmobile® LLC reserves the right to change specifications at any time without prior notice.

**TRACKMOBILE® LLC**  
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 A Marmon Group/Berkshire Hathaway Company  
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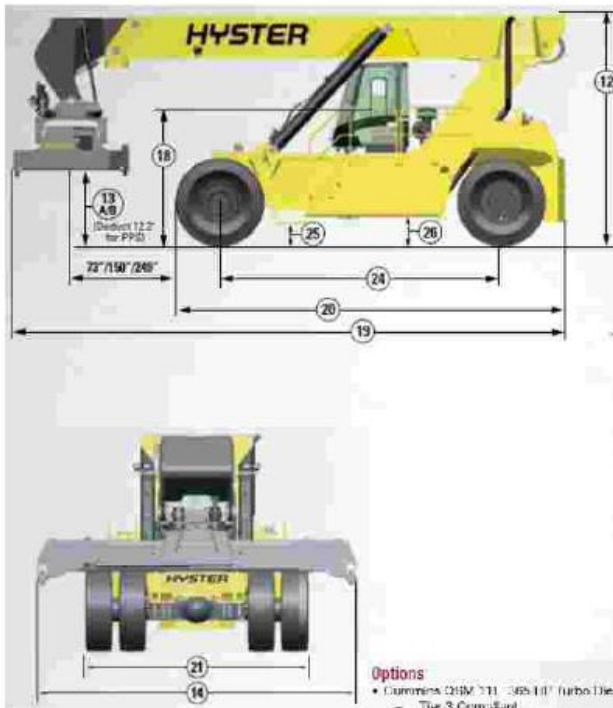
**Exhibit A**

**Reach Stacker Specifications**

Capability	Lift and stack up to four high loaded 20' length, 8.5' wide, 12' high intermodal container weighing up to 60,000 lbs.	Spare parts, service warranty
Capacity 12' Container	1 <sup>st</sup> Row 3-High: 88,000 lbs. Ability to reach 2 <sup>nd</sup> rail based on 20' load center.	2 <sup>nd</sup> Row 3-High: 72,000 lbs. 3 <sup>rd</sup> Row 3-High: TBD
Stacking capability	Four high empty - 12' high intermodal container, gross weight app. 10,500 lbs. each (empty)	Three High Loaded - 12' height intermodal container, gross weight app. 60,000 lbs. each (loaded)
Engine	Minimum 330 HP, Tier 4i compliant, low emission.	Option for Compressed Natural Gas (CNG) to be considered if available.
Drive Axle	Heavy Duty	Wide stance with planetary drive axle housing bolted to the frame.
Brakes	Disc Brakes, Parking & Emergency Brake. Hydraulic over spring applied.	Drive axle mounted disc brake to be spring applied for parking and air actuated for parking brake off.
Transmission	Fully Automatic	Four--speed, electronic, fully reversing, modulated, with power shift transmission that has declutch with brakes behind the declutch feature and electric shift control. Integrally built torque convertor with constant mesh gear sets actuated by hydraulic clutch packs.
Operator Cabin	Enclosed with air conditioning, front, rear and top windshield wipers, side mirrors, adjustable air-cushioned driver seat with 3-point seat belt.	Key-type ignition system, main battery disconnect switch, indicator lights, thermal reset circuit breakers and backlit instrumentation.
Fuel Tank	200 - 250 gallon tank	As needed for CNG option.
Steering	Power Steering	Hydrostatic steering system with priority valve to provide constant response at all engine speeds.
Operator Controls	Joy stick, Hydraulic	Multi-functional arm rest mounted controls.
Lights & Alarms	Full cabin lighting, exterior radius lighting, rear lights, brake lights, side lights, engine compartment, twist-lock lights, back up strobe.	Work lights on outer boom, each side of chassis; each side of counterweight; front of chassis, each side at front fenders; on attachment each

	Amber rotating lights, forward-actuated warning alarm, reverse-actuated warning alarm.	end to illuminate rear twist-lock housing and container casting approach.
Mast	Hydraulic with maximum lifting capacity minimum up to 70,000 lbs.	
Attachment (Container Lock)	ISO spreader assembly utilizing twist-lock mechanisms, spreader capacity over 20', 8'-0" on center standard, hydraulic adjusted with side shift and tilt. 70,000 lbs. minimum capacity with automatic twist-lock pins. Two (2) twist-lock work lights.	Attachment has standard ISO twist-locks for 20' container with hydraulic motor and gear reduction system to permit 95 degree CCW and 185 degree CW attachment rotation. The attachment has +/- 31.5" side-shift. Electrical safety sensors prevent twist-locks from being locked or unlocked if not seated and prevent extension or retraction when twist-locks are seated.
Tires	2 steer, 4 drive, 18.00 x 33", steel belted radial preferred.	Will consider 18.00 x 25" if only option available.
Weather	Cold weather protected package, engine block heater, transmission heater, hydraulic oil heater.	Heater/defroster with front and side window defrosting and heated side mirrors.
Auxiliary	Automatic fire extinguisher, power lock-out disconnect, reverse alarm, back-up camera, operator log (telemetry).	Spare tire/wheel, workshop manual, tool kit, centralized greasing point.

# Hyster Reachstacker Model RS46-36



## Options

- Cummins QSM 111 369 (111) Turbo Diesel Engine
  - Tier 3 Compliant
- Elme Model R17 Spreader Options
  - Powered Pile Slope
  - Powered Dumping
  - WTP (Wide Twistlock Position)
  - 4 Lifting Eyes Located Under Center Beam of Spreader
- Tire Options - Drive and Steer
  - 16.00 x 25 - 40 Blue Ply Slick (STM/S L55)
  - 16.00 x 25 - 40 Blue Ply Treaded
  - 16.00 x 33 - 33 Ply
- Seat Options
  - Air Ride Full Suspension Cloth Seat with High Back Rest
  - Deluxe Air Ride Full Suspension Cloth Seat
  - Deluxe Air Ride Full Suspension Cloth Seat with Heated Seat Cushion
- 306 Load Moment Indicator with Color Display
- Adjustable Traction Speed Limiter - Factory preset to 8mph
- Adjustable Automatic Engine Shutdown
- Air Conditioning (37500 Btu)
- Right Hand Side Stairway and Handrails
- Engine Block Heater
- Auto Greasing System
  - Basic Truck / Cutter Boom
  - Spreader / Inner Boom
- Hydraulic Sliding Cab
- LED Lights

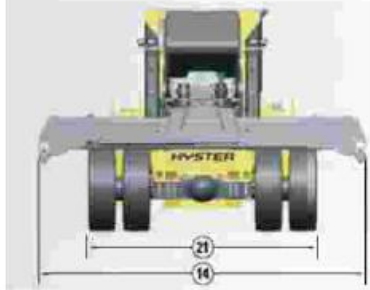
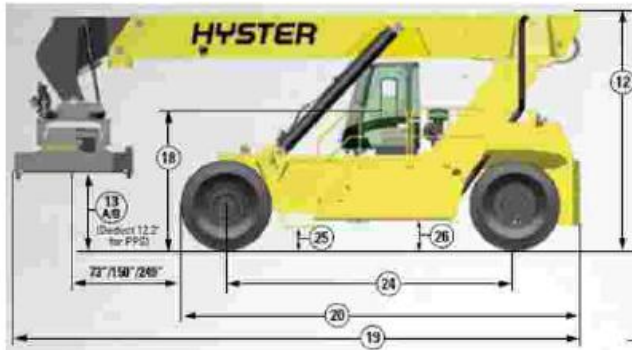
- Cummins QSL 9L 370 HP Turbo Diesel Engine
  - Tier 4i Compliant
  - ECO / eLo / HiP
  - Hibernate Idle
  - Hydraulically driven cooling fan
- Spicer Off-Highway TE-32 4 Speed Auto-shifting Transmission
- Automatic 'rev-up' function when lifting:
  - If not in gear or when the inching pedal is depressed, the engine automatically revs up, (up to 1800 rpm) when lifting
  - When in gear, the 'auto-rev-up' function is disengaged
- 2 Stage Boom
- Integrated Spreader Attachment, Elme Model 817 with Mechanical Pile Slope
- Wet Disc Brakes
- Planetary Drive Axle
- Power-on-Demand Load Sensing Hydraulic System Featuring Variable Displacement Pump Technology
- Directional Control Lever
- Steer Wheel Nut Protection
- Enclosed Operator Compartment Featuring:
  - Seat-Side, Joystick Hydraulic Control
  - Multifunctional Display Panel
  - Telescoping & Tilting Steering Column
  - Floor Mat
  - 24-12V DC Converter
  - Isolated Mounting for Low Noise and Vibration
  - Handrails for Operator Entry and Exit (Left Side)
  - Steering Wheel Spinner Knob
  - Electronic Horn (105 dBA)
  - Heater with 3 Speed Fan
  - Front and Rear Window Defrosters
  - Overhead and Rear Sunshades
  - Intermittent Single Front Wiper
  - Top and Rear Wipers
  - Recirculation Fan
  - 306 Load Moment Indicator with Monochrome Display
  - Mechanical, Full Suspension Cloth Seat with integrated adjustable armrest and seat belt
  - Electronic Twist Lock Position Indicator with L.E.D. Signals and Audible Tone (TWIST Module)
  - Interior Wide Angle Mirrors
  - External Wide Angle Mirrors - Mounted on Front Fenders
  - Operator Restraint System
  - Operator Presence System
- Lockable Battery Disconnect Switch
- Sy-Klone Spinner Type Heavy Duty Air Intake Pre-Cleaner
- 24 V Electrical System
- 70 amp Alternator
- Lifting Eyes to Hoist Complete Truck Less Spreader
- Light Kit 3, consisting of:
  - Front: 4 Halogen Work Lights Fender Mounted  
2 Marker Lights  
4 Halogen Lights Boom Mounted
  - Rear: 2 Rear Mounted Halogen Lights  
2 Stop/Tail/Backup Lights  
Turn Signal & Hazard Lights
  - Spreader: 2 Halogen Work Lights on Spreader
- Visible Alarm - Amber Strobe Light - Key switch Activated
- Audible Alarm - Reverse Direction Activated 82-102 dB(A) - Self adjusting

PERFORMANCE					
Tier 4i — Cummins QSL 9L 370HP					
Models	Travel speed RL/NL (mph)	Lift speed RL/NL (ft/min)	Lowering speed RL/NL (ft/min)	Drawbar pull at 1mph (1.6km/h) with load lbs. (kN)	Gradeability at 1mph (1.6km/h) with load
RS46-27	12/14	55/68	91/80	97114 (432)	26%
RS46-31	12/14	55/68	91/80	92889 (411)	25%
RS46-35	13/14	55/68	91/80	85874 (382)	23%
RS46-41L	13/14	55/68	91/80	85424 (380)	21%
RS46-47S	13/14	55/68	91/80	85424 (380)	21%
RS46-41LS	13/14	55/68	91/80	85424 (380)	21%

Engine Model	Engine output in accordance with ISO 1395 hp (kw)	Torque ft/lb (N.m)	Number of cylinders/ displacement NO./cc (ci)
QSL 9L 370 HP	370 (272)	1100 (1491)	6/8000 (543)

<b>GENERAL</b>	1	Manufacturer		Hyster Company
	2	Model designation		RS46-36
	3	Power train – engine / transmission		See Chart
	4	Transmission type		Auto - Powershift
	5	Load center 1st / 2nd / 3rd row (C1, C2, C3)	in. (mm)	73 (1,865) / 150 (3,815) / 249 (6,315)
	6	Load capacity		without stabilizer
	7	First row	lbs (kg)	101,000 (46,000)
	8	Second row	lbs (kg)	79,000 (36,000)
	9	Third row	lbs (kg)	42,000 (16,000)
	10	Drive power type: Gas, Diesel, LPG		Diesel
<b>DIMENSIONS</b>	11	Boom angle minimum / maximum	degrees°	0 / 59
	12	Boom height minimum / maximum	in. (mm)	187 (4,760) / 716.5 (18,200)
	13A	Spreader to ground 1st Row minimum / maximum *	in. (mm)	57 (1,440) / 605 (15,370)
	13B	Spreader to ground 2nd Row minimum / maximum *	in. (mm)	57 (1,440) / 550 (13,960)
	14	Spreader Width, 20 foot / 40 foot	in. (mm)	238 (6,042) / 479 (12,175)
	15	Spreader pile slope, mechanical	degrees°	3
	16	Spreader rotation, hydraulic	degrees°	+185 / -95
	17	Spreader sideshift each direction	in. (mm)	31.5 (800)
	18	Seat height	in. (mm)	104 (2,645)
	19	Overall length (cwt to spreader front)	in. (mm)	475 (12,073)
	20	Overall length (cwt to front drive tire or stabilizer)	in. (mm)	341 (8,650)
	21	Overall width (drive tires)	in. (mm)	166 (4,216)
	22	Outer turning radius	in. (mm)	357 (9,062)
	23	Right angle stacking, 20 foot / 40 foot (include 10% clearance)	in. (mm)	539 (13,699) / 610 (15,506)
	24	Wheelbase	in. (mm)	244 (6,200)
	25	Ground clearance lowest point no load	in. (mm)	16 (406)
	26	Ground clearance (center wheelbase) no load	in. (mm)	23 (584)
	<b>PERFORMANCE</b>	27	Travel speed RL/NL	mph (km/h)
28		Lifting speed RL/NL	ft/min (m/s)	See Chart
29		Lowering speed RL/NL	ft/min (m/s)	See Chart
30		Drawbar pull @ 1mph (1.6km/h) with load	lbs (kg)	See Chart
31		Gradeability @ 1mph (1.6km/h) with load	%	See Chart
32		Unladen weight (with std equipment)	lbs (kg)	174,825 (79,321)
<b>WT.</b>	33	Axle loading laden (with std equipment) Front / Rear	lbs (kg)	227,515 (103,228) / 48,722 (22,106)
	34	Axle loading unladen (with std equipment) Front / Rear	lbs (kg)	80,468 (36,510) / 94,357 (42,812)
<b>WHEELS</b>	35	Tire size – front		18.00 x 33 – 36PR
	36	Tire size – rear		18.00 x 33 – 36PR
	37	Tire Inflation	psi (bar)	145 (10)
	38	Service Brakes – Method of Control / Operation		Hydraulic / Foot
	39	Parking Brake – Method of Control / Operation		Mechanical / Hand
<b>POWER TRAIN</b>	40	Battery volts/ capacity		2 x 12V / 215Ah
	41	Engine manufacture		Cummins
	42	Engine output, in accordance with ISO 1585	hp (kw)	See Chart
	43	Torque	ft/lbs (N-m)	See Chart
	44	Number of cylinders / displacement	No./cc (ci)	See Chart
	45	Gear change type		Electric Controlled Powershift
	46	Transmission: number of speeds forward / reverse		4 / 4
	47	Fuel tank – capacity	gal. (liters)	219 (830)
	48	Alternator – voltage / amps	V / Amp	24 / 70

# Hyster Reachstacker Model RS46-41LS



### Options

- Cummins QSM 111 365 HP Turbo Diesel Engine
  - Tier 3 Compliant
- Elme Model 817 Spreader Options
  - Powered Pile Slope
  - Powered Unlatching
  - WTP (Wide Tailstock Position)
  - 4 Lifting Eyes Located Under Center Beam of Spreader
- Tire Options - Drive and Steer
  - 16.00 x 25 - 40 Blue Ply Slick (S71/S LS5)
  - 16.00 x 25 - 40 Blue Ply Treaded
  - 16.00 x 25 - 35 Ply
- Seat Options
  - Air Ride Full Suspension Cloth Seat with High Back Rest
  - Deluxe Air Ride Full Suspension Cloth Seat
  - Deluxe Air Ride Full Suspension Cloth Seat with Heated Seat Cushion
- 3B6 Load Moment Indicator with Color Display
- Adjustable Traction Speed Limiter - Factory preset to 8mph
- Adjustable Automatic Engine Shutdown
- Air Conditioning (37500 Btu)
- Right Hand Side Stairway and Handrails
- Engine Block Heater
- Auto Greasing System
  - Basic Truck / Cutor Boom
  - Spreader / Inner Boom
- Hydraulic Sliding Cab
- LED Lights

- Cummins QSL 9L 370 HP Turbo Diesel Engine
  - Tier 4i Compliant
  - ECO / eLo / HiP
  - Hibernate Idle
  - Hydraulically driven cooling fan
- Spicer Off-Highway TE-32 4-Speed Auto-shifting Transmission
- Automatic 'rev-up' function when lifting:
  - If not in gear or when the inching pedal is depressed, the engine automatically revs up, (up to 1800 rpm) when lifting
  - When in gear, the 'auto-rev-up' function is disengaged
- 2 Stage Boom
- Integrated Spreader Attachment, Elme Model 817 with Mechanical Pile Slope
- Wet Disc Brakes
- Planetary Drive Axle
- Power-on-Demand Load Sensing Hydraulic System Featuring Variable Displacement Pump Technology
- Directional Control Lever
- Steer Wheel Nut Protection
- Enclosed Operator Compartment Featuring:
  - Seat-Side, Joystick Hydraulic Control
  - Multifunctional Display Panel
  - Telescoping & Tilting Steering Column
  - Floor Mat
  - 24-12V DC Converter
  - Isolated Mounting for Low Noise and Vibration
  - Handrails for Operator Entry and Exit (Left Side)
  - Steering Wheel Spinner Knob
  - Electronic Horn (105 dBA)
  - Heater with 3 Speed Fan
  - Front and Rear Window Defrosters
  - Overhead and Rear Sunshades
  - Intermittent Single Front Wiper
  - Top and Rear Wipers
  - Recirculation Fan
  - 3B6 Load Moment Indicator with Monochrome Display
  - Mechanical, Full Suspension Cloth Seat with integrated adjustable armrest and seat belt
  - Electronic Twist Lock Position Indicator with L.E.D. Signals and Audible Tone (TWIST Module)
  - Interior Wide Angle Mirrors
  - External Wide Angle Mirrors - Mounted on Front Fenders
  - Operator Restraint System
  - Operator Presence System
- Lockable Battery Disconnect Switch
- Sy-Klone Spinner Type Heavy Duty Air Intake Pre-Cleaner
- 24-V Electrical System
- 70 amp Alternator
- Lifting Eyes to Hoist Complete Truck Less Spreader
- Light Kit 3, consisting of:
  - Front: 4 Halogen Work Lights Fender Mounted
  - 2 Marker Lights
  - 4 Halogen Lights Boom Mounted
  - Rear: 2 Rear Mounted Halogen Lights
  - 2 Stop/Tail/Backup Lights
  - Turn Signal & Hazard Lights
  - Spreader: 2 Halogen Work Lights on Spreader
- Visible Alarm - Amber Strobe Light - Key switch Activated
- Audible Alarm - Reverse Direction Activated 82-102 dB(A) - Self adjusting

PERFORMANCE					
Tier 4i — Cummins QSL 9L 370HP					
Models	Travel speed RL/NL (mph)	Lift speed RL/NL (ft/min)	Lowering speed RL/NL (ft/min)	Drawbar pull at 1mph (1.6km/h) with load lbs. (kN)	Gradeability at 1mph (1.6km/h) with load
RS46-27	12/14	55/68	91/80	97114 (432)	26%
RS46-31	12/14	55/68	91/80	96989 (431)	25%
RS46-35	13/14	55/68	91/80	85874 (382)	23%
RS46-41L	13/14	55/68	91/80	85424 (380)	21%
RS46-41S	13/14	55/68	91/80	85424 (380)	21%
RS46-41LS	13/14	55/68	91/80	85424 (380)	21%

Engine Model	Engine output in accordance with ISO 1585 hp (kw)	Torque ft/lb (N.m)	Number of cylinders/ displacement NO./cc (ci)
QSL 9L 370 HP	370 (272)	1100 (1491)	6/9000 (543)



<b>GENERAL</b>	1	Manufacturer		Hyster Company	
	2	Model designation		RS46-41LS	
	3	Power train – engine / transmission		See Chart	
	4	Transmission type		Auto - Powershift	
	5	Load center 1st / 2nd / 3rd row (C1, C2, C3)	in. (mm)	73 (1,865) / 150 (3,815) / 249 (6,315)	
	6	Load capacity		w/o stabilizer   with stabilizer	
	7	First row	lbs (kg)	101,000 (46,000)   101,200 (46,000)	
	8	Second row	lbs (kg)	90,000 (41,000)   90,000 (41,000)	
	9	Third row	lbs (kg)	51,000 (23,000)   66,000 (30,000)	
	10	Drive power type: Gas, Diesel, LPG		Diesel	
<b>DIMENSIONS</b>	11	Boom angle – minimum / maximum	degrees°	0 / 59	
	12	Boom height – minimum / maximum	in. (mm)	187 (4,760) / 716.5 (18,200)	
	13A	Spreader to ground 1st Row – minimum / maximum *	in. (mm)	57 (1,440) / 605 (15,370)	
	13B	Spreader to ground 2nd Row – minimum / maximum *	in. (mm)	57 (1,440) / 550 (13,960)	
	14	Spreader Width, 20 foot / 40 foot	in. (mm)	238 (6,042) / 479 (12,175)	
	15	Spreader pile slope, mechanical	degrees°	3	
	16	Spreader rotation, hydraulic	degrees°	+185 / -95	
	17	Spreader sideshift each direction	in. (mm)	31.5 (800)	
	18	Seat height	in. (mm)	104 (2,645)	
	19	Overall length (cwt to spreader front)	in. (mm)	495 (12,573)	
	20	Overall length (cwt to front drive tire or stabilizer)	in. (mm)	364 (9,245)	
	21	Overall width (drive tires)	in. (mm)	166 (4,216)	
	22	Outer turning radius	in. (mm)	337 (8,562)	
	23	Right angle stacking, 20 foot / 40 foot (include 10% clearance)	in. (mm)	560 (14,351) / 620 (15,754)	
	24	Wheelbase	in. (mm)	264 (6,700)	
	25	Ground clearance lowest point no load	in. (mm)	10 (254)	
	26	Ground clearance (center wheelbase) no load	in. (mm)	23 (584)	
	<b>PERFORMANCE</b>	27	Travel speed RL/NL	mph (km/h)	See Chart
		28	Lifting speed RL/NL	ft/min (m/s)	See Chart
		29	Lowering speed RL/NL	ft/min (m/s)	See Chart
30		Drawbar pull @ 1mph (1.6km/h) with load	lbs (kg)	See Chart	
31		Gradeability @ 1mph (1.6km/h) with load	%	See Chart	
32		Unladen weight (with std equipment)	lbs (kg)	181,116 (82,290)	
<b>WT.</b>	33	Axle loading laden (with std equipment) Front / Rear	lbs (kg)	223,006 (105,629) / 55,115 (25,007)	
	34	Axle loading unladen (with std equipment) Front / Rear	lbs (kg)	89,066 (40,411) / 97,443 (44,212)	
<b>WHEELS</b>	35	Tire size – front		18.00 x 33 – 36PR	
	36	Tire size – rear		18.00 x 33 – 36PR	
	37	Tire Inflation	psi (bar)	145 (10)	
	38	Service Brakes – Method of Control / Operation		Hydraulic / Foot	
	39	Parking Brake – Method of Control / Operation		Mechanical / Hand	
<b>POWER TRAIN</b>	40	Battery volts/ capacity		2 x 12V / 215Ah	
	41	Engine manufacture		Cummins	
	42	Engine output, in accordance with ISO 1585	hp (kw)	See Chart	
	43	Torque	ft/lbs (N-m)	See Chart	
	44	Number of cylinders / displacement	No./cc (ci)	See Chart	
	45	Gear change type		Electric Controlled Powershift	
	46	Transmission: number of speeds forward / reverse		4 / 4	
	47	Fuel tank – capacity	gal. (liters)	219 (830)	
	48	Alternator – voltage / amps	V / Amp	24 / 70	

**APPENDIX 3**  
**INTERMODAL FACILITIES AND AUTHORIZED DISPOSAL SITES**

## **APPENDIX 3**

### **INTERMODAL FACILITIES AND AUTHORIZED DISPOSAL SITES**

#### **3.1. GENERAL**

This Appendix provides a list of Authorized Disposal Sites which meet all the requirements of 8.7 of the Service Contract, and a list of Intermodal Facilities. All of the Authorized Disposal Sites and all of the Intermodal Facilities listed in this Appendix have been duly approved for use by the City of New York, Department of Sanitation, Bureau of Waste Disposal, as of the Contract Execution Date. The Company must dispose of all DSNY-managed Waste at any one or more of the Authorized Disposal Sites and Intermodal Facilities listed in this Appendix. This list may be modified in accordance with Section 8.7 of the Service Contract.

#### **3.2. INTERMODAL FACILITIES**

##### **3.2.1 NEW YORK CONTAINER TERMINAL INTERMODAL FACILITY - STATEN ISLAND, NEW YORK**

New York Container Terminal Intermodal Facility is located on 300 Western Avenue, Staten Island, New York and is operated and controlled by New York Container Terminal, Inc.

##### **3.2.2 DELAWARE RAIL RECEIVING SITE - WILMINGTON, DELAWARE**

Delaware Rail Receiving Site is located at 1205 Centerville Road, Wilmington, Delaware.

##### **3.2.3 NIAGARA RTT INTERMODAL FACILITY - NIAGARA FALLS, NEW YORK**

Niagara Rail-to-Truck Intermodal Facility is owned by Covanta Energy and located at 100 Energy Boulevard at 56<sup>th</sup> Street, Niagara Falls, New York.

#### **3.3. AUTHORIZED DISPOSAL SITES**

##### **3.3.1 NIAGARA RESOURCE RECOVERY FACILITY - NIAGARA FALLS, NEW YORK**

Niagara Resource Recovery Facility is owned by Covanta Energy and located at 100 Energy Boulevard at 56<sup>th</sup> Street, Niagara Falls, New York.

##### **3.3.2 DELAWARE VALLEY RESOURCE RECOVERY FACILITY - CHESTER, PENNSYLVANIA**

Delaware Valley Resource Recovery Facility, operating as Covanta Delaware Valley, L.P., is located at 10 Highlands Avenue, Chester, Pennsylvania.

3.3.3 LEE COUNTY LANDFILL - BISHOPVILLE, SOUTH CAROLINA

Lee County Landfill is owned and operated by Republic Services of South Carolina and located on U.S. Highway 15, near Bishopville, South Carolina.

**3.4 ADDITIONAL AUTHORIZED DISPOSAL SITES**

3.3.1 COVANTA ESSEX RESOURCE RECOVERY FACILITY

The Covanta Essex Resource Recovery Facility, operating as Covanta Essex Company, is located at 183 Raymond Boulevard, Newark, NJ 07105.

3.3.2 COVANTA HEMPSTEAD RESOURCE RECOVERY FACILITY

The Covanta Hempstead Resource Recovery Facility, operating as Covanta Hempstead, is located at 600 Merchants Concourse, Westbury, NY 11590.

3.3.3 COVANTA UNION RESOURCE RECOVERY FACILITY

The Covanta Union Resource Recovery Facility, operating as Covanta Union, Inc., is located at 1499 Route 1 North, Rahway, NJ 07065.

3.3.4 COVANTA WARREN RESOURCE RECOVERY FACILITY

The Covanta Warren Resource Recovery Facility, operating as Covanta Warren Energy Resource Company, L.P., is located at 218 Mt. Pisgah Avenue, Oxford, NJ 07863.

**3.5 PRICING AT ADDITIONAL AUTHORIZED DISPOSAL SITES FOR DSNY-MANAGED WASTE DELIVERIES IF MADE DUE TO UNCONTROLLABLE CIRCUMSTANCES**

<b>FACILITY</b>	<b>BASE PER TON PRICE</b>
Covanta Essex	\$65.00
Covanta Hempstead	\$70.00
Covanta Union	\$65.00
Covanta Warren	\$50.00

To the extent provided for therein, the provisions of Sections 13.2 and 13.3 of the Service Contract shall apply to the base per Ton prices set forth in the table above.

The Base Per Ton Prices set forth above shall escalate on each July 1, and shall be the product of: (i) the Base Per Ton Price set forth above and (ii) the CPINY Disposal Adjustment Factor.

The CPINY Alternate Disposal Adjustment Factor for any Contract Year shall be determined as follows:

$$\text{CPINY Alternate Disposal AF}_n = \text{CPINY}_{n-1} \div \text{CPINY}_b$$

Where,

$\text{CPINY}_{n-1}$  = The annual average of the 12-monthly CPINY values occurring in the Calendar Year preceding the Contract Year with respect to which a calculation is to be made thereunder. For example, for the Contract Year beginning July 1, 2014,  $\text{CPINY}_{n-1}$  is the annual average CPINY for Calendar Year 2013.

$\text{CPINY}_b$  = The average of the 12-monthly CPINY values occurring in the Calendar Year ending December 31, 2013.

**APPENDIX 4**  
**WCAL TABLES**

## **APPENDIX 4**

### **WCAL TABLES**

Table 1 in this Appendix is used to determine the values of the monthly Base Fixed Operating Cost Component for various combinations of WCAL Levels for MTS-1 and MTS-2. The Base Fixed Operating Cost Component is an aggregate of various subcomponents that were set forth in the Company's price submittals to the City, which are each set forth in Tables 1A through 1H.

Table 2 in this Appendix is used to determine the Base NYCT Variable Rate, which is determined weekly depending on the aggregate number of Containers delivered to the Company during the week. The applicable cost per Container applies to all the Containers delivered during the week

Tables 3 through Table 7 are used to determine the values of the total number of Designated Barges, Designated Containers, Designated Railcars, Designated Yard Jockeys and Designated Chassis for various combinations of WCAL Levels for MTS-1 and MTS-2. Other base Service Fee components and numbers of Designated Transportation Equipment do not change with the Reset Levels established for MTS-1 and MTS-2.

**Table 1: Monthly Base Consolidated Fixed Operating Cost Component**

		WCAL	MTS-1 WCAL Level				
			1	2	3	4	5
			740	859	977	1,096	1,214
MTS-2 WCAL Level	0	No MTS-2	\$2,262,026.16	\$2,514,402.47	\$2,768,778.78	\$3,023,155.06	\$3,278,318.13
	1	288	\$3,127,508.43	\$3,379,884.74	\$3,634,261.05	\$3,888,637.33	\$4,143,800.40
	2	353	\$3,412,346.29	\$3,571,050.12	\$3,825,426.43	\$4,079,802.71	\$4,334,965.78
	3	418	\$3,615,029.67	\$3,680,061.02	\$3,934,437.33	\$4,188,813.61	\$4,443,976.68
	4	483	\$3,786,954.05	\$3,789,537.40	\$4,043,913.71	\$4,298,289.99	\$4,553,453.06
	5	548	\$3,927,654.42	\$3,899,013.77	\$4,153,390.08	\$4,407,766.36	\$4,662,929.43

**Table 1A: Monthly Base Harbor Barge Loading Operating Charge**

		WCAL	MTS-1 WCAL Level				
			1	2	3	4	5
			740	859	977	1,096	1,214
MTS-2 WCAL Level	0	No MTS-2	\$376,643.59	\$385,895.99	\$395,148.39	\$404,400.78	\$413,653.18
	1	288	\$621,087.66	\$630,340.06	\$639,592.46	\$648,844.85	\$658,097.25
	2	353	\$638,754.52	\$648,006.92	\$657,259.32	\$666,511.71	\$675,764.11
	3	418	\$656,421.38	\$665,673.78	\$674,926.18	\$684,178.57	\$693,430.97
	4	483	\$674,088.24	\$683,340.64	\$692,593.04	\$701,845.43	\$711,097.83
	5	548	\$691,755.10	\$701,007.50	\$710,259.90	\$719,512.29	\$728,764.69



**Table 1B: Monthly Base Harbor Barge Towing Operating Charge**

			MTS-1 WCAL Level				
			1	2	3	4	5
		WCAL	740	859	977	1,096	1,214
MTS-2 WCAL Level	0	No MTS-2	\$648,203.32	\$702,089.91	\$755,976.50	\$809,863.08	\$864,536.45
	1	288	\$870,035.25	\$923,921.84	\$977,808.43	\$1,031,695.01	\$1,086,368.38
	2	353	\$894,700.89	\$948,587.48	\$1,002,474.07	\$1,056,360.65	\$1,111,034.02
	3	418	\$919,366.53	\$973,253.12	\$1,027,139.71	\$1,081,026.29	\$1,135,699.66
	4	483	\$944,032.17	\$997,918.76	\$1,051,805.35	\$1,105,691.93	\$1,160,365.30
	5	548	\$968,697.81	\$1,022,584.40	\$1,076,470.99	\$1,130,357.57	\$1,185,030.94

**Table 1C: Monthly Base NYCT Intermodal Facility Operating Charge**

			MTS-1 WCAL Level				
			1	2	3	4	5
		WCAL	740	859	977	1,096	1,214
MTS-2 WCAL Level	0	No MTS-2	\$385,533.37	\$413,298.23	\$443,063.09	\$472,827.94	\$502,592.80
	1	288	\$445,365.00	\$473,129.86	\$502,894.72	\$532,659.57	\$562,424.43
	2	353	\$510,397.86	\$538,162.72	\$567,927.58	\$597,692.43	\$627,457.29
	3	418	\$575,430.73	\$603,195.59	\$632,960.45	\$662,725.30	\$692,490.16
	4	483	\$640,463.59	\$668,228.45	\$697,993.31	\$727,758.16	\$757,523.02
	5	548	\$705,496.45	\$733,261.31	\$763,026.17	\$792,791.02	\$822,555.88

**Table 1D: Monthly Base Delaware Rail Receiving Site Operating Charge**

		MTS-1 WCAL Level					
		1	2	3	4	5	
		WCAL	740	859	977	1,096	1,214
MTS-2 WCAL Level	0	No MTS-2	\$177,170.00	\$214,179.58	\$251,189.17	\$288,198.75	\$325,208.33
	1	288	\$253,100.00	\$290,109.58	\$327,119.17	\$364,128.75	\$401,138.33
	2	353	\$253,100.00	\$290,109.58	\$327,119.17	\$364,128.75	\$401,138.33
	3	418	\$227,635.00	\$264,644.58	\$301,654.17	\$338,663.75	\$375,673.33
	4	483	\$202,402.50	\$239,412.08	\$276,421.67	\$313,431.25	\$350,440.83
	5	548	\$177,170.00	\$214,179.58	\$251,189.17	\$288,198.75	\$325,208.33

**Table 1E: Monthly Base Niagara RTT Intermodal Facility Operating Charge**

		MTS-1 WCAL Level					
		1	2	3	4	5	
		WCAL	740	859	977	1,096	1,214
MTS-2 WCAL Level	0	No MTS-2	\$236,844.33	\$273,853.92	\$310,863.50	\$347,873.09	\$384,882.67
	1	288	\$312,774.33	\$349,783.92	\$386,793.50	\$423,803.09	\$460,812.67
	2	353	\$312,774.33	\$349,783.92	\$386,793.50	\$423,803.09	\$460,812.67
	3	418	\$287,309.33	\$324,318.92	\$361,328.50	\$398,338.09	\$435,347.67
	4	483	\$262,076.83	\$299,086.42	\$336,096.00	\$373,105.59	\$410,115.17
	5	548	\$236,844.33	\$273,853.92	\$310,863.50	\$347,873.09	\$384,882.67

**Table 1F: Monthly Base NYCT to Niagara Transport Fixed Operating Charge**

		MTS-1 WCAL Level					
		1	2	3	4	5	
		WCAL	740	859	977	1,096	1,214
MTS-2 WCAL Level	0	No MTS-2	\$223,443.08	\$267,916.07	\$312,389.05	\$356,862.04	\$401,335.02
	1	288	\$317,285.24	\$361,758.23	\$406,231.21	\$450,704.20	\$495,177.18
	2	353	\$293,824.70	\$338,297.69	\$382,770.67	\$427,243.66	\$471,716.64
	3	418	\$270,364.16	\$314,837.15	\$359,310.13	\$403,783.12	\$448,256.10
	4	483	\$246,903.62	\$291,376.61	\$335,849.59	\$380,322.58	\$424,795.56
	5	548	\$223,443.08	\$267,916.07	\$312,389.05	\$356,862.04	\$401,335.02

**Table 1G: Monthly Base NYCT to Delaware Rail Receiving Site Fixed Operating Charge**

		MTS-1 WCAL Level					
		1	2	3	4	5	
		WCAL	740	859	977	1,096	1,214
MTS-2 WCAL Level	0	No MTS-2	\$214,188.47	\$257,168.77	\$300,149.08	\$343,129.38	\$386,109.68
	1	288	\$307,860.95	\$350,841.25	\$393,821.56	\$436,801.86	\$479,782.16
	2	353	\$307,860.95	\$350,841.25	\$393,821.56	\$436,801.86	\$479,782.16
	3	418	\$276,636.47	\$319,616.77	\$362,597.08	\$405,577.38	\$448,557.68
	4	483	\$245,412.47	\$288,392.77	\$331,373.08	\$374,353.38	\$417,333.68
	5	548	\$214,188.47	\$257,168.77	\$300,149.08	\$343,129.38	\$386,109.68

**Table 1H: Monthly Base NYCT to Lee County Fixed Operating Charge**

		MTS-1 WCAL Level					
		1	2	3	4	5	
		WCAL	740	859	977	1,096	1,214
MTS-2 WCAL Level	0	No MTS-2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	1	288	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	2	353	\$107,260.56	\$107,260.56	\$107,260.56	\$107,260.56	\$107,260.56
	3	418	\$214,521.11	\$214,521.11	\$214,521.11	\$214,521.11	\$214,521.11
	4	483	\$321,781.67	\$321,781.67	\$321,781.67	\$321,781.67	\$321,781.67
	5	548	\$429,042.22	\$429,042.22	\$429,042.22	\$429,042.22	\$429,042.22

**Table 2: Unified Variable Operating Cost**

		MTS-1					
		WCAL	740	859	977	1,096	1,214
		No MTS-2	\$200	\$189	\$189	\$189	\$189
MTS-2	288	\$165	\$165	\$165	\$165	\$165	\$165
	353	\$165	\$165	\$165	\$165	\$165	\$165
	418	\$165	\$165	\$165	\$165	\$165	\$165
	483	\$165	\$165	\$165	\$165	\$165	\$165
	548	\$165	\$165	\$165	\$165	\$165	\$165

**Table 3: Total Number of Barges**

		MTS-1 WCAL Level					
		1	2	3	4	5	
		<b>WCAL</b>	<b>740</b>	<b>859</b>	<b>977</b>	<b>1,096</b>	<b>1,214</b>
MTS-2 WCAL Level	0	No MTS-2	6	7	7	7	8
	1	288	8	9	9	9	10
	2	353	8	9	9	9	10
	3	418	9	10	10	10	11
	4	483	10	11	11	11	12
	5	548	10	11	11	11	12

**Table 4: Total Number of Containers**

		MTS-1 WCAL Level					
		1	2	3	4	5	
		<b>WCAL</b>	<b>740</b>	<b>859</b>	<b>977</b>	<b>1,096</b>	<b>1,214</b>
MTS-2 WCAL Level	0	No MTS-2	1,548	1,776	1,956	2,312	2,716
	1	288	2,172	2,660	3,036	3,104	3,356
	2	353	2,436	2,860	3,036	3,104	3,356
	3	418	2,692	3,132	3,172	3,384	3,524
	4	483	2,996	2,180	3,220	3,432	3,708
	5	548	2,996	3,180	3,300	3,540	3,828

**Table 5: Total Number of Railcars**

		MTS-1 WCAL Level					
		1	2	3	4	5	
WCAL		740	859	977	1,096	1,214	
MTS-2 WCAL Level	0	No MTS-2	279	324	369	458	547
	1	288	387	497	591	608	659
	2	353	543	547	591	608	659
	3	418	505	603	613	665	689
	4	483	569	603	613	665	723
	5	548	569	603	633	693	753

**Table 6: Total Number of Yard Jockeys**

		MTS-1 WCAL Level					
		1	2	3	4	5	
WCAL		740	859	977	1,096	1,214	
MTS-2 WCAL Level	0	No MTS-2	14	15	16	17	20
	1	288	17	18	19	20	23
	2	353	17	18	19	20	23
	3	418	17	18	19	20	23
	4	483	17	18	19	20	23
	5	548	17	18	19	20	23

**Table 7: Total Number of OTR and Chassis**

		MTS-1 WCAL Level					
		1	2	3	4	5	
		<b>WCAL</b>	<b>740</b>	<b>859</b>	<b>977</b>	<b>1,096</b>	<b>1,214</b>
<b>MTS-2 WCAL Level</b>	<b>0</b>	<b>No MTS-2</b>	36	39	42	44	47
	<b>1</b>	<b>288</b>	43	46	49	51	54
	<b>2</b>	<b>353</b>	43	46	49	51	54
	<b>3</b>	<b>418</b>	43	46	49	51	54
	<b>4</b>	<b>483</b>	43	46	49	51	54
	<b>5</b>	<b>548</b>	44	47	50	52	55

**APPENDIX 5**  
**GOVERNMENTAL APPROVALS**



**APPENDIX 5**

**GOVERNMENTAL APPROVALS**

**5.1 GENERAL**

This Appendix contains a list of certain Governmental Approvals that the Company and the City are required to apply for, obtain and maintain during the Term of the Service Contract. The Company and the City are responsible for applying for, obtaining and maintaining all Governmental Approvals, including the Governmental Approvals listed in this Appendix, in accordance with Applicable Law and this Service Contract.

**5.2 COMPANY GOVERNMENTAL APPROVALS**

Certain permits and other Company Governmental Approvals anticipated to be required during the Term of the Service Contract are set forth in the table below. In addition to the Company Governmental Approvals listed below, other Company Governmental Approvals may be required from time-to-time in the performance of the Contract Services. The Company shall, in accordance with the Service Contract, apply for, obtain and maintain all such additional Governmental Approvals.

**Delaware Valley RRF Permit Schedule & Company Governmental Approvals**

<b>ISSUING AGENCY</b>	<b>TYPE OF APPROVAL</b>	<b>ID NUMBER</b>	<b>ANTICIPATED DATE OF APPLICATION</b>	<b>ANTICIPATED DATE OF APPROVAL</b>	<b>DATE OF DENIAL</b>
Chester Environmental Partnership (CEP) Review/Approval	Preliminary Review and Approval of the intermodal container pilot project.	N/A	March 12, 2013 (meeting with CEP and City of Chester)	March 15, 2013 (letter of approval from CEP)	N/A
City of Chester – Streets and Highway	Preliminary Review and Approval of the intermodal container pilot project.	N/A	March 12, 2013 (meeting with CEP and City of Chester)	March 18, 2013 (letter of approval from City of Chester)	N/A
Pennsylvania Department of Environmental Protection (PaDEP) – South East Region	Pre-application Meeting	N/A	April 5, 2013 (proposed meeting date with DEP to discuss required permits)	N/A	N/A
DVRRF Intermodal Container Pilot Project	CEP and City of Chester Verbal Approval/DEP Letter Approval	N/A	May 1, 2013	August 31, 2013 (project completion)	N/A
Pennsylvania Department of Environmental Protection (PaDEP) – Solid	25 Pennsylvania Code Chapter 271 – Letter Approval 25 Pennsylvania Code Chapter 271 – Solid	N/A	March 20, 2013	April 15, 2013	N/A
		N/A	July 1, 2013	January 1, 2013	N/A

Waste Division	Waste Permit Minor Modification				
Pennsylvania Department of Environmental Protection (PaDEP) – Air Quality Program	25 Pennsylvania Code Chapter 127 -Request for Determination (RFD)	N/A	March 31, 2013	April 30, 2013	N/A
	25 Pennsylvania Code Chapter 127 – Plan Approval	N/A	July 1, 2013 (if necessary)	January 1, 2013 (if necessary)	N/A
Pennsylvania Department of Environmental Protection (PaDEP) – Water Management	25 Pennsylvania Code Chapter 92 – NPDES/Stormwater Permit Amendments	N/A	Not anticipated	N/A	N/A
Pennsylvania Department of Health – State Health Center	All approvals will be coordinated with the Chester office.	N/A	Not anticipated	N/A	N/A

**Niagara RRF Permit Schedule & Company Governmental Approvals**

<b>ISSUING AGENCY</b>	<b>TYPE OF APPROVAL</b>	<b>ID NUMBER</b>	<b>DATE OF APPLICATION</b>	<b>DATE OF APPROVAL</b>	<b>DATE OF DENIAL</b>
New York State Department of Environmental Conservation	6 NYCRR Part 360 (Solid Waste Mgmt.)	9-2911-00113/00023	March, 2013	To be determined	N/A
	ECL Article 27/Title 14 (NYS Brownfield Cleanup Program)	N/A	October 19, 2012	Under review	N/A
City of Niagara Falls	6 NYCRR Part 617 (SEQR Negative Declaration)	N/A	October 19, 2012	November 21, 2012	N/A
	Site Plan and Subdivision Approval	N/A	October 19, 2012	December 15, 2012	N/A
Niagara Falls Water Board	Significant Industrial User (SIU) wastewater discharge permit modification (Permit No. 32)	N/A	Preliminary Review Application November 29, 2012. Final SIU permit modification application to be submitted in May 2013 per NFWB recommendation.	Preliminary Review Application approval December 4, 2012.	N/A

<b>ISSUING AGENCY</b>	<b>TYPE OF APPROVAL</b>	<b>ID NUMBER</b>	<b>DATE OF APPLICATION</b>	<b>DATE OF APPROVAL</b>	<b>DATE OF DENIAL</b>
New York State Department of Environmental Conservation	ECL Article 27/Title 14 (Brownfield Cleanup Program)  Certificate of Completion	C932160	Dec. 14, 2012	Mar. 15, 2013	N/A
				Dec. 17, 2013	N/A
New York State Department of Environmental Conservation	Article 17 (SPDES) Notice of Intent for Construction Activities	TBD	June 3, 2013		N/A
New York State Department of Labor	12 NYCRR Part 56 (Asbestos Project Notification)	TBD	June 3, 2013	June 13, 2103	N/A
New York State Department of Health	Potable Water Connection	TBD		Aug. 15, 2013	
City of Niagara Falls	Site Plan Approval	N/A	Oct. 5, 2012	Dec. 12, 2012	N/A
		TBD	June 3, 2013	June 10, 2013	N/A
	Demolition Permit	TBD	July 1, 2013	July 15, 2013	N/A
	Building Permit	TBD		Nov. 15, 2013	N/A
	Certificate of Occupancy				
Niagara Falls Water Board	Sanitary Sewer Connection	TBD		Aug. 15, 2013	N/A

### **5.3 CITY GOVERNMENTAL APPROVALS**

Certain permits and other City Governmental Approvals anticipated to be required during the Term of the Service Contract are set forth in the tables below. In addition to the City Governmental Approvals listed below, other City Governmental Approvals may be required from time-to-time in the performance of the Contract Services. The City shall, in accordance with the Service Contract, apply for, obtain and maintain all such additional Governmental Approvals.

**MTS-1 - North Shore MTS - City Governmental Approvals**

<b>ISSUING AGENCY</b>	<b>TYPE OF APPROVAL</b>	<b>ID NUMBER</b>	<b>DATE OF APPLICATION</b>	<b>DATE OF APPROVAL</b>	<b>DATE OF DENIAL</b>
U.S. Army Corps of Engineers	Section 10 Section 404	NAN 2007-01589	October 9 , 2007	January 11, 2010	N/A
New York State Department of Environmental Conservation	6 NYCRR Part 360 (Solid Waste Mgmt.)	2-6302-00007/00019	January 29, 2007	June 21, 2012	N/A
	Section 401 (Water Quality Cert.)	2-6302-00007/00021	February 9, 2007	September 14, 2008	N/A
	6NYCRR Parts 608 and 661 (Tidal Wetlands)	2-6302-00007/00022	February 9, 2007	September 14, 2008	N/a
	6 NYCRR Parts 201 and 212 (Air State Facility)	2-6302-00007/00020	January 28, 2007	September 14, 2008	N/A
	Article 17 (SPDES)	NYR 10N561	November 12, 2007	September 14, 2008 November 28, 2007	N/A
New York State Department of State Coastal Management Program	15 CFR, Part 390 19 NYCRR, Part 600 Section 106	F-2005-0525	June 28, 2005	September 29, 2005	N/A
New York City Department of Environmental Protection	Sewer Connection Approval and Water Quality Control Approval	SCQ-325/11	August 25, 2011	December 1, 2011	N/A
New York State Office of General Services	River Bed Grant	N/A	N/A	N/A	N/A
New York City Department of City Planning	Consistency with Waterfront Revitalization Program	04-111	April 2005	April 13, 2005	N/A
	Uniform Land Use Review Procedure	C050174PS Q	November 2004	April 13, 2005	N/A

**MTS-2 - East 91st Street MTS - City Governmental Approvals**

<b>ISSUING AGENCY</b>	<b>TYPE OF APPROVAL</b>	<b>ID NUMBER</b>	<b>DATE OF APPLICATION</b>	<b>DATE OF APPROVAL</b>	<b>DATE OF DENIAL</b>
U.S. Army Corps	Section 10	NAN-2008-	July 9, 2008	July 20, 2012	N/A

of Engineers	Section 404	00927-EHA			
New York State Department of Environmental Conservation	6 NYCRR Part 360 (Solid Waste Mgmt.)	2-6204-00007/00013	January 29, 2007	October 14, 2009	N/A
	Section 401 (Water Quality Cert.)	2-6204-00007/00014	January 29, 2007	October 14, 2009	N/A
		2-6204-00007/00014	February 9, 2007		N/A
	6NYCRR Parts 608 and 661 (Tidal Wetlands)	2-6204-00007/00015	January 29, 2007	October 14, 2009	N/A
	6NYCRR Parts 201 and/21 2 (Air State Facility)	2-6204-00007/00016	June 25, 2009	October 14, 2009	N/A
Article 17 (SPDES)	NYR 10R33		July 7, 2009		
New York State Department of State Coastal Management Program	15 CFR, Part 390	F-2005-0525	June 28, 2005	September 29, 2005	N/A
	19 NYCRR, Part 600 Section 106	F-2012-0102	January 27, 2012	March 5, 2012 (including wetland mitigation sites)	N/A
New York City Department of Environmental Protection	Sewer Connection Approval and Water Quality Control Approval	SCM-205/09	June 2, 2009	July 7, 2009	N/A
New York State Office of General Services	River Bed Grant	LUW01078	July 26, 2005	Issuance pending USACE permit issuance	
New York City Department of City Planning	Consistency with Waterfront Revitalization Program	WRP 04-111	April 2005	April 13, 2005	N/A
		WRP 12-010	January 27, 2012	February 8, 2012	N/A
	Uniform Land Use Review Procedure	C 050173PCM	November 2004	April 13, 2005	N/A

**APPENDIX 6**  
**REQUIRED INSURANCE**

## **APPENDIX 6**

### **REQUIRED INSURANCE**

This Appendix sets forth the Required Insurance that the Company must provide or cause to be provided. The Company shall be responsible for all premiums, fees and other costs associated with obtaining and maintaining the Required Insurance and the City shall have no obligation to reimburse the Company or the Guarantor for such costs.

For the purposes of this Appendix, "City" shall mean the City of New York, its elected officials, appointed officers, agents, representatives, contractors, subcontractors, and employees.

#### 6.1 GUARANTOR'S BUSINESS INSURANCE PROGRAM

##### (A) General Guarantor's Business Insurance Program Requirements.

The Company shall cause the Guarantor (or Subcontractors where applicable) to obtain and maintain, for the benefit of the Guarantor and the Company, a program of insurance (including limits of coverage, deductibles and other terms and conditions) sufficient, in the sole and reasonable business judgment of the Guarantor, to manage the Guarantor's and the Company's business risk and to comply with law applicable to the Guarantor and the Company in the conduct of their respective businesses; provided, however Marine Pollution Liability, Collision Liability/Towers Liability, Marine Protection and Indemnity, and Ship Repairers Legal Liability insurance policies may be obtained and maintained by Subcontractors (the "Guarantor's Business Insurance Program"). The Company shall cause the Guarantor (or Subcontractors where applicable) to maintain the Guarantor's Business Insurance Program including coverage against such categories of risk as are currently covered by the Guarantor's Business Insurance Program (which at a minimum satisfy the requirements of this Appendix), subject to such modifications of limits of coverage and deductibles as the Guarantor in its business judgment deems reasonable, throughout the Term. Such modifications, however, shall not cause the Guarantor's Business Insurance Program to conflict with or in any way reduce the requirements set forth in this Appendix or Section 13.1 of the Service Contract. The Company shall notify the City, or cause the Guarantor to notify the City, if at any time during the Term, the Guarantor materially reduces the levels of coverage provided under the Guarantor's Business Insurance Program as in effect on the Contract Execution Date. If the Guarantor materially reduces the levels of coverage provided under the Guarantor's Business Insurance Program, the City may require the Company to provide, or cause the Guarantor to provide, project specific policies of insurance in conformity with the requirements set forth in Section 6.2 of this Appendix and at the then current minimum levels of coverage as required under this Section and Section 6.3 of this Appendix.

(B) Minimum Insurance Requirements with Respect to the Guarantor's Business Insurance Program.

Notwithstanding subsection 6.1(A) of this Section, the Company shall be required to cause the Guarantor (or Subcontractors where applicable) to maintain as part of the Guarantor's Business Insurance Program, or as a policy of insurance related solely to and limited to the Contract Services and Contract Services System as specified in Section 6.2 of this Appendix, the following minimum levels of coverage for the following types of insurance:

(1) Commercial Automobile Liability. Commercial automobile liability insurance, including hired, leased, owned and non-owned types of automobile coverage, with (a) a combined single limit of liability of \$2,000,000 per occurrence for bodily injury and property damage, including non-owned and hired coverage with a deductible amount to be determined by the Company, and (b) an additional combined single limit of liability of \$4,000,000 in either primary or umbrella coverage on a per accident basis for bodily injury and property damage. Coverage shall be at least as broad as the most recently issued ISO Form CA0001. The limit set forth in this clause can be satisfied by a combination of primary and excess liability policies.

(2) All Risk Property Damage. "All risk" property damage insurance covering loss, damage or destruction (including theft, vandalism and malicious mischief) to substantially all of the Company's assets comprising the Contract Services System in an amount equal to the full replacement value of such assets, and including (except with respect to damage to or destruction of Tugboats and Barges) business interruption and extra expense insurance for the total or partial suspension of, or interruption in, the Company's operation of the Contract Services System caused by loss or damage to or destruction of any part of the Contract Services System in an amount equal to loss of income and other expenses, for twelve months, subject to a reasonable deductible and waiting period.

(3) Workers' Compensation. Workers' compensation insurance required by Applicable Law covering all of the employees of the Company, except for those qualifying for insurance pursuant to item 5.

(4) Disability Insurance. Disability insurance required by Applicable Law covering all of the employees of the Company.

(5) U.S. Longshoremen's and Harbor Workers Act and/or Jones Act. Insurance in accordance with the U.S. Longshoremen's and Harbor Workers Act and/or the Jones Act, as applicable, on behalf of all qualifying employees providing services under the Service Contract.



(6) Marine Pollution Liability. Insurance covering itself as named insured and the City as Additional Insured for liability arising from the discharge or substantial threat of a discharge of oil, or from the release or threatened release of a hazardous substance including injury to, or economic losses resulting from, the destruction of or damage to real property, personal property, or natural resources with limits equal to \$15,000,000 for each occurrence. Coverage under this policy shall be at least as broad as that provided by Water Quality Insurance Syndicate Form (09/98 ed.). This insurance may be obtained and maintained by the Subcontractor operating and maintaining the Tugboats and Barges.

(7) Employer's Liability. Employer's liability insurance maintained in accordance with Applicable Law with limits of \$1,000,000 per accident or employee disease, except for those qualifying for insurance pursuant to item 5.

(8) Commercial General Liability. Commercial general liability insurance (which shall cover any mobile equipment not covered under commercial automobile liability insurance), including fire damage legal liability, with contractual liability, products and completed operations coverage, with a combined single limit of liability of \$100,000,000 per occurrence for bodily injury, including death that may arise from any of the operations under the Agreement, and for property damage and a general aggregate limit of \$100,000,000 with a deductible or self-insured retention amount to be determined by the Company. The limit set forth in this clause can be satisfied by a combination of primary and excess liability policies. Commercial general liability insurance shall also include premises operations, blanket contractual liability, products and completed operations, personal and advertising injury, host liquor liability, explosion, collapse, underground hazards, broad form property damage including completed operations, and independent contractor's coverage. Coverage shall be at least as broad as that provided by the most recently issued ISO Form CG 0001.

(9) Pollution Legal Liability. Contractor's pollution legal liability insurance relating to the Contract Services and Contract Services System with limits equal to (a) \$15,000,000 per claim, and (b) an annual aggregate limit of \$30,000,000. Pollution legal liability insurance shall include coverage for off-site third party bodily injury and property damage resulting from pollution conditions related to the Contract Services and Contract Services System, and pollution clean-up costs for third party claims.

(10) Marine Protection and Indemnity. Marine protection and indemnity coverage for bodily injury and property damage arising from marine operations under this Service Contract including injury or death of crew members (if not fully provided through other insurance), damage to piers, wharves and other fixed or movable structures and loss of or damage to any other vessel or craft, or to property on such other vessel or craft, not caused by collision with

limits equal to (a) \$7,500,000 per occurrence, (b) \$7,500,000 in the aggregate, and (c) a maximum deductible of \$50,000. Coverage under this policy shall be at least as broad as policy form SP-23. This insurance may be obtained and maintained by the Subcontractor operating and maintaining the Tugboats and Barges.

(11) Collision Liability/Towers Liability. Collision Liability/Towers Liability Insurance policy at least as broad as the American Institute Tug Form (8/01/76) for all Tugboats used under this Service Contract and Collision Liability per American Institute Hull Clauses (6/2/77) with limits equal to (a) \$6,000,000 per occurrence, and (b) \$12,000,000 in the aggregate. This insurance may be obtained and maintained by the Subcontractor operating and maintaining the Tugboats and Barges.

(12) Professional Liability Insurance. At the City's direction, if professional services are provided pursuant to the Service Contract, the Company shall maintain and submit evidence of Professional Liability Insurance appropriate to the type(s) of such services to be provided under the Service Contract in the amount of at least \$2,000,000 per claim. The policy or policies shall cover the liability assumed by the Company under the Service Contract arising out of the negligent performance of professional services or caused by an error, omission or negligent act of the Company or anyone employed by the Company. All subcontractors of the Company providing professional services under the Service Contract for which Professional Liability Insurance is reasonably commercially available shall also maintain such insurance in the amount of at least \$2,000,000 per claim, and the Company shall provide to the City, at the time of the request for subcontractor approval, evidence of such Professional Liability Insurance on forms acceptable to the City. Claims-made policies will be accepted for Professional Liability Insurance. All such policies shall have an extended reporting period option or automatic coverage of not less than two (2) years. If available as an option, the Company shall purchase extended reporting period coverage effective on cancellation or termination of such insurance unless a new policy is secured with a retroactive date, including at least the last policy year.

(13) Unemployment Insurance. To the extent required by Applicable Law, the Company shall provide Unemployment Insurance for its employees.

(14) Ship Repairers Legal Liability. Ship Repairers Legal Liability Insurance policy covering all repair operations pursuant to this Service Contract at or in the vicinity of a port or yard, with limits equal to the total value of the vessels being repaired pursuant to this Service Contract on a per occurrence basis. The policy shall provide coverage from the point of acceptance of care custody and control of any vessel. The policy shall provide bailee coverage for any vessel in the Company's care, custody and control and coverage for damage to property

of others caused by any vessel in the Subcontractor's care, custody and control. This insurance must be obtained and maintained by each Subcontractor performing repairs and maintenance on Tugboats and Barges.

(15) All Risk Property Damage Related to the Cranes. "All risk" property damage insurance covering loss, damage or destruction (including theft, vandalism and malicious mischief) to the Cranes in an amount equal to the full replacement value of such assets.

(16) All Risk Property Damage Related to the Exterior Portions of the MTS. "All risk" property damage insurance covering loss, damage or destruction (including theft, vandalism and malicious mischief) to the exterior portion of the MTS where the Contract Services are performed (including, but not limited to, (i) the areas where the Contract Services are performed at a Marine Transfer Station, (ii) the tracks on which the Cranes move, and tie-downs and bumpers situated on the pier deck, (iii) the Trolley Tracks and bumpers situated on the pier deck, (iv) the MTS fendering system; (v) all timber pile clusters and monopole fenders; (vi) the surface of the pier deck; and (vii) the ring preservers, cleats, bollards, electric capstans, sheaves, four roller fairleads, and constant tension winches situated on the pier deck) in an amount equal to the full replacement value of such assets.

Such insurance coverage shall comply with the terms and conditions set forth below in this Appendix.

(C) Deductible Coverage Endorsements.

All policies of insurance coverage provided through the Guarantor's Business Insurance Program, other than Workers' Compensation, Employer's Liability, Disability, U.S. Longshoremen's and Harbor Workers Act, Jones Act and All Risk Property Damage insurance shall contain "deductible coverage endorsements" (to the extent the policy is written on a deductible basis) that obligate the insurer to pay all sums that it becomes obligated to pay up to the limit of insurance (irrespective of any provision for deductibles). While such endorsement may obligate the Company or the Guarantor (but not the City) to reimburse the insurer up to the deductible limit for any amounts the insurer has paid under the policy, the endorsement shall specify that the obligation of the insurer to pay all such sums shall not be contingent on any reimbursement with regard to any claim or loss. Any such endorsement provided pursuant to this Section shall be subject to review by the City for conformity with this Section.

(D) Non-Erosion of Coverage for Marine Pollution Liability, Commercial General Liability, Pollution Legal Liability, Marine Protection and Indemnity, and Collision Liability/Towers Liability.

With respect to any policy of Marine Pollution Liability, Commercial General Liability, Pollution Legal Liability, Marine Protection and Indemnity, and Collision Liability/Towers Liability coverage provided through the Guarantor's Business Insurance Program, the Company shall maintain at least the coverage amounts set forth in subsection 6.1(B) of this Appendix. If because of claims (other than claims arising out of the Contract Services or the Contract Services System), or for any other reason, the level of insurance coverage Marine Pollution Liability, Commercial General Liability, Pollution Legal Liability, Marine Protection and Indemnity, and Collision Liability/Towers Liability insurance falls below the coverage amounts set forth in subsection 6.1(B) of this Appendix, the Company shall purchase additional coverage to satisfy such requirements.

Any endorsements provided pursuant to this subsection shall be subject to review by the City for conformity with this Section.

(E) City's Status as Additional Insured.

The Company shall include, and shall require the Guarantor to include, the City, its officials and employees as additional insureds with respect to the liabilities arising out of the Contract Services and the Contract Services System on policies of insurance of the types required hereunder (with the exception of Workers' Compensation, Employer's Liability, Disability, U.S. Longshoremen's and Harbor Workers Act and Jones Act) purchased under the Guarantor's Business Insurance Program. The minimum policy limits set forth in subsection 6.1(B) of this Appendix shall not operate to limit any claim the City may have as an additional insured under any primary, excess or umbrella policy of insurance purchased by the Company or the Guarantor under the Guarantor's Business Insurance Program, and the City as an additional insured shall benefit to the full extent of the coverage limits applicable to the Company or the Guarantor under all such policies, with respect to liabilities arising out of the Contract Services and Contract Services System. The endorsements relating to the City as additional insured shall be equivalent to ISO Form CG 2010 (11/85 ed.). The Company shall also obtain from its insurance carriers endorsements waiving their respective subrogation rights in favor of the City. Notices to the City as an additional insured shall be given to the addressees specified in Section 6.7 of this Appendix. Any such endorsement provided pursuant to this Section shall be subject to the approval of the City.

(F) Discovery Period.

Each policy of insurance shall apply to claims made for a period of at least three years following the Termination Date.

## 6.2 PROJECT SPECIFIC POLICIES OF INSURANCE

### (A) General Project Specific Insurance Permitted.

In lieu of providing any insurance coverage required by the Service Contract through the Guarantor's Business Insurance Program as set forth in Section 6.1 of this Appendix, the Company may obtain and maintain, or cause the Guarantor to obtain and maintain, any Required Insurance (other than Workers' Compensation, Employer's Liability, Disability, U.S. Longshoremen's and Harbor Workers Act and Jones Act) not as part of the Guarantor's Business Insurance Program, but as a separate policy or policies solely related to and limited to the Contract Services and the Contract Services System.

### (B) City as Additional Insured.

Any policy of insurance delivered by the Company pursuant to this Section shall name the City and its employees and officials as additional insured.

### (C) No City Liability for Insurance Premiums or Deductibles.

Any policy of insurance delivered by the Company pursuant to this Section shall expressly state that the City shall not be obligated to pay any premium or deductible under such policies.

### (D) Deductible Coverage Endorsement.

Any policy of insurance delivered by the Company pursuant to this Section shall include the deductible coverage endorsement set forth in subsection 6.1(c) of this Appendix.

### (E) City as Additional Insured under Guarantor's Business Insurance Program.

Delivery by the Company of project specific policies of insurance under this Section shall not relieve the Company of the obligations under subsection 6.1(e) of this Appendix.

Such insurance coverage shall comply with the terms and conditions set forth below in this Appendix.

### (F) Discovery Period.

Each policy of insurance delivered by the Company pursuant to this Section shall comply with subsection 6.1(F) of this Appendix.

## 6.3 CPI ADJUSTMENTS TO COVERAGE LIMITS

Each Contract Year, the following shall be escalated by the CPINY Adjustment Factor set forth in subsection 11.22(B) of the Service Contract: (1) the minimum coverage requirements set forth in subsection 6.1(B) of this Appendix; and (2) the levels of coverage

provided under the Guarantor's Business Insurance Program set forth in subsection 6.1(f) of this Appendix. Such adjustments shall be rounded up to the nearest \$100,000.

Notwithstanding the requirements of this Section, either the Guarantor or the Company may request that the City waive the requirement that the excess liability insurance coverage level required to be provided under the Guarantor's Business Insurance Program as set forth in subsection 6.1(f) be escalated each Contract Year by the CPINY Adjustment Factor.

#### 6.4 QUALIFIED INSURANCE COMPANY

All policies of insurance required by the Service Contract must be provided by insurance companies licensed to do business in the State of New York and all other states that may have jurisdiction over the policies of Required Insurance, and that carry an A.M. Best Company's rating of at least "A-VII" or a Standard and Poor's rating of at least "AA", except for those policies of insurance provided by a P&I club, in which case such club shall have a Standard and Poor's rating of at least "BBB".

#### 6.5 NON-RECOURSE PROVISION

The coverage afforded by the policies of insurance required by the Service Contract shall be primary and without the right of contribution from any other insurances that are carried (or self-insured) by each of the additional insureds with respect to their interest. Any similar insurance shall be considered excess insurance.

#### 6.6 SUBCONTRACTORS

The Company shall be responsible for ensuring that all Subcontractors working in the Contract Services System secure and maintain all insurance coverage and other financial sureties required by Applicable Law in connection with their working in the Contract Services System.

In addition, the Company shall be responsible for ensuring that all Subcontractors include the City as an additional insured with respect to the liabilities arising out of the Contract Services and the Contract Services System under terms and coverage that are at least as broad as that provided by the most recently issued ISO Form CG 20 26 on all policies of insurance (except Workers' Compensation, Employer's Liability, Disability, U.S. Longshoremen's and Harbor Workers Act and Jones Act), and that each Subcontractor obtains from its insurance carriers an endorsement waiving their respective subrogation rights in favor of the City.

## 6.7 NOTICES

Notices to the City under policies of Required Insurance shall be addressed to:

Department of Sanitation  
Agency Chief Contracting Officer  
51 Chambers Street, Room 806  
New York, NY 10007  
Attention: Insurance Section

With a copy to:

New York City Law Department  
Affirmative Litigation Division  
100 Church Street  
New York, NY 10007  
Attention: Senior Claims Specialist

## 6.8 NOTICE OF OCCURRENCE, CLAIM OR SUIT

In the event that knowledge of an “occurrence”, “claim”, or “suit” is relevant to the City as an additional insured or loss payee, such knowledge by an agent, servant, official, or employee of the City will not be considered knowledge on the part of the City unless the Senior Claims Specialist, Affirmative Litigation Division, New York City Law Department, has received notice thereof.

## 6.9 GENERAL REQUIREMENTS FOR INSURANCE COVERAGE AND POLICIES

There shall be no self-insurance program with regard to any insurance required under this Appendix unless approved in writing by the Commissioner or otherwise provided above. Any such self-insurance program shall provide the City with all rights that would be provided by traditional insurance required under this Appendix, including but not limited to the defense obligations that insurers are required to undertake in liability policies.

## 6.10 PROOF OF INSURANCE

Certificates of Insurance confirming renewals of insurance shall be submitted to the Commissioner within seven days after the expiration date of coverage of policies required under this Appendix.

Acceptance by the Commissioner of a certificate or a policy does not excuse the Company from maintaining policies consistent with all provisions of this Appendix (and ensuring that subcontractors maintain such policies) or from any liability arising from its failure to do so.

In the event the Company receives notice, from an insurance company or other person, that any insurance policy required under this Appendix shall expire or be cancelled or terminated for any reason, the Company shall immediately forward a copy of such notice to

both the Commissioner and Contract Administrator at the NYC Department of Sanitation, [346 Broadway, New York, NY 100013], and the New York City Comptroller, Attn: Office of Contract Administration, Municipal Building, One Centre Street, Room 1005, New York, New York 10007.

#### 6.11 MISCELLANEOUS

(A) Whenever notice of loss, damage, occurrence, accident, claim or suit is required under a general liability policy maintained in accordance with this Appendix, the Company shall provide the insurer with timely notice thereof on behalf of the City. Such notice shall be given even where the Company may not have coverage under such policy (for example, where one of Company's employees was injured). Such notice shall expressly specify that "this notice is being given on behalf of the City of New York as Additional Insured" and contain the following information: the number of the insurance policy; the name of the named insured; the date and location of the damage, occurrence, or accident; the identity of the persons or things injured, damaged, or lost; and the title of the claim or suit, if applicable. The Company shall simultaneously send a copy of such notice to the City of New York c/o Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department, 100 Church Street, New York, New York 10007. If the Company fails to comply with the requirements of this paragraph, the Company shall indemnify the City for all losses, judgments, settlements and expenses, including reasonable attorneys' fees, arising from an insurer's disclaimer of coverage citing late notice by or on behalf of the City.

(B) The Company's failure to maintain any of the insurance required by this Appendix shall constitute a material breach of the Service Contract. Such breach shall not be waived or otherwise excused by any action or inaction by the City at any time.

(C) The Company waives all rights against the City, including its officials and employees for any damages or losses that are covered under any insurance required under this Appendix (whether or not such insurance is actually procured or claims are paid thereunder) or any other insurance applicable to the operations of the Company and/or its subcontractors in the performance of the Service Contract.



**APPENDIX 7**  
**APPROVED SUBCONTRACTORS**

## **APPENDIX 7**

### **APPROVED SUBCONTRACTORS**

#### **7.1 APPROVED SUBCONTRACTORS**

This Appendix lists all Subcontractors that the City has conditionally approved, through the Vendor Exchange Information System (“VENDEX”) process and otherwise, and that the Company may use to perform the Contract Services pursuant to the terms of the Service Contract.

##### Performing Direct Contract Services:

1. Norfolk Tug Company (and its affiliate Buchanan Marine LP)
2. New York Container Terminal, LLC.
3. CSX Transportation, Inc. (and its subsidiary TRANSFLO Terminal Services, Inc.)
4. Lee County Landfill SC, LLC

##### Performing Equipment Maintenance & Repairs:

5. Wastequip Manufacturing Company, LLC
6. Reicon Group, LLC
7. Mi-Jack Products, Inc. \ Technical Services International
8. SISCO Material Handling (a division of Permadur Industries Inc.)
9. 1st Response Rail Service, Inc.

Additional Subcontractors may be subsequently identified by the Company and used to assist the Company in its performance of the Contract Services subject to the provisions of Section 15.9 of the Service Contract.

**APPENDIX 8**  
**CERTAIN GENERAL PROVISIONS GOVERNING CITY CONTRACTS FOR CONSULTANTS,  
PROFESSIONAL AND TECHNICAL SERVICES**

## **APPENDIX 8**

### **CERTAIN GENERAL PROVISIONS GOVERNING CITY CONTRACTS FOR CONSULTANTS, PROFESSIONAL AND TECHNICAL SERVICES**

#### **8.1 DEFINITIONS**

The following words and expressions, or pronouns used in their stead, shall, wherever they appear in this Agreement, be construed as follows, unless a different meaning is clear from the context:

A. “Agency Chief Contracting Officer” or “ACCO” shall mean the position delegated authority by the Agency Head to organize and supervise the procurement activity of subordinate Agency staff in conjunction with the City Chief Procurement Officer.

B. “Agreement” shall mean the various documents, including the Service Contract and this Appendix, that constitute the contract between the Contractor and the City.

C. “City” shall mean The City of New York.

D. “City Chief Procurement Officer” or “CCPO” shall mean the position delegated authority by the Mayor to coordinate and oversee the procurement activity of Mayoral agency staff, including the ACCOs.

E. “Commissioner” or “Agency Head” shall mean the head of the Department or his or her duly authorized representative. The term “duly authorized representative” shall include any person or persons acting within the limits of his or her authority.

F. “Comptroller” shall mean the Comptroller of the City of New York.

G. “Contractor” shall mean the entity entering into this Agreement with the Department.

H. “Days” shall mean calendar days unless otherwise specifically noted to mean business days.

I. “Department” or “Agency” shall mean the City agency that has entered into this Agreement.

J. “Law” or “Laws” shall mean the New York City Charter (“Charter”), the New York City Administrative Code (“Admin. Code”), a local rule of the City of New York, the Constitutions of the United States and the State of New York, a statute of the United States or of the State of New York and any ordinance, rule or regulation having the force of law and adopted pursuant thereto, as amended, and common law.

K. “Procurement Policy Board” or “PPB” shall mean the board established pursuant to Charter § 311 whose function is to establish comprehensive and consistent procurement policies and rules which have broad application throughout the City.

L. “PPB Rules” shall mean the rules of the Procurement Policy Board as set forth in Title 9 of the Rules of the City of New York (“RCNY”), § 1-01 et seq.

M. “State” shall mean the State of New York.

## **8.2 REPRESENTATIONS AND WARRANTIES**

### **8.2.1 CONFLICTS OF INTEREST**

A. Consistent with Charter § 2604 and other related provisions of the Charter, the Admin. Code and the New York State Penal Law, no elected official or other officer or employee of the City, nor any person whose salary is payable, in whole or in part, from the City Treasury, shall participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership or other entity in which he or she is, directly or indirectly, interested; nor shall any such official, officer, employee, or person have any interest in, or in the proceeds of, this Agreement. This Paragraph A shall not prevent directors, officers, members, partners, or employees of the Contractor from participating in decisions relating to this Agreement where their sole personal interest is in the Contractor.

B. The Contractor shall not employ a person or permit a person to serve as a member of the Board of Directors or as an officer of the Contractor if such employment or service would violate Chapter 68 of the Charter.

### **8.2.2 VENDEX**

The Contractor represents and warrants that it and its principals have duly executed and filed all required VENDEX Questionnaires and, if applicable, Certificates of No Change, pursuant to PPB Rule § 2-08 and in accordance with the policies and procedures of the Mayor’s Office of Contract Services. The Contractor understands that the Department’s reliance upon the completeness and veracity of the information stated therein is a material condition to the

execution of this Agreement, and represents and warrants that the information it and its principals have provided is accurate and complete.

### **8.2.3 RELIGIOUS ACTIVITY**

There shall be no religious worship, instruction or proselytizing as part of or in connection with the Contractor's provision of services under this Agreement, nor shall any of the funds provided under this Agreement be used for such purposes.

### **8.2.4 UNLAWFUL DISCRIMINATORY PRACTICES: ADMIN. CODE § 6-123**

As required by Admin. Code § 6-123, the Contractor will not engage in any unlawful discriminatory practice as defined in and pursuant to the terms of Title 8 of the City Administrative Code. The Contractor shall include a provision in any agreement with a first-level subcontractor performing services under this Agreement for an amount in excess of Fifty Thousand Dollars (\$50,000) that such subcontractor shall not engage in any such unlawful discriminatory practice.

### **8.2.5 BANKRUPTCY AND REORGANIZATION**

In the event that the Contractor files for bankruptcy or reorganization under Chapter Seven or Chapter Eleven of the United States Bankruptcy Code, the Contractor shall disclose such action to the Department within seven (7) days of filing.

## **8.3 LABOR PROVISIONS**

### **8.3.1 MINIMUM WAGE**

Except for those employees whose minimum wage is required to be fixed pursuant to Sections 220 or 230 of the New York State Labor Law or by City Administrative Code § 6-109, all persons employed by the Contractor in the performance of this Agreement shall be paid, without subsequent deduction or rebate, unless expressly authorized by Law, not less than the minimum wage as prescribed by Law. Any breach of this Section shall be deemed a material breach of this Agreement.

### **8.3.2 NON-DISCRIMINATION: E.O. 50 -- EQUAL EMPLOYMENT OPPORTUNITY**

A. This Agreement is subject to the requirements of City Executive Order No. 50 (1980) ("E.O. 50"), as revised, and the rules set forth at 66 RCNY § 10-01 et seq. No agreement will be awarded unless and until these requirements have been complied with in their entirety. The Contractor agrees that it:

1. Will not discriminate unlawfully against any employee or applicant for employment because of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation or citizenship status with respect to all employment decisions including, but not limited to, recruitment, hiring, upgrading, demotion, downgrading, transfer, training, rates of pay or other forms of compensation, layoff, termination, and all other terms and conditions of employment;

2. Will not discriminate unlawfully in the selection of subcontractors on the basis of the owners', partners' or shareholders' race, color, creed, national origin, sex, age, disability, marital status, sexual orientation, or citizenship status;

3. Will state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that all qualified applicants will receive consideration for employment without unlawful discrimination based on race, color, creed, national origin, sex, age, disability, marital status, sexual orientation or citizenship status, and that it is an equal employment opportunity employer;

4. Will send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or memorandum of understanding, written notification of its equal employment opportunity commitments under E.O. 50 and the rules and regulations promulgated thereunder;

5. Will furnish all information and reports including an Employment Report which are required by E.O. 50, the rules and regulations promulgated thereunder, and orders of the City Department of Small Business Services, Division of Labor Services ("DLS"); and

6. Will permit DLS to have access to all relevant books, records, and accounts for the purposes of investigation to ascertain compliance with such rules, regulations, and orders.

B. The Contractor understands that in the event of its noncompliance with the nondiscrimination clauses of this Agreement or with any of such rules, regulations, or orders, such noncompliance shall constitute a material breach of this Agreement and noncompliance with E.O. 50 and the rules and regulations promulgated thereunder. After a hearing held pursuant to the rules of DLS, the Director of DLS may direct the Commissioner to impose any or all of the following sanctions:

1. Disapproval of the Contractor; and/or

2. Suspension or termination of the Agreement; and/or
3. Declaring the Contractor in default; and/or
4. In lieu of any of the foregoing sanctions, imposition of an employment program.

C. Failure to comply with E.O. 50 and the rules and regulations promulgated thereunder in one or more instances may result in the Department declaring the Contractor to be non-responsible.

D. The Contractor agrees to include the provisions of the foregoing Paragraphs in every subcontract or purchase order in excess of One Hundred Thousand Dollars (\$100,000) to which it becomes a party unless exempted by E.O. 50 and the rules and regulations promulgated thereunder, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as may be directed by the Director of DLS as a means of enforcing such provisions including sanctions for noncompliance. A supplier of unfinished products to the Contractor needed to produce the item contracted for shall not be considered a subcontractor or vendor for purposes of this Paragraph.

E. The Contractor further agrees that it will refrain from entering into any subcontract or modification thereof subject to E.O. 50 and the rules and regulations promulgated thereunder with a subcontractor who is not in compliance with the requirements of E.O. 50 and the rules and regulations promulgated thereunder. A supplier of unfinished products to the Contractor needed to produce the item contracted for shall not be considered a subcontractor for purposes of this Paragraph.

F. Nothing contained in this Section shall be construed to bar any religious or denominational institution or organization, or any organization operated for charitable or educational purposes, that is operated, supervised or controlled by or in connection with a religious organization, from lawfully limiting employment or lawfully giving preference to persons of the same religion or denomination or from lawfully making such selection as is calculated by such organization to promote the religious principles for which it is established or maintained.



## **8.4 RECORDS, AUDITS, REPORTS, AND INVESTIGATIONS**

### **8.4.1 INSPECTION**

A. At any time during the Agreement or during the record retention period set forth in the Agreement, the City, including the Department and the Department's Office of the Inspector General, as well as City, State and federal auditors and any other persons duly authorized by the City shall, upon reasonable notice, have full access to and the right to examine and copy all books, records, and other documents maintained or retained by or on behalf of the Contractor pursuant to this Article. Notwithstanding any provision herein regarding notice of inspection, all books, records and other documents of the Contractor kept pursuant to this Agreement shall be subject to immediate inspection, review, and copying by the Department's Office of the Inspector General and/or the Comptroller without prior notice and at no additional cost to the City. The Contractor shall make such books, records and other documents available for inspection in the City of New York or shall reimburse the City for expenses associated with the out-of-City inspection.

B. The Contractor shall not be entitled to final payment until the Contractor has complied with any request for inspection or access given under this Section.

### **8.4.2 INVESTIGATIONS CLAUSE**

A. The Contractor agrees to cooperate fully and faithfully with any investigation, audit or inquiry conducted by a State or City agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license that is the subject of the investigation, audit or inquiry.

B. 1. If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, or State, or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the Laws of the State, or;

2. If any person refuses to testify for a reason other than the assertion of his or her privilege against self-incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to take testimony under oath, or by the Inspector General of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of, or performance under, any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision thereof or any local development corporation within the City, then;

C. 1. The Commissioner or Agency Head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing, upon not less than five (5) Days written notice to the parties involved to determine if any penalties should attach for the failure of a person to testify.

2. If any non-governmental party to the hearing requests an adjournment, the Commissioner or Agency Head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending the final determination pursuant to Paragraph E below without the City incurring any penalty or damages for delay or otherwise.

D. The penalties that may attach after a final determination by the Commissioner or Agency Head may include but shall not exceed:

1. The disqualification for a period not to exceed five (5) years from the date of an adverse determination for any person, or any entity of which such person was a member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and/or

2. The cancellation or termination of any and all such existing City contracts, leases, permits or licenses that the refusal to testify concerns and that have not been assigned as permitted under this Agreement, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination; monies lawfully due for goods delivered, work done, rentals, or fees accrued prior to the cancellation or termination shall be paid by the City.

E. The Commissioner or Agency Head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in Paragraphs (1) and (2) below. He or she may also consider, if relevant and appropriate, the criteria established in Paragraphs (3) and (4) below, in addition to any other information that may be relevant and appropriate:

1. The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

2. The relationship of the person who refused to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.

3. The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.

4. The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under Paragraph D above, provided that the party or entity has given actual notice to the Commissioner or Agency Head upon the acquisition of the interest, or at the hearing called for in Paragraph (C)(1) above gives notice and proves that such interest was previously acquired. Under either circumstance, the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

F. Definitions

1. The term "license" or "permit" as used in this Section shall be defined as a license, permit, franchise, or concession not granted as a matter of right.

2. The term "person" as used in this Section shall be defined as any natural person doing business alone or associated with another person or entity as a partner, director, officer, principal or employee.

3. The term “entity” as used in this Section shall be defined as any firm, partnership, corporation, association, or person that receives monies, benefits, licenses, leases, or permits from or through the City, or otherwise transacts business with the City.

4. The term “member” as used in this Section shall be defined as any person associated with another person or entity as a partner, director, officer, principal, or employee.

G. In addition to and notwithstanding any other provision of this Agreement, the Commissioner or Agency Head may in his or her sole discretion terminate this Agreement upon not less than three (3) Days written notice in the event the Contractor fails to promptly report in writing to the City Commissioner of Investigation any solicitation of money, goods, requests for future employment or other benefits or thing of value, by or on behalf of any employee of the City or other person or entity for any purpose that may be related to the procurement or obtaining of this Agreement by the Contractor, or affecting the performance of this Agreement.

#### **8.4.3 CONFIDENTIALITY**

A. The Contractor agrees to hold confidential, both during and after the completion or termination of this Agreement, all of the reports, information, or data, furnished to, or prepared, assembled or used by, the Contractor under this Agreement. The Contractor agrees that such reports, information, or data shall not be made available to any person or entity without the prior written approval of the Department. The Contractor agrees to maintain the confidentiality of such reports, information, or data by using a reasonable degree of care, and using at least the same degree of care that the Contractor uses to preserve the confidentiality of its own confidential information. In the event that the data contains social security numbers or other Personal Identifying Information, as such term is defined in Paragraph B of this Section, the Contractor shall utilize best practice methods (e.g., encryption of electronic records) to protect the confidentiality of such data. The obligation under this Section to hold reports, information or data confidential shall not apply where the City would be required to disclose such reports, information or data pursuant to the State Freedom of Information Law (“FOIL”), provided that the Contractor provides advance notice to the City, in writing or by e-mail, that it intends to disclose such reports, information or data and the City does not inform the contractor, in writing or by e-mail, that such reports, information, or data are not subject to disclosure under FOIL.

B. The Contractor shall provide notice to the Department within three (3) days of the discovery by the Contractor of any breach of security, as defined in Admin. Code § 10-

501(b), of any data, encrypted or otherwise, in use by the Contractor that contains social security numbers or other personal identifying information as defined in Admin. Code § 10-501 (“Personal Identifying Information”), where such breach of security arises out of the acts or omissions of the Contractor or its employees, subcontractors, or agents. Upon the discovery of such security breach, the Contractor shall take reasonable steps to remediate the cause or causes of such breach, and shall provide notice to the Department of such steps. In the event of such breach of security, without limiting any other right of the City, the City shall have the right to withhold further payments under this Agreement for the purpose of set-off in sufficient sums to cover the costs of notifications and/or other actions mandated by any Law, or administrative or judicial order, to address the breach, and including any fines or disallowances imposed by the State or federal government as a result of the disclosure. The City shall also have the right to withhold further payments hereunder for the purpose of set-off in sufficient sums to cover the costs of credit monitoring services for the victims of such a breach of security by a national credit reporting agency, and/or any other commercially reasonable preventive measure. The Department shall provide the Contractor with written notice and an opportunity to comment on such measures prior to implementation. Alternatively, at the City’s discretion, or if monies remaining to be earned or paid under this Agreement are insufficient to cover the costs detailed above, the Contractor shall pay directly for the costs, detailed above, if any.

C. The Contractor shall restrict access to confidential information to persons who have a legitimate work related purpose to access such information. The Contractor agrees that it will instruct its officers, employees, and agents to maintain the confidentiality of any and all information required to be kept confidential by this Agreement.

D. The Contractor, and its officers, employees, and agents shall notify the Department, at any time either during or after completion or termination of this Agreement, of any intended statement to the press or any intended issuing of any material for publication in any media of communication (print, news, television, radio, Internet, etc.) regarding the services provided or the data collected pursuant to this Agreement at least twenty-four (24) hours prior to any statement to the press or at least five (5) business Days prior to the submission of the material for publication, or such shorter periods as are reasonable under the circumstances. The Contractor may not issue any statement or submit any material for publication that includes confidential information as prohibited by this Section 5.03.

E. At the request of the Department, the Contractor shall return to the Department any and all confidential information in the possession of the Contractor or its subcontractors. If the Contractor or its subcontractors are legally required to retain any confidential

information, the Contractor shall notify the Department in writing and set forth the confidential information that it intends to retain and the reasons why it is legally required to retain such information. The Contractor shall confer with the Department, in good faith, regarding any issues that arise from the Contractor retaining such confidential information. If the Department does not request such information, or the Law does not require otherwise, such information shall be maintained in accordance with the requirements set forth in the Agreement.

F. A breach of this Section shall constitute a material breach of this Agreement for which the Department may terminate this Agreement pursuant to the Agreement. The Department reserves any and all other rights and remedies in the event of unauthorized disclosure.

## **8.5 CLAIMS**

### **8.5.1 RESOLUTION OF DISPUTES**

A. Except as provided in Subparagraphs (A)(1) and (A)(2) below, all disputes between the City and the Contractor that arise under, or by virtue of, this Agreement shall be finally resolved in accordance with the provisions of this Section and PPB Rule § 4-09. This procedure shall be the exclusive means of resolving any such disputes.

1. This Section shall not apply to disputes concerning matters dealt with in other sections of the PPB Rules or to disputes involving patents, copyrights, trademarks, or trade secrets (as interpreted by the courts of New York State) relating to proprietary rights in computer software, or to termination other than for cause.

2. For construction and construction-related services this Section shall apply only to disputes about the scope of work delineated by the Agreement, the interpretation of Agreement documents, the amount to be paid for extra work or disputed work performed in connection with the Agreement, the conformity of the Contractor's work to the Agreement, and the acceptability and quality of the Contractor's work; such disputes arise when the City Engineer, City Resident Engineer, City Engineering Audit Officer, or other designee of the Agency Head makes a determination with which the Contractor disagrees. For construction, this Section shall not apply to termination of the Agreement for cause or other than for cause.

B. All determinations required by this Section shall be clearly stated, with a reasoned explanation for the determination based on the information and evidence presented to the party making the determination. Failure to make such determination within the time

required by this Section shall be deemed a non-determination without prejudice that will allow application to the next level.

C. During such time as any dispute is being presented, heard, and considered pursuant to this Section, the Agreement terms shall remain in full force and effect and, unless otherwise directed by the ACCO or Engineer, the Contractor shall continue to perform work in accordance with the Agreement and as directed by the ACCO or City Engineer, City Resident Engineer, City Engineering Audit Officer, or other designee of the Agency Head. Failure of the Contractor to continue the work as directed shall constitute a waiver by the Contractor of any and all claims being presented pursuant to this Section and a material breach of contract.

D. Presentation of Dispute to Agency Head.

1. Notice of Dispute and Agency Response. The Contractor shall present its dispute in writing ("Notice of Dispute") to the Agency Head within the time specified herein, or, if no time is specified, within thirty (30) Days of receiving written notice of the determination or action that is the subject of the dispute. This notice requirement shall not be read to replace any other notice requirements contained in the Agreement. The Notice of Dispute shall include all the facts, evidence, documents, or other basis upon which the Contractor relies in support of its position, as well as a detailed computation demonstrating how any amount of money claimed by the Contractor in the dispute was arrived at. Within thirty (30) Days after receipt of the complete Notice of Dispute, the ACCO or, in the case of construction or construction-related services, the City Engineer, City Resident Engineer, City Engineering Audit Officer, or other designee of the Agency Head, shall submit to the Agency Head all materials he or she deems pertinent to the dispute. Following initial submissions to the Agency Head, either party may demand of the other the production of any document or other material the demanding party believes may be relevant to the dispute. The requested party shall produce all relevant materials that are not otherwise protected by a legal privilege recognized by the courts of New York State. Any question of relevancy shall be determined by the Agency Head whose decision shall be final. Willful failure of the Contractor to produce any requested material whose relevancy the Contractor has not disputed, or whose relevancy has been affirmatively determined, shall constitute a waiver by the Contractor of its claim.

2. Agency Head Inquiry. The Agency Head shall examine the material and may, in his or her discretion, convene an informal conference with the Contractor and the ACCO and, in the case of construction or construction-related services, the City

Engineer, City Resident Engineer, City Engineering Audit Officer, or other designee of the Agency Head, to resolve the issue by mutual consent prior to reaching a determination. The Agency Head may seek such technical or other expertise as he or she shall deem appropriate, including the use of neutral mediators, and require any such additional material from either or both parties as he or she deems fit. The Agency Head's ability to render, and the effect of, a decision hereunder shall not be impaired by any negotiations in connection with the dispute presented, whether or not the Agency Head participated therein. The Agency Head may or, at the request of any party to the dispute, shall compel the participation of any other contractor with a contract related to the work of this Agreement and that contractor shall be bound by the decision of the Agency Head. Any contractor thus brought into the dispute resolution proceeding shall have the same rights and obligations under this Section as the Contractor initiating the dispute.

3. Agency Head Determination. Within thirty (30) Days after the receipt of all materials and information, or such longer time as may be agreed to by the parties, the Agency Head shall make his or her determination and shall deliver or send a copy of such determination to the Contractor and ACCO and, in the case of construction or construction-related services, the City Engineer, City Resident Engineer, City Engineering Audit Officer, or other designee of the Agency Head, together with a statement concerning how the decision may be appealed.

4. Finality of Agency Head Decision. The Agency Head's decision shall be final and binding on all parties, unless presented to the Contract Dispute Resolution Board ("CDRB") pursuant to this Section. The City may not take a petition to the CDRB. However, should the Contractor take such a petition, the City may seek, and the CDRB may render, a determination less favorable to the Contractor and more favorable to the City than the decision of the Agency Head.

E. Presentation of Dispute to the Comptroller. Before any dispute may be brought by the Contractor to the CDRB, the Contractor must first present its claim to the Comptroller for his or her review, investigation, and possible adjustment.

1. Time, Form, and Content of Notice. Within thirty (30) Days of receipt of a decision by the Agency Head, the Contractor shall submit to the Comptroller and to the Agency Head a Notice of Claim regarding its dispute with the Agency. The Notice of Claim shall consist of (i) a brief statement of the substance of the dispute, the amount of money, if any, claimed and the reason(s) the Contractor contends the dispute was



wrongly decided by the Agency Head; (ii) a copy of the decision of the Agency Head; and (iii) a copy of all materials submitted by the Contractor to the Agency, including the Notice of Dispute. The Contractor may not present to the Comptroller any material not presented to the Agency Head, except at the request of the Comptroller.

2. Agency Response. Within thirty (30) Days of receipt of the Notice of Claim, the Agency shall make available to the Comptroller a copy of all material submitted by the Agency to the Agency Head in connection with the dispute. The Agency may not present to the Comptroller any material not presented to the Agency Head, except at the request of the Comptroller.

3. Comptroller Investigation. The Comptroller may investigate the claim in dispute and, in the course of such investigation, may exercise all powers provided in Admin. Code §§ 7-201 and 7-203. In addition, the Comptroller may demand of either party, and such party shall provide, whatever additional material the Comptroller deems pertinent to the claim, including original business records of the Contractor. Willful failure of the Contractor to produce within fifteen (15) Days any material requested by the Comptroller shall constitute a waiver by the Contractor of its claim. The Comptroller may also schedule an informal conference to be attended by the Contractor, Agency representatives, and any other personnel desired by the Comptroller.

4. Opportunity of Comptroller to Compromise or Adjust Claim. The Comptroller shall have forty-five (45) Days from his or her receipt of all materials referred to in Paragraph (E)(3) above to investigate the disputed claim. The period for investigation and compromise may be further extended by agreement between the Contractor and the Comptroller, to a maximum of ninety (90) Days from the Comptroller's receipt of all the materials. The Contractor may not present its petition to the CDRB until the period for investigation and compromise delineated in this Paragraph has expired. In compromising or adjusting any claim hereunder, the Comptroller may not revise or disregard the terms of the Agreement.

F. Contract Dispute Resolution Board. There shall be a Contract Dispute Resolution Board composed of:

1. the chief administrative law judge of the Office of Administrative Trials and Hearings ("OATH") or his or her designated OATH administrative law judge, who shall act as chairperson, and may adopt operational procedures and issue such orders

consistent with this Section as may be necessary in the execution of the CDRB's functions, including, but not limited to, granting extensions of time to present or respond to submissions;

2. the City Chief Procurement Officer ("CCPO") or his or her designee; any designee shall have the requisite background to consider and resolve the merits of the dispute and shall not have participated personally and substantially in the particular matter that is the subject of the dispute or report to anyone who so participated; and

3. a person with appropriate expertise who is not an employee of the City. This person shall be selected by the presiding administrative law judge from a prequalified panel of individuals, established, and administered by OATH, with appropriate background to act as decision-makers in a dispute. Such individuals may not have a contract or dispute with the City or be an officer or employee of any company or organization that does, or regularly represent persons, companies, or organizations having disputes with the City.

G. Petition to CDRB. In the event the claim has not been settled or adjusted by the Comptroller within the period provided in this Section, the Contractor, within thirty (30) Days thereafter, may petition the CDRB to review the Agency Head determination.

1. Form and Content of Petition by the Contractor. The Contractor shall present its dispute to the CDRB in the form of a petition, which shall include (i) a brief statement of the substance of the dispute, the amount of money, if any, claimed, and the reason(s) the Contractor contends that the dispute was wrongly decided by the Agency Head; (ii) a copy of the decision of the Agency Head; (iii) copies of all materials submitted by the Contractor to the Agency; (iv) a copy of the decision of the Comptroller, if any, and (v) copies of all correspondence with, and material submitted by the Contractor to, the Comptroller's Office. The Contractor shall concurrently submit four complete sets of the petition: one to the Corporation Counsel (Attn: Commercial and Real Estate Litigation Division), and three to the CDRB at OATH's offices, with proof of service on the Corporation Counsel. In addition, the Contractor shall submit a copy of the statement of the substance of the dispute, cited in (i) above, to both the Agency Head and the Comptroller.

2. Agency Response. Within thirty (30) Days of receipt of the petition by the Corporation Counsel, the Agency shall respond to the statement of the Contractor and make available to the CDRB all material it submitted to the Agency Head and

Comptroller. Three complete copies of the Agency response shall be submitted to the CDRB at OATH's offices and one to the Contractor. Extensions of time for submittal of the Agency response shall be given as necessary upon a showing of good cause or, upon the consent of the parties, for an initial period of up to thirty (30) Days.

3. Further Proceedings. The CDRB shall permit the Contractor to present its case by submission of memoranda, briefs, and oral argument. The CDRB shall also permit the Agency to present its case in response to the Contractor by submission of memoranda, briefs, and oral argument. If requested by the Corporation Counsel, the Comptroller shall provide reasonable assistance in the preparation of the Agency's case. Neither the Contractor nor the Agency may support its case with any documentation or other material that was not considered by the Comptroller, unless requested by the CDRB. The CDRB, in its discretion, may seek such technical or other expert advice as it shall deem appropriate and may seek, on its own or upon application of a party, any such additional material from any party as it deems fit. The CDRB, in its discretion, may combine more than one dispute between the parties for concurrent resolution.

4. CDRB Determination. Within forty-five (45) Days of the conclusion of all submissions and oral arguments, the CDRB shall render a decision resolving the dispute. In an unusually complex case, the CDRB may render its decision in a longer period of time, not to exceed ninety (90) Days, and shall so advise the parties at the commencement of this period. The CDRB's decision must be consistent with the terms of this Agreement. Decisions of the CDRB shall only resolve matters before the CDRB and shall not have precedential effect with respect to matters not before the CDRB.

5. Notification of CDRB Decision. The CDRB shall send a copy of its decision to the Contractor, the ACCO, the Corporation Counsel, the Comptroller, the CCPO, and, in the case of construction or construction-related services, the City Engineer, City Resident Engineer, City Engineering Audit Officer, or other designee of the Agency Head. A decision in favor of the Contractor shall be subject to the prompt payment provisions of the PPB Rules. The required payment date shall be thirty (30) Days after the date the parties are formally notified of the CDRB's decision.

6. Finality of CDRB Decision. The CDRB's decision shall be final and binding on all parties. Any party may seek review of the CDRB's decision solely in the form of a challenge, filed within four months of the date of the CDRB's decision, in a court of competent jurisdiction of the State of New York, County of New York pursuant to Article 78 of the Civil Practice Law and Rules. Such review by the court shall be

limited to the question of whether or not the CDRB's decision was made in violation of lawful procedure, was affected by an error of Law, or was arbitrary and capricious or an abuse of discretion. No evidence or information shall be introduced or relied upon in such proceeding that was not presented to the CDRB in accordance with PPB Rules § 4-09.

H. Any termination, cancellation, or alleged breach of the Agreement prior to or during the pendency of any proceedings pursuant to this Section shall not affect or impair the ability of the Agency Head or CDRB to make a binding and final decision pursuant to this Section.

## **8.6 APPLICABLE LAWS**

### **8.6.1 MACBRIDE PRINCIPLES**

A. In accordance with and to the extent required by Admin. Code § 6 115.1, the Contractor stipulates that the Contractor and any individual or legal entity in which the Contractor holds a ten percent (10%) or greater ownership interest and any individual or legal entity that holds a ten percent (10%) or greater ownership interest in the Contractor either (a) have no business operations in Northern Ireland, or (b) shall take lawful steps in good faith to conduct any business operations they have in Northern Ireland in accordance with the MacBride Principles, and shall permit independent monitoring of their compliance with such principles.

B. The Contractor agrees that the covenants and representations in Paragraph A above are material conditions to this Agreement.

C. This Section does not apply if the Contractor is a not-for-profit corporation.

**APPENDIX 9**  
**RAIL FUEL SURCHARGE**

**APPENDIX 9**

**RAIL FUEL SURCHARGE**



**CSXT FUEL SURCHARGE PUBLICATION 8661-A**

**Fuel Surcharge – Rail Mileage Based/Highway Diesel Fuel**

APPLICATION: This publication applies to: (1) all regulated common carrier linehaul freight rates existing or established by CSXT on or after April 23, 2007; and (2) all linehaul freight rates and charges with respect to exempt traffic, and linehaul freight rates and charges in contracts, private price quotations or other pricing documents, that both reference this publication and are entered into or issued and effective on or after April 23, 2007.

In the event that the monthly average price per gallon of highway diesel fuel (as determined below, the "HDF Average Price") equals or exceeds 200.0 cents, CSXT will apply a mileage-based fuel surcharge to the linehaul rates and charges described above. The fuel surcharge will be applied to each qualifying shipment having a bill of lading or other shipping instruction dated on or after the first day of the second calendar month following the calendar month of a given HDF Average Price determination.

The "HDF Average Price" for a month will be the average price for that month of U.S. No. 2 Diesel Retail Sales by All Sellers, as determined and published by the U. S. Department of Energy, Energy Information Administration ("DOE-EIA")<sup>1</sup>. That average price will, in calculating the HDF Average Price, be rounded to the nearest 1/10<sup>th</sup> of a cent applying conventional rounding principles. The fuel surcharge will be 1¢ per mile per railcar for every 4¢ per gallon, or portion thereof, by which the HDF Average Price for the calendar month two months prior to the calendar month of shipment exceeds 199.9 cents.

If DOE-EIA ceases publication of the above information, CSXT will employ a suitable substitute source of price or measure.

The mileage to be applied in calculating the fuel surcharge will be based on rail miles between origin, interchange(s) and destination, and can be found at [www.csx.com](http://www.csx.com).<sup>2</sup>

The following table reflects a sampling of the fuel surcharge within the included HDF Average Price ranges.

HDF Average Price	Cents	HDF Average Price	Cents	HDF Average Price	Cents
Cents Per Gallon	Per Mile	Cents Per Gallon	Per Mile	Cents Per Gallon	Per Mile
0 - 199.9	0	232.0 - 235.9	9	268.0 - 271.9	18
200.0 - 203.9	1	236.0 - 239.9	10	272.0 - 275.9	19
204.0 - 207.9	2	240.0 - 243.9	11	276.0 - 279.9	20
208.0 - 211.9	3	244.0 - 247.9	12	280.0 - 283.9	21
212.0 - 215.9	4	248.0 - 251.9	13	284.0 - 287.9	22
216.0 - 219.9	5	252.0 - 255.9	14	288.0 - 291.9	23
220.0 - 223.9	6	256.0 - 259.9	15	292.0 - 295.9	24
224.0 - 227.9	7	260.0 - 263.9	16	296.0 - 299.9	25
228.0 - 231.9	8	264.0 - 267.9	17	Above 299.9	See Below

The fuel surcharge will be 25¢ per mile plus 1¢ per mile for every 4¢ per gallon, or portion thereof, by which the HDF Average Price exceeds 299.9 cents.

When CSXT is the billing railroad with respect to a joint rate as to which another railroad's fuel surcharge is to be applied, the mileage (if any) used in calculating the fuel surcharge will be derived from CSXT's mileage lookup system and facility which can be found at [www.csx.com](http://www.csx.com).<sup>2</sup>

<sup>1</sup> The referenced DOE-EIA publication can currently be found at [www.eia.doe.gov](http://www.eia.doe.gov). On the home page select "Petroleum;" under "Prices" select "Weekly Retail Gasoline and Diesel Prices;" for the "Area" select "U.S.;" for the "Period" select "Monthly;" then refer to the data on the line entitled "Diesel (On-Highway)." Monthly data is normally published Wednesday after the last Monday of a given month.

<sup>2</sup> The referenced rail miles can be found at [www.csx.com](http://www.csx.com). On the home page select "Customers;" select "Prices, Tariffs, Fuel Surcharge;" select "Fuel Surcharge;" then select "Mileage" and follow the instructions provided. First time users will need to register to use ShipCSX.

ISSUED April 19, 2007

EFFECTIVE April 23, 2007

CSX TRANSPORTATION  
Marketing Services  
6737 Southpoint Drive, South  
Jacksonville, FL 32216

**APPENDIX 10**  
**EXAMPLE SERVICE FEE CALCULATIONS**

## **APPENDIX 10**

### **EXAMPLE SERVICE FEE CALCULATIONS**

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## APPENDIX 10

### EXAMPLE SERVICE FEE CALCULATIONS

Example Service Fee calculations pursuant to Article XI of the Service Contract are presented herein. These examples are presented to illustrate the methods and procedures used to determine the Service Fee and are not calculations of the actual Service Fee.

Some of the assumptions used for these examples are provided in Exhibit A at the end of this Appendix.

#### 10.1 SERVICE FEE

$$\text{SF} = \text{SC} + \text{FOC} + \text{VOC} + \text{EQC} + \text{FUCC} + \text{EI}$$

where

SC	=	System Cost Component
FOC	=	Fixed Operating Cost Component
VOC	=	Variable Operating Cost Component as more fully described below
EQC	=	Equipment Cost Component.
FUCC	=	Fixed Uncontrollable Circumstances Costs Component payable by the City.
EI	=	Extraordinary Items Component

and

$$\begin{aligned} \text{VOC} &= \text{Marine Diesel Fuel VOC (MTS-1) +} \\ &\quad \text{Marine Diesel Fuel VOC (MTS-2)} \\ &+ \text{Unified VOC} \\ &+ \text{NYCT VOC} \\ &+ \text{Niagara Resource Recovery Facility} \\ &\quad \text{VOC} \end{aligned}$$

This comprises the sum of the following:

- (1) Niagara RTT Basic Rail Transport VOC;
- (2) Niagara RTT Rail Fuel Surcharge VOC;
- (3) Niagara RTT Truck Fuel

VOC;

(4) Niagara Resource Recovery Facility DVC; and

(5) Niagara Resource Recovery Facility Variable UCC

+

Delaware Valley Resource Recovery Facility VOC

This comprises the sum of the following:

(1) Delaware RRS Basic Rail Transport VOC;

(2) Delaware RRS Rail Fuel Surcharge VOC;

(3) Delaware RRS Truck Fuel VOC

(4) Delaware Valley Resource Recovery Facility DVC; and

(5) Delaware Valley Resource Recovery Facility Variable UCC.

+

Lee County Landfill VOC

This comprises the sum of the following:

(1) Lee County Landfill Basic Rail Transport VOC;

(2) Lee County Landfill Rail Fuel Surcharge VOC;

(3) Lee County Landfill DVC; and

(4) Lee County Landfill Variable UCC.

+

Other Disposal Facility VOC

This comprises the sum of the following:

(1) Other Disposal Facility Basic Rail Transport VOC;

(2) Other Disposal Facility Rail Fuel Surcharge VOC;

(3) Other Disposal Facility Other Basic Transport

- VOC;
- (4) Other Disposal Facility  
Other Fuel Surcharge  
VOC;
- (5) Other Disposal Facility DVC;  
and
- (6) Other Disposal Facility  
Variable UCC.

**10.2 EXAMPLE 1: FULL OPERATIONS FOR MTS-1 ONLY FOR OCTOBER 2014**

This example assumes the MTS-1 Notice to Proceed Date is February 4, 2013 and that the MTS-1 Service Date is June 19, 2014, which is earlier than the MTS-1 Schedule Service Date of August 23, 2014 i.e., 565 days following the MTS-1 Notice to Proceed Date (for this example, it is assumed the City agreed to the earlier MTS-1 Service Date).

The October 2014 Invoice for this example is provided in the following tables. For this example, the Ramp-Up Period (see Section 10.3 of this Appendix) is assumed to begin on June 19, 2014 and end on September 30, 2014. Therefore, October 2014 is assumed to be the first month of full scale operations at MTS-1. Service is not yet being provided at MTS-2 at this time. The calculation of the values in the invoices shown in Table 10.1 and 10.2 below are presented in the following Sections.

**Table 10.1: Example 1 Fixed Component Invoice**

**Part A: Fixed Components  
COVANTA 4RECOVERY  
MUNICIPAL SOLID WASTE MANAGEMENT,  
TRANSPORTATION AND DISPOSAL WASTE MANAGEMENT  
NORTH MTS PAIR**

Date: October 16, 2014  
Billing Period: October 1, 2014 to October 15, 2014

	(A) Full Amount	(B) Bi-Monthly Fraction	(A) x (B)
System Cost Component	\$44,323.70	0.50	\$22,161.85
Fixed Operating Cost Component	\$2,356,162.35	0.50	\$1,178,081.18
Equipment			
Barge Capital Cost Component	\$88,820.94	0.50	\$44,410.47
Railcar Capital Cost Component	\$177,231.96	0.50	\$88,615.98
Container Capital Cost Component	\$271,704.96	0.50	\$135,852.48
Reach Stacker Capital Cost Component	\$20,165.10	0.50	\$10,082.55
Yard Jockey Capital Cost Component	\$8,402.10	0.50	\$4,201.05
Chassis Capital Cost Component	\$11,858.40	0.50	\$5,929.20
Railcar Mover Capital Cost Component	\$1,931.68	0.50	\$965.84
Fixed UCC Cost Component	\$0.00	0.50	\$0.00
<b>Total Fixed Components</b>	<b>\$2,980,601.19</b>		<b>\$1,490,300.60</b>

### 10.2.1 SYSTEM COST COMPONENT

This example illustrates how the System Cost Component is calculated pursuant to Section 11.3 of the Service Contract.

When MTS-1 is operating and MTS-2 is not operating the System Cost Component for each Monthly Billing Period shall be fixed on the MTS-1 Notice to Proceed Date at an amount equal to the product of: (a) \$43,897.43 and (b) the MTS-1 System Cost Component Adjustment Factor.

The MTS-1 System Cost Component Adjustment Factor (See subsection 11.22(A) of the Service Contract) is calculated as follows:

$$\text{MTS-1 SC AF} = \text{CPINY}_m \div \text{CPINY}_{\text{Mar12}}$$

where,

$$\text{CPINY}_m = \text{The value of CPINY occurring in the month preceding the month in which the MTS-1 Notice to Proceed Date occurs.}$$

$$\text{CPINY}_{\text{Mar12}} = \text{The CPINY values for March 2012, which is 251.887.}$$

Since it is assumed the MTS-1 Notice to Proceed Date in this Example 1 is February 4, 2013,  $\text{CPINY}_m$  is the value of the CPINY for January 2013, which in this example is assumed to be 254.333 (see Table 10A.1 in Exhibit A).

Therefore, for this example the System Cost Component is  $\$43,897.43 \times (254.333/251.887) = \$44,323.70$ .

### 10.2.2 FIXED OPERATING COST COMPONENT

For each Monthly Billing Period the Monthly Base Consolidated Fixed Operating Cost Component (See Section 11.4 of the Service Contract) shall be determined by reference to WCAL Table 1 in Appendix 4 titled "Monthly Base Consolidated Fixed Operating Cost Component." The Monthly Base Consolidated Fixed Operating Cost Component shall be, at any time, the amount set forth in such Table reflecting the then-applicable WCAL Levels at MTS-1 and MTS-2 (if Contract Services are not being provided at MTS-2, the row in such Table titled "No MTS-2" (i.e., MTS-2 WCAL is 0) will apply).

For each Contract Year during the Service Period, the Fixed Operating Cost Component shall be the product of (1) the then-applicable Monthly Base Consolidated Fixed Operating Cost Component and (2) the CPINY Adjustment Factor applicable for that Contract Year. The Fixed Operating Cost Component shall be determined at the beginning of each Contract Year, and shall thereafter remain fixed during the course of such Contract Year.

The Fixed Operating Cost Component for the "Base WCAL MTS-1 and No MTS-2" combination is \$2,262,026.16/month (See WCAL Table 1 in Appendix 4 of the Service Contract).

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**Table 10.2: Example 1 Variable Component Invoice**

**Part B: Variable Charges**  
**COVANTA 4RECOVERY**  
**MUNICIPAL SOLID WASTE MANAGEMENT,**  
**TRANSPORTATION AND DISPOSAL WASTE MANAGEMENT**  
**NORTH MTS PAIR**

Date: November 1, 2014

Billing Period: October 1, 2014 to October 31, 2014

**Tons and Containers Accepted and Other Variables**

**Average Variable Costs**

Tons of DSNY-managed Waste Delivered (Tons) <sup>(a)</sup>	45,133.94
Loaded Containers Delivered (MTS-1)	2,457.0
Loaded Containers Delivered (MTS-2)	0.0
Designated Waste Allocation of Loaded Containers	
To the Niagara RTT Facility	50.00%
To the Delaware RRS Facility	50.00%
To the Lee County Landfill	0.00%
Average Density Per Container (Tons/Container)	18.3695
U.S. No. 2 Diesel Retail Sales Fuel Price (\$/gallon) <sup>(b)</sup>	4.267
NY Harbor Ultra-Low Sulfur No 2 Diesel Spot Price (\$/gallon) <sup>(b)</sup>	3.405
Central Atlantic No. 2 Diesel Ultra Low Sulfur (\$/gallon) <sup>(b)</sup>	4.471

**Monthly Service Fee (c)**

<b>Variable Operating Cost Component</b>	
Marine Diesel Fuel VOC (MTS-1)	\$169,943.70
Marine Diesel Fuel VOC (MTS-2)	0.00
Unified VOC	511,850.04
New York Container Terminal VOC	798,838.17
Niagara Variable Cost Component	
Niagara RTT Basic Rail Transport VOC	479,836.74
Niagara RTT Rail Fuel Surcharge VOC	79,652.87
Niagara RTT Truck Fuel VOC	66,019.71
Niagara Resource Recovery Facility DVC	587,652.85
Niagara Resource Recovery Facility Variable UCC	0.00
Delaware Variable Cost Component	
Delaware RRS Basic Rail Transport VOC	390,113.25
Delaware RRS Rail Fuel Surcharge VOC	18,731.55
Delaware RRS Truck Fuel VOC	213,630.59
Delaware Valley Resource Recovery Facility DVC	587,652.85
Delaware Valley Resource Recovery Facility Variable UCC	0.00
Lee County Variable Cost Component	
Lee Rail Basic Transport VOC	0.00
Lee Rail Fuel Surcharge VOC	0.00
Lee County Landfill DVC	0.00
Lee County Landfill Variable UCC	0.00
Extraordinary Items Component (d)	0.00
<b>Total Variable Components</b>	<b>\$3,903,922.32</b>
<b>Total Variable Components per Ton</b>	<b>\$86.50</b>

(a) Obtained from weigh records supplied by the City. (copies attached).

(b) Printout from website (DOE or CSX, as applicable) attached.

(c) See attached backup for calculations of each entry.

(d) Is equal to zero at the beginning of the Service Contact. All of these costs are subject to Cost Substantiation.

For this example, the CPINY Adjustment Factor (See subsection 11.22(B) of the Service Contract) applicable for that Contract Year beginning on July 1, 2014 is:

$$\text{CPINY AF}_n = \text{CPINY}_{n-1} \div \text{CPINY}_b$$

Where,

$\text{CPINY}_{n-1}$  = The annual average of the 12-monthly CPINY values occurring in the Calendar Year preceding the Contract Year with respect to which a calculation is to be made thereunder. For example, for the Contract Year beginning July 1, 2013,  $\text{CPINY}_{n-1}$  is the annual average CPINY for Calendar Year 2012.

$\text{CPINY}_b$  = The average of the 12-monthly CPINY values occurring in the Calendar Year ending December 31, 2011, which is 247.718.

For the Contract Year beginning July 1, 2014,  $\text{CPINY}_{n-1}$  is the annual average CPINY for Calendar Year 2013, which in this Example 1 is 258.027 (see Table 10A.1 in Exhibit A of this Appendix).

For the October 2014 through June 30, 2015 (the end of the Contract Year) the Fixed Operating Cost Component is  $\$2,262,026.16 \times (258.027/247.718) = \$2,356,162.35$ .

### 10.2.3 BARGE CAPITAL COST COMPONENT

For this example, it is assumed that the fully escalated purchase price is \$2,250,000/Barge and the delivery cost is \$150,000/Barge. It is further assumed that the purchase price includes all taxes, thus no additional sales tax is applied. These values are determined in accordance with Section 11.13 of the Service Contract.

The Minimum Barge Requirement for the “Base WCAL MTS-1 and No MTS-2” combination is six (6). (See WCAL Table 2 in Appendix 4 of the Service Contract.)

In accordance with Section 11.23 of the Service Contract, the monthly unit cost for any piece of Company Owned Transportation Equipment is equal to:

$$\frac{[(\text{Transportation Equipment Purchase Price}) \times (1 + \text{the applicable sales tax rate, if any}) + (\text{Transportation Equipment Delivery Cost})] \times [\text{Monthly Amortization Factor}]}{1}$$

For clarity, if the Transportation Equipment Purchase Price includes all taxes, including sales taxes, then the applicable sales tax rate in the above equation would be zero. If the purchase is exempt from any sales taxes then the sales tax rate will also be equal to zero.

The Monthly Amortization Factor is calculated using the following equation:

$$r/[1 - (1/(1+r)^n)],$$

where “r” is the applicable monthly interest rate and “n” is the amortization period expressed in number of months. The value of “n” for Designated Barges is 360 months.

The monthly interest rate used to calculate the Monthly Amortization Factors is equal to one plus the annual interest rate raised to the one-twelfth power minus 1, i.e.,

$$r = [(1+R)^{(1/12)}] - 1; \text{ or}$$

$$r = [e^{(\ln(1+R)/12)}] - 1.$$

For this example it is assumed that the annual interest rate, “R”, is equal to the average annual yield on 30-Year Treasuries for the six months following the month in which the MTS-1 Notice to Proceed Date occurs plus 200 basis points. The assumed MTS-1 Notice to Proceed Date is 02/04/13. Therefore, the annual interest rate for this example is the average of the market yield on 30-Year Treasuries for March 2013, April 2013, May 2013, June 2013, July 2013 and August 2013] plus 200 basis points, which is:

$$(4.23\% + 4.29\% + 4.50\% + 4.51\% + 4.65\% + 4.52\%)/6 + 200 \text{ basis points} = 4.45\% + 2.00\% = 6.45\%.$$

This resulting average percentage is rounded to 2 decimal places (this is the same as rounding the resulting fraction to 4 decimal places). Refer to Table 10A.3 in Exhibit A at the end of this Appendix for the assumed 30-Year Treasury yields.

The monthly interest rate is equal to:

$$r = [(1+0.0645)^{(1/12)}] - 1 = 0.00522235632413 \text{ (i.e., approximately .522\%)}$$

This resulting monthly interest rate is rounded to 14 decimal places.

The Monthly Amortization Factor is calculated using the following equation:

$$r/[1 - (1/(1+ r)^n)],$$

or

$$0.00522235632413/[1 - (1/(1.00522235632413)^{360})] = 0.00616812054290.$$

The Monthly Amortization Factor is rounded to 14 decimal places.

The Barge Monthly Unit Cost for Barges in Tranche<sub>1</sub> in this example is equal to:

$$(\$2,250,000 + \$150,000) \times 0.00616812054290 = \$14,803.49/\text{Barge}.$$

This value is rounded to the nearest penny.

The Tranche<sub>1</sub> monthly Barge Capital Cost Component for this example is:

$$\$14,803.49/\text{Barge} \times (6 \text{ Barges}) = \$88,820.94.$$

This value is rounded to the nearest penny.

#### **10.2.4 RAILCAR CAPITAL COST COMPONENT**

For this example, it is assumed that the fully escalated purchase price is \$90,000/Railcar and the delivery cost is \$5,000/Railcar. The assumed sales tax rate is 8.875%. These values are determined in accordance with Section 11.14 of the Service Contract.

The Minimum Railcar Requirement for the “Base WCAL MTS-1 and No MTS-2” combination is 279. (See WCAL Table 3 in Appendix 4 of the Service Contract.)

The Monthly Amortization Factor is the same used for Barges, or 0.00616812054290.

The Railcar Monthly Unit Cost for Railcars in Tranche<sub>1</sub> in this example is equal to:

$$(\$90,000 \times 1.08875] + \$5000) \times 0.00616812054290 = \$635.24/\text{Railcar}.$$

This value is rounded to the nearest penny.

The Tranche<sub>1</sub> monthly Railcar Capital Cost Component for this example is:

$$(\$635.24/\text{Railcar}) \times (279 \text{ Railcars}) = \$177,231.96.$$

This value is rounded to the nearest penny.

### 10.2.5 CONTAINER CAPITAL COST COMPONENT

For this example, it is assumed that the fully escalated purchase price is \$14,500/Container and the delivery cost is \$600/Container. The assumed sales tax rate is 8.875%. These values are determined in accordance with Section 11.15 of the Service Contract.

The Container Capital Cost Component is equal to:

$$\text{Tranche}_1 \text{ Container Monthly Cost} + \text{Tranche}_2 \text{ Container Monthly Cost} + \text{Tranche}_3 \text{ Container Monthly Cost} + \dots + \text{Tranche}_m \text{ Container Monthly Cost} + \text{AC}$$

where

$$\text{Tranche}_m \text{ Monthly Cost} = C_1 + C_{11} + C_{21};$$

“m” = the total number of Container Tranches;

and

AC = the cost adjustment attributed to Additional Containers transferred, or leased in accordance with subsections 6.2(H) and 6.2(I) of the Service Contract. Since this example is for the first Contract Year, the values of C<sub>11</sub> and C<sub>21</sub> are equal to zero. Since, in this example, there are assumed to be no such transferred or leased Containers the value of AC is equal to zero.

The method for calculating C<sub>1</sub> for Tranche<sub>1</sub> is illustrated below. Examples for calculating C<sub>11</sub> and C<sub>21</sub> in future years are present later in Section 10.6 of this Appendix.

The Minimum Container Requirement for the “Base WCAL MTS-1 and No MTS-2” combination is 1,548 (See WCAL Table 4 in Appendix 4 of the Service Contract.)

In accordance with Section 11.23 of the Service Contract, the monthly unit cost for any piece of Company Owned Transportation Equipment is equal to:

$$[(\text{Transportation Equipment Purchase Price}) \times (1 + \text{the applicable sales tax rate, if any}) + (\text{Transportation Equipment Delivery Cost})] \times [\text{Monthly Amortization Factor}].$$



The Monthly Amortization Factor is calculated using the following equation:

$$r/[1 - (1/(1+r)^n)],$$

where “r” is the applicable monthly interest rate and “n” is the amortization period expressed in number of months.

The value of “n” for Designated Containers is 120 months.

The monthly interest rate used to calculate the Monthly Amortization Factors is equal to one plus the annual interest rate raised to the one-twelfth power minus 1, i.e.,

$$r = [(1+R)^{(1/12)}] - 1; \text{ or}$$

$$r = [e^{(\ln(1+R)/12)}] - 1.$$

For this example it is assumed that the annual interest rate, “R”, is equal to the average annual yield on 10-Year Treasuries for the six months following the month in which the MTS-1 Notice to Proceed Date occurs plus 200 basis points. The assumed MTS-1 Notice to Proceed Date is 02/04/13. Therefore, the annual interest rate for this example is the average of the market yield on 10-Year Treasuries for March 2013, April 2013, May 2013, June 2013, July 2013 and August 2013 plus 200 basis points, which is:

$$(3.00\% + 3.17\% + 3.46\% + 3.41\% + 3.58\% + 3.39\%)/6 + 200 \text{ basis points} = 3.34\% + 2.00\% = 5.34\%.$$

This resulting average percentage is rounded to 2 decimal places (this is the same as the fractional value being rounded to 4 decimal places. Refer to Table 10A.3 in Exhibit A at the end of this Appendix 10 for the assumed 10-Year Treasury yields.

The monthly interest rate is equal to:

$$r = [(1.0534)^{(1/12)}] - 1 = 0.00434466313983 \text{ (i.e., approximately .434\%)}.$$

This resulting monthly interest rate is rounded to 14 decimal places.

The Monthly Amortization Factor is calculated using the following equation:

$$r/[1 - (1/(1+r)^n)],$$

or

$$0.00434466313983/[1 - (1/(1.00434466313983)^{120})] = 0.01071126254237.$$

The Monthly Amortization Factor is rounded to 14 decimal places.

The Container Monthly Unit Cost for Containers in Tranche<sub>1</sub> in this example is equal to:

$$[(\$14,500 \times 1.08875) + \$600.00] \times 0.01071126254237 = \$175.52/\text{Container}.$$

This value is rounded to the nearest penny. The applicable sales tax rate in this example is assumed to be 8.875%.

$$C_1 = (\$175.52/\text{Container}) \times (1,548 \text{ Containers}) = \$271,704.96/\text{month}.$$

This value is rounded to the nearest penny.

For an example of how the cost of Containers escalates see Section 10.6 of this Appendix.

### 10.2.6 OTHER TRANSPORTATION EQUIPMENT CAPITAL COST COMPONENTS

The calculation of the Transportation Equipment Capital Cost Components for the Reach Stackers (Section 11.16 of the Service Contract), Yard Jockey (Section 11.17 of the Service Contract), Chassis (Section 11.18 of the Service Contract) and Railcar Mover (Section 11.19 of the Service Contract) is done in the same way it is done for the Barges and Railcars. The assumptions used and resulting Other Transportation Equipment Capital Cost Component calculations for this example are summarized in Table 10.3 below.

### 10.2.7 MARINE DIESEL FUEL VARIABLE OPERATING COST COMPONENT

This subsection illustrates how the Marine Diesel Fuel Variable Operating Cost Component is calculated pursuant to Section 11.7 of the Service Contract.

The Marine Diesel Fuel Variable Operating Cost Component is the sum of the Marine Diesel Fuel Variable Operating Cost (Marine Diesel Fuel VOC) for MTS-1 and the Marine Diesel Fuel VOC for MTS-2.

**Table 10.3: Other Transportation Equipment Capital Cost Components**

Variable	Reach Stackers	Yard Jockey	Chassis	Railcar Mover
30-Year US Treasuries (Average Mar. through Aug. 2013)	4.45%	4.45%	4.45%	4.45%
Spread	2.00%	2.00%	2.00%	2.00%
Annual Interest Rate	6.45%	6.45%	6.45%	6.45%
Monthly Interest Rate	0.522235632413%	0.522235632413%	0.522235632413%	0.522235632413%
Amortization Period (Months)	360	360	360	360
Monthly Amortization Factor	0.00616812054290	0.00616812054290	0.00616812054290	0.00616812054290
Base Purchase Price	\$500,000.00	\$89,000.00	\$48,500.00	\$287,000.00
Base Freight Cost	\$500.00	\$400.00	\$600.00	\$700.00
Sales Tax (Input)	8.8750%	8.8750%	8.8750%	8.8750%
Gross Price	\$544,875.00	\$97,298.75	\$53,404.38	\$313,171.25
\$/Unit/Month	\$3,360.85	\$600.15	\$329.40	\$1,931.68
Number (From Tabs)	6	14	36	1
Transportation Equipment Capital Cost Component - Trauche <sub>1</sub> (MTS-1)	\$20,165.10	\$8,402.10	\$11,858.40	\$1,931.68

For each Monthly Billing Period, the Marine Diesel Fuel VOC at MTS-1 shall be the product of (a) the MTS-1 Marine Diesel Fuel Variable Rate applicable during such Billing Period and (b) the number of Loaded Containers accepted by the Company at MTS-1 during such Billing Period.

For each Monthly Billing Period, the Marine Diesel Fuel VOC at MTS-2 shall be the product of (a) the MTS-2 Marine Diesel Fuel Variable Rate applicable during such Billing Period and (b) the number of Loaded Containers accepted by Company at the MTS-2 during such Billing Period.

Since in this example MTS-2 is assumed not to be operating in October 2014, the value of MTS-2 Marine Fuel Diesel VOC is zero. The following illustrates how the Marine Diesel Fuel VOC for MTS-1 is calculated.

For each Monthly Billing Period the Marine Diesel Fuel Variable Operating Rate for each Loaded Container accepted at MTS-1 shall be the product of (a) \$62.87/Container and (b) the Marine Diesel Index Adjustment Factor applicable for that Monthly Billing Period.

The “Marine Diesel Index Adjustment Factor” for purposes of this Service Contract, when used with respect to any particular month, shall be determined as follows:

$$\text{MDF AF}_m = \text{MDF}_{m-2} \div \text{MDF}_b$$

Where,

$\text{MDF}_{m-2}$  = The New York Harbor Ultra-Low Sulfur No 2 Diesel Spot Price (Dollars per Gallon) as Reported by the US Department of Energy occurring two months prior to the month with respect to which a calculation is to be made thereunder. For example, for the month January 2013,  $\text{MDF}_{m-2}$  is the value reported for the month of November 2012.

$\text{MDF}_b$  = The base value is \$3.095 per gallon.

The subscript “m” reflects the months of the year, i.e., January, February, March, etc. rather than a numerical value. The subscript “m-2” reflects the fact that the index used is two months prior to the month with respect to which a calculation is to be made thereunder.

Since this example is for October 2014, the value of  $\text{MDF}_{m-2}$  is the value of the New York Harbor Ultra-Low Sulfur No 2 Diesel Spot Price for August 2014, i.e., two month prior to the month with respect to which the calculation is being made. From Table 10A.4 of Exhibit A of this Appendix the value of  $\text{MDF}_{m-2}$  is 3.405.

There are assumed to be 2,457 Loaded Containers accepted by the Company at MTS-1 in October 2014 as shown in Part B of the monthly invoice at the beginning of this Section 10.2. Therefore, the MTS-1 Marine Diesel Fuel VOC in this example is:

$$\$62.87 \times (3.405/3.095) \times 2,457 = \$169,943.70.$$

### **10.2.8 UNIFIED VARIABLE OPERATING COST COMPONENT**

This example illustrates how the Unified Variable Operating Cost Component is calculated pursuant to Section 11.8 of the Service Contract.

For each Monthly Billing Period, the Unified Variable Operating Cost Component (Unified VOC) shall be the product of (a) the then applicable Unified Variable Rate and (b) the number of Loaded Containers accepted by the Company at the Marine Transfer Stations during such Billing Period. The Base Unified Variable Rate is obtained from Table 2 in Appendix 4. For this example MTS-1 is assumed to be operating at WCAL Level 740 and MTS-2 is not operating. Therefore, the Unified Variable Rate is the product of (1) \$200.00 and (2) the CPINY Adjustment Factor applicable for that Contract Year.

For this example, the CPINY Adjustment Factor (See subsection 11.22(B) of the Service Contract) applicable for that Contract Year beginning on July 1, 2014 is calculated in Section 10.2.2 of this Appendix.

There were assumed to be 2,457 Loaded Containers accepted in October 2014 as shown in the Part B of the monthly invoice at the beginning of this Section, therefore, the Unified VOC in this example is:

$$\$200.00 \times (258.027/247.718) \times 2,457 = \$511,850.04.$$

### 10.2.9 NYCT VARIABLE OPERATING COST COMPONENT

This example illustrates how the NYCT Variable Operating Cost Component is calculated pursuant to Section 11.9 of the Service Contract.

In accordance with Section 11.9 of the Service Contract, there are three separate and independent base variable rates for purposes of calculating the NYCT Variable Operating Cost. These base variable rates are the: (1) the Base NYCT Variable Rate, (2) the Base Port Authority Container Assessment Variable Rate and (3) the Base ILA Benefits Variable Rate. Each of these base variable rates are adjusted from time to time based on individual adjustment factors. For this example, the sum of these escalated base variable rates is shown in Table 10.4 below.

For each Operating Week that was completed during a Monthly Billing Period, the Weekly NYCT Variable Operating Cost for Containers Accepted at MTS-1 and MTS-2 shall be the product of (a) the escalated NYCT Variable Rate applicable during such Operating Week and (b) the number of Loaded Containers accepted by the Company at MTS-1 and MTS- 2 during such Operating Week.

The escalated NYCT Variable Rate shall be, for any Operating Week during a Monthly Billing Period, the amount set forth in such Table reflecting the Operating Week’s delivery level closest to but not exceeding the actual total number of Loaded Containers delivered by the City to the Company during such Operating Week.

**Table 10.4: Escalated Aggregate NYCT Variable Rate**

Containers per Week	NYCT VOC <sup>(a)</sup> (\$/Container)
If the number of Loaded Containers accepted during a week is less than 835, then the NYCT VOC for ALL the Containers accepted that week is:	\$347.17
If the number of Loaded Containers accepted during a week is greater than 834 and less than 930, then the NYCT VOC for ALL the Containers accepted that week is:	\$335.87
If the number of Loaded Containers accepted during a week is greater than 929 and less than 1,028, then the NYCT VOC for ALL the Containers accepted that week is:	\$314.36
If the number of Loaded Containers accepted during a week is greater than 1,027 and less than 1,464, then the NYCT VOC for ALL the Containers accepted that week is:	\$301.96
If the number of Loaded Containers accepted during a week is greater than 1,463 and less than 1,762, then the NYCT VOC for ALL the Containers accepted that week is:	\$278.63
If the number of Loaded Containers accepted during a week is greater than 1,761, then the NYCT VOC for ALL the Containers accepted that week is:	\$274.26

(a) This is the sum of the escalated (1) Base NYCT Variable Rate, (2) Base Port Authority Container Assessment Variable Rate and (3) Base ILA Benefits Variable Rate.

For this example the assumed deliveries of Loaded Containers is shown in Table 10.5. For the first Operating Week ending on Sunday October 5, 2014 it is assumed that 590 Loaded Containers were accepted by the Company at MTS-1. Since this is less than 835 Containers, the NYCT Variable Rate for this Operating Week is \$347.17/Container and the NYCT Variable Operating Cost for this Operating Week is 590 Containers times \$347.17/Container, or \$204,830.30.

The NYCT Variable Operating Costs for all the other completed Operating Weeks in October 2014 were calculated in the same way. The NYCT Operating Cost Component for October 2014 is the sum of these weekly values, or \$798,838.17 as shown in Table 10.5.

**Table 10.5: NYCT Variable Operating Cost Component**

October 2014	Density (Tons/Container)	Tons	Containers	\$/Container	Dollars
Sunday, October 05, 2014	18.468	10,894.12	590.0	\$347.17	\$204,830.30
Sunday, October 12, 2014	18.461	10,910.36	591.0	\$347.17	\$205,177.47
Sunday, October 19, 2014	19.215	10,071.55	524.0	\$347.17	\$181,917.08
Sunday, October 26, 2014	17.453	10,402.80	596.0	\$347.17	\$206,913.32
		42,278.83	2,301.0		\$798,838.17

Note that in this example the total number of Containers used for this calculation is not equal to the total number of Containers accepted by the Company for the entire month of October. The reason is that the Containers accepted on Monday, October 27 through Friday, October 31, 2014 occurred during an Operating Week that was not completed during October 2014.

These Containers will be included in the monthly Billing Statement for the month of November 2014. On the other hand, Containers delivered on Monday, September 29 and Tuesday, September 30, 2014 are included in the number of Containers delivered for the Operating Week ending Sunday, October 5, 2014 and are included in the NYCT VOC in the monthly Billing Statement for the month of October 2014.

**10.2.10 NIAGARA RTT BASIC RAIL TRANSPORT VOC**

This example illustrates how the Niagara RTT Basic Rail Transport Variable Operating Cost Component is calculated pursuant to Section 11.20 of the Service Contract.

For this example, the Unit Train Per Railcar Basic Transport Rate to the Niagara RTT Intermodal Facility is \$1,460.00. This value is escalated on July 1, 2012 and July 1, 2013 based on the change in the CPINY for the month of May in accordance with subsection 11.20(D)(2) of the Service Contract.

From Table 10A.1 in Exhibit A, the values of the CPINY for May 2011 and May 2012 are 248.073 and 252.652, respectively. Since the CPINY for May 2012 is greater than the CPINY for May 2011, the July 1, 2012 adjusted Unit Train Per Railcar Basic Transportation Rate to the Niagara RTT Intermodal Facility is:

$$\$1,460.00 \times (252.652/248.073) = \$1,486.95.$$

This value is rounded to the nearest penny.

From Table 10A.1 in Exhibit A, the values of the CPINY for May 2012 and May 2013 are 252.652 and 257.730, respectively. Since the CPINY for May 2013 is greater than the CPINY for May 2012, the July 1, 2013 adjusted Unit Train Per Railcar Basic Transportation Rate to the Niagara RTT Intermodal Facility is:

$$\$1,486.95 \times (257.730/252.652) = \$1,516.84.$$

This value is rounded to the nearest penny.

On July 1, 2014 the per Unit Train Per Railcar Basic Transportation Rate is further adjusted based on the Rail Cost Adjustment Factor that is equal to the ratio of the Index Amount of the second quarter of the Calendar Year during which the adjustment is to be made as the numerator divided by the Index Amount for the second quarter in the previous Calendar Year as the denominator. The Index Amount is the All Inclusive Index Less Fuel With Forecast Error Adjustment - Table AE, (All-LF), as published in the ARR Railroad Cost Indexes (the column titled "All-LF with Error Adjustment").

For this example the Index Amount for the second quarter of 2014 and 2013 are 124.7 and 121.1, respectively. See Table 10A.8 of Exhibit A of this Appendix. For this example, the Rail Cost Adjustment Factor for Contract Year 2015 is:

$$124.7/121.1 = 1.030.$$

The Rail Cost Adjustment Factor is rounded to the third decimal place. In percentage terms, this is to the nearest one-tenth of one percent. Such per Railcar charge will be subject to a minimum annual increase of 2.5%.

The resulting Unit Train Per Railcar Basic Transportation Rate to Niagara RTT Intermodal Facility is:

$$\$1,516.84 \times 1.030 = \$1,562.35.$$

The Designated Waste Allocation to the Niagara RTT Intermodal Facility is 50%. Therefore, for this example, the Niagara RTT Basic Rail Transport VOC is:

$$(\$1,562.35/4) \times (0.50 \times 2,457) = \$479,836.74.$$

This value is rounded to the nearest penny.

### **10.2.11 NIAGARA RTT RAIL FUEL SURCHARGE VOC**

This example illustrates how the Niagara RTT Rail Fuel Surcharge VOC is calculated pursuant to subsection 11.20(C) of the Service Contract.

The CSXT Fuel Surcharge Publication 8661-A that took effect on April 23, 2007 is assumed in this example (see Appendix 9, "Fuel Surcharge" of the Service Contract). If the U.S. No. 2 Diesel Retail Sales by All Sellers, as determined and published by the U.S. Department of Energy, Energy Information Administration ("HDF Average Price") is greater than or equal to 200.0 cents per gallon, then the monthly fuel adjustment is expressed as cost per Railcar that is equal to the product of: (a) the difference between the reported HDF Average Price applicable for the Billing Period, rounded to the nearest 10<sup>th</sup> of a penny (which is the HDF Average Price two months prior to the Billing Period) and 199.9 cents per gallon divided by 4, rounding to the nearest whole penny; and (b) the one-way distance from the Facility to the Designated Disposal Site, which for the Niagara RTT Facility in this example is 455.0 rail miles.

The monthly Niagara RTT Rail Fuel Surcharge is equal to: (a) the Per Railcar Fuel Surcharge Rate as calculated above; divided by (b) 4; times (c) the number of Loaded Containers allocated (or if applicable, delivered) to the Niagara RTT intermodal facility during each Billing Period.

As shown in Table 10A.6 of Exhibit A of this Appendix 10, the assumed U.S. No. 2 Diesel Retail Sales by All Sellers is assumed to be 426.7 cents per gallon in August 2014. (This is two months prior to October 2014). The difference between 426.7¢ and 199.9¢ is 226.8¢. Dividing this value by 4 and rounding this to the nearest penny results in \$0.57 per-mile per-Railcar.

The assumed Per Railcar Fuel Surcharge Rate for October 2014 is \$0.57 times 455.0 miles, or \$259.35 per Railcar. This value is rounded to the nearest penny.

The Designated Waste Allocation to the Niagara RTT Intermodal Facility is 50%. Therefore, for this example, the Niagara RTT Rail Fuel Surcharge VOC for October 2014 is: (a) 0.50 times; (b) \$259.35 per Railcar; divided by (c) 4 Containers per Railcar; times (d) 2,457.0 Containers, or \$79,652.87. This value is rounded to the nearest penny.

### 10.2.12 NIAGARA RTT TRUCK FUEL VOC

This example illustrates how the Niagara RTT Truck Fuel VOC is calculated pursuant to Section 11.10 of the Service Contract.

The Niagara RTT Truck Fuel Variable Rate for October 2014 is the product of (a) \$48.80/Container and (b) the U.S. On-Highway Diesel Index Adjustment Factor.

The US On-Highway Diesel Index Adjustment Factor, when used with respect to any particular month, shall be determined as follows:

$$\text{OHDF AF}_m = \text{OHDF}_{m-1} \div \text{OHDF}_b$$

Where,

$\text{OHDF}_{m-1}$  = The Central Atlantic (PADD 1B) No. 2 Diesel Ultra Low Sulfur (0-15 ppm) Retail Prices (Dollars per Gallon) as Reported by the US Department of Energy occurring one month prior to the month with respect to which a calculation is to be made thereunder. For example, for the month January 2013,  $\text{OHDF}_{m-1}$  is the value reported for the month of December 2012.

$\text{OHDF}_b$  = The base value is \$4.060 per gallon.

The subscript “m” reflects the months of the year, i.e., January, February, March, etc. rather than a numerical value. The subscript “m-1” reflects the fact that the index used is one month prior to the month with respect to which a calculation is being made.

Since this example is for October 2014, the value of  $\text{MDF}_{m-1}$  is the value of the Central Atlantic (PADD 1B) No. 2 Diesel Ultra Low Sulfur (0-15 ppm) Retail Prices for September 2014, i.e., one month prior to the month with respect to which the calculation is being made. From Table 10A.5 of Exhibit A or this Appendix the value of  $\text{MDF}_{m-1}$  is 4.471.

The Niagara RTT Truck Fuel VOC is equal to the product of (a) the Niagara RTT Truck Fuel Variable Rate for October 2014 and (b) the number of Loaded Containers allocated (or delivered, if applicable) to the Niagara RTT Facility.

The Designated Waste Allocation to the Niagara RTT Intermodal Facility is 50%. Therefore, for this example, the Niagara RTT Truck Fuel VOC for October 2014 is:

$$\$48.80 \times (4.471/4.060) \times (2,457 \times 0.50) = \$66,019.71.$$

This value is rounded to the nearest penny.

### **10.2.13 NIAGARA RESOURCES RECOVERY FACILITY DVC**

This example illustrates how the Niagara Resource Recovery Facility DVC is calculated pursuant to Section 11.12 of the Service Contract.

For each Contract Year, the Disposal Variable Rate shall be the product of (a) \$25.00/Ton for each Ton of DSNY-managed Waste allocated to, or if applicable disposed of by the Company at the Niagara Resource Recovery Facility and (b) the CPINY Adjustment Factor, which for the Contract Year beginning on July 1, 2014 is (258.027/247.718) as shown in Section 10.2.2 of this Appendix.

The Designated Waste Allocation to the Niagara RTT Intermodal Facility is 50%. A total of 45,133.94 Tons is assumed to be delivered to MTS-1 in October 2014. Therefore, for the October 2014 the Niagara Resource Recovery Facility DVC is:

$$\$25.00/\text{Ton} \times (258.027/247.718) \times (0.50 \times 45,133.94\text{Tons}) = \$587,652.85.$$

This value is rounded to the nearest penny.

### **10.2.14 DELAWARE RRS BASIC RAIL TRANSPORT VOC**

This example illustrates how the Delaware RRS Basic Rail Transport Variable Operating Cost Component is calculated pursuant to Section 11.20 of the Service Contract.

For this example, the Unit Train Per Railcar Basic Transport Rate to the Delaware RRS Intermodal Facility is \$1,187.00. This value is escalated on July 1, 2012 and July 1, 2013 based on the change in the CPINY for the month of May in accordance with subsection 11.20(D)(2) of the Service Contract.

From Table 10A.1 in Exhibit A, the values of the CPINY for May 2011 and May 2012 are 248.073 and 252.652, respectively. Since the CPINY for May 2012 is greater than the CPINY or May 2011, the July 1, 2012 adjusted Unit Train Per Railcar Basic Transportation Rate to the Niagara RTT Intermodal Facility is:

$$\$1,187.00 \times (252.652/248.073) = \$1,208.91.$$

This value is rounded to the nearest penny.

From Table 10A.1 in Exhibit A, the values of the CPINY for May 2012 and May 2013 are 252.652 and 257.730, respectively.

From Table 10A.1 in Exhibit A, the values of the CPINY for May 2012 and May 2013 are 252.652 and 257.730, respectively. Since the CPINY for May 2013 is greater than the CPINY or May 2012, the July 1, 2012 adjusted Unit Train Per Railcar Basic Transportation Rate to Niagara RTT Intermodal Facility is:

$$\$1,208.91 \times (257.730/252.652) = \$1,233.21;$$

This value is rounded to the nearest penny.

On July 1, 2014 the per Unit Train Per Railcar Basic Transportation Rate is further adjusted based on the Rail Cost Adjustment Factor. For this example, the Rail Cost Adjustment Factor for Contract Year 2015, as shown in Section 10.2.10 of this Appendix is  $124.7/121.1 = 1.030$ .



The Rail Cost Adjustment Factor is rounded to the third decimal place. In percentage terms, this is to the nearest one-tenth of one percent. Such per Railcar charge will be subject to a minimum annual increase of 2.5%.

The resulting Unit Train Per Railcar Basic Transportation Rate to Delaware RRS Intermodal Facility is:

$$\$1,233.21 \times 1.030 = \$1,270.21.$$

The Designated Waste Allocation to the Delaware RRS Intermodal Facility is 50%. Therefore, for this example, the Delaware RRS Basic Rail Transport VOC is:

$$(\$1,270.21/4) \times (0.50 \times 2,457) = \$390,113.25.$$

This value is rounded to the nearest penny.

#### **10.2.15 DELAWARE RRS RAIL FUEL SURCHARGE VOC**

This example illustrates how the Delaware RRS Rail Fuel Surcharge VOC is calculated pursuant to subsection 11.20(C) of the Service Contract.

The one-way distance from the Facility to the Designated Disposal Site, which for the Delaware RRS Facility in this example is 107.0 rail miles. Therefore, the assumed Per Railcar Fuel Surcharge Rate for October 2014 is \$0.57 (this was calculated in Section 10.2.12 above) times 107.0 miles, or \$60.99 per Railcar. This value is rounded to the nearest penny.

The monthly Delaware RRS Rail Fuel Surcharge is equal to: (a) the Per Railcar Fuel Surcharge Rate as calculated above; divided by (b) 4; times (c) the number of Loaded Containers allocated (or if applicable, delivered) to the Delaware RRS intermodal facility during each Billing Period.

The Designated Waste Allocation to the Delaware RRS Intermodal Facility is 50%. Therefore, for this example, the Delaware RRS Rail Fuel Surcharge VOC for October 2014 is: (a) 0.50 times; (b) \$60.99 per Railcar; divided by (c) 4 Containers per Railcar; times (d) 2,457.0 Containers, or \$18,731.55. This value is rounded to the nearest penny.

#### **10.2.16 DELAWARE RRS TRUCK FUEL VOC**

This example illustrates how the Delaware RRS Truck Fuel VOC is calculated pursuant to Section 11.11 of the Service Contract.

The Delaware RRS Truck Fuel Variable Rate for October 2014 is (a) \$157.91/Container and (b) the U.S. On-Highway Diesel Index Adjustment Factor, which is equal to (4.471/4.060) as shown in Section 10.2.12 above.

The Delaware RRS Truck Fuel VOC is equal to the product of (a) the Delaware RRS Truck Fuel Variable Rate for October 2014 and (b) the number of Loaded Containers allocated (or delivered, if applicable) to the Delaware RRS Facility.

The Designated Waste Allocation to the Delaware RRS Intermodal Facility is 50%. Therefore, for this example, the Delaware RRS Truck Fuel VOC for October 2014 is:

$$\$157.91 \times (4.471/4.060) \times (2,457 \times 0.50) = \$213,630.59.$$

This value is rounded to the nearest penny.

### **10.2.17 DELAWARE VALLEY RESOURCES RECOVERY FACILITY DVC**

This example illustrates how the Delaware Valley Resource Recovery Facility DVC is calculated pursuant to Section 11.12 of the Service Contract.

For each Contract Year, the Disposal Variable Rate shall be the product of (a) \$25.00/Ton for each Ton of DSNY-managed Waste allocated to, or if applicable disposed of by the Company at the Delaware Valley Resource Recovery Facility and (b) the CPINY Adjustment Factor, which for the Contract Year beginning on July 1, 2014 is (258.027/247.718) as shown in Section 10.2.2 of this Appendix.

The Designated Waste Allocation to the Delaware Valley Resource Recovery Facility is 50%. A total of 45,133.94 Tons is assumed to be delivered to MTS-1 in October 2014. Therefore, for the October 2014 the Delaware Valley Resource Recovery Facility DVC is:

$$\$25.00/\text{Ton} \times (258.027/247.718) \times (0.50 \times 45,133.94\text{Tons}) = \$587,652.85.$$

This value is rounded to the nearest penny.

### **10.3 EXAMPLE 2: MTS-1 RAMP-UP PERIOD**

This example illustrates how the System Cost, Fixed Operating Cost, Barge Capital Cost, Railcar Capital Cost, Container Capital Cost, Reach Stacker Capital Cost, Yard Jockey Capital Cost, Chassis Capital Cost, and Railcar Mover Capital Cost Components of the Service Fee are adjusted during the MTS-1 Ramp-Up Period pursuant to their respective Sections in Article XI and Section 5.1 of the Service Contract.

This example assumes the MTS-1 Ramp-Up Service Level 1 begins on June 19, 2014 (i.e., the assumed MTS-1 Service Date) and ends on July 31, 2014; the MTS-1 Ramp-Up Service Level 2 begins on August 1, 2014 and end on August 31, 2014; and the MTS-1 Ramp-Up Service Level 3 begins on September 1, 2014 and end on September 30, 2014. Full service is assumed to begin on October 1, 2014. Therefore, for this example the Ramp-Up Period is 104 days long, which is greater than the 90 day minimum. Furthermore, pursuant to Section 5.1 of the Service Contract Ramp-Up Service Level 1 begins on the MTS-1 Service Date and each subsequent MTS-1 Ramp-Up Service Level and full service starts at the beginning of a month.

Since MTS-1 Ramp-Up Service Level 1 is assumed to begin on June 19, 2014 the June Billing Statement Part A: Fixed Component portion of the Service Fee must be prorated to reflect the 12 days from June 19, 2014 through June 30, 2014 that this service level was effective in this bi-monthly period and shown in Table 10.6. (For the purpose of prorating, each bi-monthly period in every calendar month is assumed to consist of a total of 15 days.)

The values in column "A" of Table 10.6 are the full monthly values of the fixed components as calculated in Section 10.2 of this Appendix.

The 0.50 factor in column "B" is the MTS-1 Ramp-Up Service Level fraction from Section 5.1 of the Service Contract. The 0.50 factor in column "C" reflects that half of the fixed components are billed in each bi-monthly invoice. The 0.80 factor in column "D" is equal to the prorated fraction of 12 days from June 19, 2014 to June 30, 2014 divided by the total of 15 days in the bi-monthly period (i.e., June 16, 2014 – June 30, 2014). That is  $(12/15) = 0.80$ . The values in the last column of Table 10.4 are the products of the respective columns A, B, C and D.

**Table 10.6: June 2014 Bi-Monthly Billing Period Fixed Components**

**Part A: Fixed Components  
COVANTA 4RECOVERY  
MUNICIPAL SOLID WASTE MANAGEMENT,  
TRANSPORTATION AND DISPOSAL WASTE MANAGEMENT  
NORTH MTS PAIR**

June 2014 Bi-Monthly Invoice

Date: July 1, 2014

Billing Period: June 16, 2014 to June 30, 2014

	(A) Full Amount	(B) Ramp-Up Fraction	(C) Bi-Monthly Fraction	(D) Prorating Fraction	(A) x (B) x (C) x (D)
System Cost Component	\$44,323.70	0.50	0.50	0.80	\$8,864.74
Fixed Operating Cost Component	\$2,356,162.35	0.50	0.50	0.80	\$471,232.47
Equipment					
Barge Capital Cost Component	\$88,820.94	0.50	0.50	0.80	\$17,764.19
Railcar Capital Cost Component	\$177,231.96	0.50	0.50	0.80	\$35,446.39
Container Capital Cost Component	\$271,704.96	0.50	0.50	0.80	\$54,340.99
Reach Stacker Capital Cost Component	\$20,165.10	0.50	0.50	0.80	\$4,033.02
Yard Jockey Capital Cost Component	\$8,402.10	0.50	0.50	0.80	\$1,680.42
Chassis Capital Cost Component	\$11,858.40	0.50	0.50	0.80	\$2,371.68
Railcar Mover Capital Cost Component	\$1,931.68	0.50	0.50	0.80	\$386.34
Fixed UCC Cost Component	\$0.00	0.50	0.50	0.80	\$0.00
Total Fixed Components	\$2,980,601.19				\$596,120.24

The MTS-1 Ramp-Up Service Level 1 in this example extends through the end of July. Each of the two bi-monthly fixed components invoices for July is illustrated in Table 10.7. Column “B” reflects the 0.50 factor for MTS-1 Ramp-Up Service Level 1 from Section 5.1 of the Service Contract.

The MTS-1 Ramp-Up Service Level 2 in this example extends from August 1, 2014 through August 31, 2014. Each of the two bi-monthly fixed components invoices for August 2014 is illustrated in Table 10.8. Column “B” reflects the 0.75 factor for MTS-1 Ramp-Up Service Level 2 from Section 5.1 of the Service Contract. Since the MTS-1 Ramp-Up Level 3 factor is also 0.75, Table 10.8 also illustrates, for this example, the bi-monthly fixed components for MTS-1 Service Level 3, which is assumed to be effective from September 1, 2014 through September 30, 2014.

**10.4 EXAMPLE 3: FULL OPERATIONS FOR MTS-1 AND MTS-2 FOR MAY 2016 (RESETS)**

All of the assumptions concerning MTS-1 in Example 1 are used in this example. This example also assumes the MTS-2 Notice to Proceed Date is January 5, 2015 and that the MTS-2 Service Date is November 1, 2015, which is earlier than the MTS-2 Scheduled Service Date of November 6, 2015 i.e., 300 days following the MTS-2 Notice to Proceed Date (For this example, it is assumed the City agreed to the earlier MTS-2 Service Date).

The May 2015 invoice for this example is provided in Tables 10.9 and 10.10. For this example, the MTS-2 Ramp-Up Period (see Section 10.5 of this Appendix) is assumed to begin on November 1, 2015 and end on December 31, 2015. Therefore, both MTS-1 and MTS-2 are assumed to be in full scale operation in May 2016. The calculations of the fixed components of the Service Fee, shown in Table 10.8 are presented in Sections 10.4.1 through 10.4.3.

This example also illustrates how the various components of the Service Fee are calculated for all Resets that increase the fixed components of the Service Fee.

**Table 10.7: July 2014 Bi-Monthly Billing Period Fixed Components**

**Part A: Fixed Components  
COVANTA 4RECOVERY  
MUNICIPAL SOLID WASTE MANAGEMENT,  
TRANSPORTATION AND DISPOSAL WASTE MANAGEMENT  
NORTH MTS PAIR**

**July 2014 Bi-Monthly Invoice**

Date:

Billing Period:

	(A) Full Amount	(B) Ramp-Up Fraction	(C) Bi-Monthly Fraction	(A) x (B) x (C)
System Cost Component	\$44,323.70	0.50	0.50	\$11,080.93
Fixed Operating Cost Component	\$2,356,162.35	0.50	0.50	\$589,040.59
Equipment				
Barge Capital Cost Component	\$88,820.94	0.50	0.50	\$22,205.24
Railcar Capital Cost Component	\$177,231.96	0.50	0.50	\$44,307.99
Container Capital Cost Component	\$271,704.96	0.50	0.50	\$67,926.24
Reach Stacker Capital Cost Component	\$20,165.10	0.50	0.50	\$5,041.28
Yard Jockey Capital Cost Component	\$8,402.10	0.50	0.50	\$2,100.53
Chassis Capital Cost Component	\$11,858.40	0.50	0.50	\$2,964.60
Railcar Mover Capital Cost Component	\$1,931.68	0.50	0.50	\$482.92
Fixed UCC Cost Component	\$0.00	0.50	0.50	\$0.00
Total Fixed Components	\$2,980,601.19			\$745,150.32

**Table 10.8: August 2014 Bi-Monthly Billing Period Fixed Components**

**Part A: Fixed Components  
COVANTA 4RECOVERY  
MUNICIPAL SOLID WASTE MANAGEMENT,  
TRANSPORTATION AND DISPOSAL WASTE MANAGEMENT  
NORTH MTS PAIR**

**August 2014 Bi-Monthly Invoice**

Date:

Billing Period:

	(A) Full Amount	(B) Ramp-Up Fraction	(C) Bi-Monthly Fraction	(A) x (B) x (C)
System Cost Component	\$44,323.70	0.75	0.50	\$16,621.39
Fixed Operating Cost Component	\$2,356,162.35	0.75	0.50	\$883,560.88
Equipment				
Barge Capital Cost Component	\$88,820.94	0.75	0.50	\$33,307.85
Railcar Capital Cost Component	\$177,231.96	0.75	0.50	\$66,461.99
Container Capital Cost Component	\$271,704.96	0.75	0.50	\$101,889.36
Reach Stacker Capital Cost Component	\$20,165.10	0.75	0.50	\$7,561.91
Yard Jockey Capital Cost Component	\$8,402.10	0.75	0.50	\$3,150.79
Chassis Capital Cost Component	\$11,858.40	0.75	0.50	\$4,446.90
Railcar Mover Capital Cost Component	\$1,931.68	0.75	0.50	\$724.38
Fixed UCC Cost Component	\$0.00	0.75	0.50	\$0.00
Total Fixed Components	\$2,980,601.19			\$1,117,725.45

**Table 10.9: Example 3 Fixed Component Bi-Monthly Invoice**

**Part A: Fixed Components**

**COVANTA 4RECOVERY  
MUNICIPAL SOLID WASTE MANAGEMENT,  
TRANSPORTATION AND DISPOSAL WASTE MANAGEMENT  
NORTH MTS PAIR**

Date: May 16, 2016

Billing Period: May 1, 2016 to May 15, 2016

	(A) Full Amount	(B) Bi-Monthly Fraction	(A) x (B)
System Cost Component	\$51,690.42	0.50	\$25,845.21
Fixed Operating Cost Component	\$3,326,066.17	0.50	\$1,663,033.09
Equipment			
Barge Capital Cost Component	\$115,885.38	0.50	\$57,942.69
Railcar Capital Cost Component	\$239,970.24	0.50	\$119,985.12
Container Capital Cost Component	\$386,483.52	0.50	\$193,241.76
Reach Stacker Capital Cost Component	\$20,165.10	0.50	\$10,082.55
Yard Jockey Capital Cost Component	\$10,048.86	0.50	\$5,024.43
Chassis Capital Cost Component	\$13,966.31	0.50	\$6,983.16
Railcar Mover Capital Cost Component	\$1,931.68	0.50	\$965.84
Fixed UCC Cost Component	\$0.00	0.50	\$0.00
Total Fixed Components	\$4,166,207.68		\$2,083,103.84

**10.4.1 SYSTEM COST COMPONENT**

On the MTS-2 Service Date the System Cost Component is increased by the product of (a) \$7,000/month and (b) the MTS-2 System Cost Component Adjustment Factor.

The MTS-2 System Cost Component Adjustment Factor (see Section 11.22(A)) is calculated as follows:

$$\text{MTS-2 SC AF} = \text{CPINY}_q \div \text{CPINY}_{\text{Mar12}}$$

where,

$\text{CPINY}_q$  = The value of CPINY occurring in the month preceding the month in which the MTS-2 Notice to Proceed Date occurs.

$\text{CPINY}_{\text{Mar12}}$  = The CPINY values for March 2012, which is 251.887.

Since it is assumed the MTS-2 Notice to Proceed Date in this Example 3 is January 5, 2015,  $\text{CPINY}_q$  is the value of the CPINY for December 2014, which in this example is assumed to be 265.083 (see Table 10A.1 in Exhibit A).

Therefore, the System Cost Component on the MTS-2 Service Date shall, in this Example, be \$51,690.42, which is equal to  $\$7,000.00 \times (265.083/251.887) + \$44,323.70$ . See Section 10.2.1 of this Appendix for details on how the \$44,323.70 value was calculated.

#### 10.4.2 FIXED OPERATING COST COMPONENT

This subsection illustrates how the Fixed Operating Cost Component is calculated pursuant to Section 11.4 of the Service Contract.

For each Monthly Billing Period the Monthly Base Consolidated Fixed Operating Cost Component shall be determined by reference to WCAL Table 1 in Appendix titled “Monthly Base Consolidated Fixed Operating Cost Component.” The Monthly Base Consolidated Fixed Operating Cost Component shall be, at any time, the amount set forth in such Table reflecting the then-applicable WCAL Levels at MTS-1 and MTS-2.

The Fixed Operating Cost Component is the product of (1) the then-applicable Monthly Base Consolidated Fixed Operating Cost Component and (2) the CPINY Adjustment Factor applicable for that Contract Year.

The Fixed Operating Cost Component for the combination of the “MTS-1 Base WCAL of 740 and MTS-2 Base WCAL 288” is \$3,127,508.43/month (See WCAL Table 1 in Appendix 4 of the Service Contract.)

For the May 2016, in this example, the Fixed Operating Cost Component is:

$$\$3,127,508.43 \times (263.445/247.718) = \$3,326,066.17.$$

For this example, the CPINY Adjustment Factor (See subsection 11.22(B) of the Service Contract) applicable for the Contract Year beginning on July 1, 2015 is (263.445/247.718), where  $CPINY_{n-1}$  is the annual average CPINY for Calendar Year 2014, which in this example is 263.445 (see Table 10A.1 in Exhibit A of this Appendix).

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**Table 10.10: Example 3 Variable Component Invoice**

**Part B: Variable Charges  
COVANTA 4RECOVERY  
MUNICIPAL SOLID WASTE MANAGEMENT,  
TRANSPORTATION AND DISPOSAL WASTE MANAGEMENT  
NORTH MTS PAIR**

Date: June 1, 2016

Billing Period: May 1, 2016 to May 31, 2016

**Tons and Containers Accepted and Other Variables**

**Average Variable Costs**

Tons of DSNY-managed Waste Delivered (Tons) <sup>(a)</sup>	64,601.82
Loaded Containers Delivered (MTS-1)	2,742.0
Loaded Containers Delivered (MTS-2)	832.0
Designated Waste Allocation of Loaded Containers	
To the Niagara RTT Facility	50.00%
To the Delaware RRS Facility	50.00%
To the Lee County Landfill	0.00%
Average Density Per Container (Tons/Container)	18.0755
U.S. No. 2 Diesel Retail Sales Fuel Price (\$/gallon) <sup>(b)</sup>	4.736
NY Harbor Ultra-Low Sulfur No 2 Diesel Spot Price (\$/gallon) <sup>(b)</sup>	3.789
Central Atlantic No. 2 Diesel Ultra Low Sulfur (\$/gallon) <sup>(b)</sup>	4.890

**Monthly Service Fee (c)**

<b>Variable Operating Cost Component</b>	
Marine Diesel Fuel VOC (MTS-1)	\$211,044.90
Marine Diesel Fuel VOC (MTS-2)	\$37,106.20
Unified VOC	\$627,149.22
New York Container Terminal VOC	\$1,450,351.18
Niagara Variable Cost Component	
Niagara RTT Basic Rail Transport VOC	718,919.04
Niagara RTT Rail Fuel Surcharge VOC	140,257.16
Niagara RTT Truck Fuel VOC	105,033.35
Niagara Resource Recovery Facility DVC	858,790.36
Niagara Resource Recovery Facility Variable UCC	0.00
Delaware Variable Cost Component	
Delaware RRS Basic Rail Transport VOC	584,491.96
Delaware RRS Rail Fuel Surcharge VOC	32,983.55
Delaware RRS Truck Fuel VOC	339,873.27
Delaware Valley Resource Recovery Facility DVC	858,790.36
Delaware Valley Resource Recovery Facility Variable UCC	0.00
Lee County Variable Cost Component	
Lee Rail Basic Transport VOC	0.00
Lee Rail Fuel Surcharge VOC	0.00
Lee County Landfill DVC	0.00
Lee County Landfill Variable UCC	0.00
Extraordinary Items Component (d)	0.00
<b>Total Variable Components</b>	<b>\$5,964,790.55</b>
<b>Total Variable Components per Ton</b>	<b>\$92.33</b>

(a) Obtained from weigh records supplied by the City. (copies attached).

(b) Printout from website (DOE or CSX, as applicable) attached.

(a) See attached backup for calculations of each entry.

(b) Is equal to zero at the beginning of the Service Contract. All of these costs are subject to Cost Substantiation.

### 10.4.3 TRANSPORTATION EQUIPMENT CAPITAL COST COMPONENTS

The Transportation Equipment Capital Cost Component for each type of equipment in this example is the sum of the Tranche<sub>1</sub> and Tranche<sub>2</sub> Transportation Equipment Capital Cost Components. The Tranche<sub>1</sub> Transportation Equipment Capital Cost Components were calculated in Example 1. The Transportation Equipment Capital Cost Components for the Reach Stackers (Section 11.16 of the Service Contract) and Railcar Mover (Section 11.19 of the Service Contract) remain constant when MTS-2 comes on line because there is no change in the number of Reach Stackers or Railcar Movers. The Tranche<sub>2</sub> Transportation Equipment Capital Cost Component calculations for the additional Barges (Section 11.13 of the Service Contract), Railcars (Section 11.14 of the Service Contract), Containers (Section 11.15 of the Service Contract), Yard Jockeys (Section 11.17 of the Service Contract) and Chassis (Section 11.18 of the Service Contract) are illustrated in this subsection.

The assumptions used and resulting Transportation Equipment Capital Cost Component calculations for this example are summarized in Table 10.11 below.

**Table 10.11: Example 3 Transportation Equipment Capital Cost Components**

Variable	Barges	Railcars	Containers	Yard Jockey	Chassis
30-Year US Treasuries (Average Feb. through Jul. 2015)	3.09%	3.09%	3.20%	3.09%	3.09%
Spread	2.00%	2.00%	2.00%	2.00%	2.00%
Annual Interest Rate	5.09%	5.09%	5.20%	5.09%	5.09%
Monthly Interest Rate	0.414581520379%	0.414581520379%	0.423336165926%	0.414581520379%	0.414581520379%
Amortization Period (Months)	360	360	120	360	360
Monthly Amortization Factor	0.00535293441324	0.00535293441324	0.01064571469723	0.00535293441324	0.00535293441324
Base Purchase Price	\$2,372,000.00	\$94,900.00	\$15,300.00	\$93,800.00	\$51,100.00
Base Freight Cost	\$156,000.00	\$5,200.00	\$620.00	\$420.00	\$620.00
Sales Tax (Input)	0.0000%	8.8750%	8.8750%	8.8750%	8.8750%
Gross Price	\$2,528,000.00	\$108,522.38	\$17,277.88	\$102,544.75	\$56,255.13
\$/Unit/Month	\$13,532.22	\$580.91	\$183.94	\$548.92	\$301.13
Number for: MTS-1 - WCAL 740; WCAL 288 - MTS-2	8	387	2,172	17	43
Number for: MTS-1 - WCAL 740; No MTS-2	6	279	1,548	14	36
Incremental Number of Transportation Equipment	2	108	624	3	7
Transportation Equipment Capital Cost Component - Traunche <sub>2</sub> (MTS-2)	\$27,064.44	\$62,738.28	\$114,778.56	\$1,646.76	\$2,107.91
Transportation Equipment Capital Cost Component - Traunche <sub>1</sub> (MTS-1)	\$88,820.94	\$177,231.96	\$271,704.96	\$8,402.10	\$11,858.40
Total Transportation Equipment Cost Component	\$115,885.38	\$239,970.24	\$386,483.52	\$10,048.86	\$13,966.31

**Barges.** For this example, it is assumed that the fully escalated purchase price for the Tranche<sub>2</sub> Barges is \$2,528,000/Barge and the delivery cost is \$156,000/Barge. It is further assumed that the purchase price includes all taxes, thus no additional sales tax is applied. These values are determined in accordance with Section 11.13 of the Service Contract.

As shown in Table 10.11 the incremental number of Barges that is added to the Minimum Barge Requirement when MTS-2 comes on line is 2, which is calculated by subtracting (a) 8 Barges for the combination of the Base WCAL of 704 for MTS-1 and the Base WCAL of 288 for MTS-2 from the 6 Barges for the combination of the “Base WCAL of 740 for MTS-1 and No MTS-2.” (See WCAL Table 2 in Appendix 4 of the Service Contract.)

In accordance with Section 11.23 of the Service Contract, the monthly unit cost for any piece of Company Owned Transportation Equipment is equal to:

$$[(\text{Transportation Equipment Purchase Price}) \times (1 + \text{the applicable sales tax rate, if any}) + (\text{Transportation Equipment Delivery Cost})] \times [\text{Monthly Amortization Factor}].$$

For clarity, if the Transportation Equipment Purchase Price includes all taxes, including sales taxes, then the applicable sales tax rate in the above equation would be zero. If the purchase is exempt from any sales taxes then the sales tax rate will also be equal to zero.



The Monthly Amortization Factor is calculated using the following equation:

$$r/[1 - (1/(1+r)^n)],$$

where “r” is the applicable monthly interest rate and “n” is the amortization period expressed in number of months. The value of “n” for Designated Barges is 360 months.

The monthly interest rate used to calculate the Monthly Amortization Factors is equal to one plus the annual interest rate raised to the one-twelfth power minus 1, i.e.,

$$r = [(1+R)^{(1/12)}] - 1; \text{ or}$$

$$r = [e^{(\ln(1+R)/12)}] - 1.$$

For this example it is assumed that the annual interest rate, “R”, is equal to the average annual yield on 30-Year Treasuries for the six months following the month in which the MTS-2 Notice to Proceed Date occurs plus 200 basis points. The assumed MTS-2 Notice to Proceed Date is 01/05/15. Therefore, the annual interest rate for this example is the average of the market yield on 30-Year Treasuries for February 2015, March 2015, April 2015, May 2015, June 2015 and July 2015 plus 200 basis points, which is:

$$(3.28\% + 3.11\% + 3.03\% + 2.98\% + 3.02\% + 3.13\%)/6 + 200 \text{ basis points} = 3.09\% + 2.00\% = 5.09\%.$$

This resulting average percentage is rounded to 2 decimal places. Refer to Table 10A.3 in Exhibit A at the end of this Appendix for the assumed 30-Year Treasury yields.

The monthly interest rate is equal to:

$$r = [(1.0509)^{(1/12)}] - 1 = 0.00414581520379 \text{ (i.e., approximately .414\%)}.$$

This resulting monthly interest rate is rounded to 14 decimal places.

The resulting Monthly Amortization Factor is 0.00535293441324. The Monthly Amortization Factor is rounded to 14 decimal places.

The Barge Monthly Unit Cost for the Barges in Tranche<sub>2</sub> in this example is equal to:

$$(\$2,372,000 + \$156,000) \times 0.00535293441324 = \$13,532.22/\text{Barge}.$$

This value is rounded to the nearest penny.

The Tranche<sub>2</sub> monthly Barge Capital Cost Component for this example is:

$$(\$13,532.22/\text{Barge}) \times (2 \text{ Barges}) = \$27,064.44.$$

This value is rounded to the nearest penny.

The sum of the monthly Barge Capital Cost Components for Tranche<sub>1</sub> and Tranche<sub>2</sub> is:

$$\$88,820.94 + \$27,064.44 = \$115,885.38.$$

This value is shown in Table 10.11 and in the bi-monthly Billing Statement in Table 10.9.

The calculation of the total and Tranche<sub>2</sub> Transportation Equipment Capital Cost Component for each of the other types of Transportation Equipment is provided in Table 10.11. Except as discussed below, the calculation of the Transportation Equipment Capital Cost Component for each type of Transportation Equipment is the same as the method used to calculate the Barge Capital Cost Component.

Railcars. In this example the sales tax for all types of Transportation Equipment, other than Barges, is assumed to be 8.875 percent. For example, the Tranche<sub>2</sub> monthly Railcar Capital Cost Component in this example is equal to:

$$(\$94,900 \times 1.08875) + \$5,200) \times 0.00535293441324 = \$580.91/\text{Railcar}.$$

This value is rounded to the nearest penny.

The Tranche<sub>2</sub> monthly Railcar Capital Cost Component for this example is:

$$(\$580.91/\text{Railcar}) \times (108 \text{ Railcars}) = \$62,738.28/\text{month}.$$

Containers. The calculation for C<sub>1</sub> for the Tranche<sub>2</sub> Container Capital Cost Component is calculated in the same way as the other Transportation Equipment except that the Monthly Amortization Factor is based on an amortization period of 120 months and the annual interest rate, "R", is equal to the average annual yield on 10-Year Treasuries for the six months following the month in which the MTS-2 Notice to Proceed Date occurs plus 200 basis points. The assumed MTS-2 Notice to Proceed Date is January 5, 2015 and the annual interest rate for this example is the average of the market yield on 10-Year Treasuries for February 2015, March 2015, April 2015, May 2015, June 2015 and July 2015 plus 200 basis points, which is:

$$(3.56\% + 3.72\% + 3.29\% + 2.93\% + 2.85\% + 2.87\%)/6 + 200 \text{ basis points} = 3.20\% + 2.00\% = 5.20\%.$$

This resulting average percentage is rounded to 2 decimal places. Refer to Table 10A.3 in Exhibit A at the end of this Appendix for the assumed 10-Year Treasury yields.

The monthly interest rate is equal to:

$$r = [(1.052)^{(1/12)} - 1] = 0.00423336165926 \text{ (i.e., approximately .423\%)}$$

This resulting monthly interest rate is rounded to 14 decimal places.

The Monthly Amortization Factor is

$$0.00423336165926/[1 - (1/(1.00423336165926)^{120})] = 0.01064571469723.$$

The Monthly Amortization Factor is rounded to 14 decimal places.

The Container Monthly Unit Cost for Tranche<sub>1</sub> in this example is equal to:

$$[(\$15,300.00 \times 1.08875) + \$620.00] \times 0.01064571469723 = \$183.94/\text{Container}.$$

This value is rounded to the nearest penny. The applicable sales tax rate in this example is assumed to be 8.875%.

$$\text{Tranche}_2 \text{ C}_1 = \$183.94/\text{Container}) \times (624 \text{ Containers}) = \$114,778.56/\text{month}.$$

This value is rounded to the nearest penny.

#### **10.4.4 VARIABLE OPERATING COST COMPONENTS**

Marine Diesel Fuel VOC. The Variable Operating Cost Components are calculated in the same way in this example as they were in Example 1 as illustrated below.

The Marine Diesel Fuel Variable Operating Cost Component is calculated pursuant to Section 11.7 of the Service Contract.

The Marine Diesel Fuel Variable Operating Cost Component is the sum of the Marine Diesel Fuel Variable Operating Cost (Marine Diesel Fuel VOC) for MTS-1 and the Marine Diesel Fuel VOC for MTS-2.

For example, the May 2016 the Marine Diesel Fuel Variable Operating Rate for each Loaded Container accepted at MTS-1 shall be the product of (a) \$62.87/Container and (b) the Marine Diesel Index Adjustment Factor applicable for that Monthly Billing Period and the Marine Diesel Fuel Variable Operating Rate for each Loaded Container accepted at MTS-2 is the product of (a) \$36.43/Container and (b) the Marine Diesel Index Adjustment Factor applicable for that Monthly Billing Period.

There are assumed to be 2,742 Loaded Containers accepted at MTS-1 and 832 Loaded Containers accepted at MTS-2 in May 2016 as shown in the Part B of the monthly invoice at the beginning of this Section 10.10, therefore, the MTS-1 and MTS-2 Marine Diesel Fuel VOCs in this example are:

$$\text{MTS-1: } \$62.87 \times (3.789/3.095) \times 2,742 = \$211,044.90; \text{ and}$$

$$\text{MTS-2: } \$36.43 \times (3.789/3.095) \times 832 = \$37,106.20.$$

The NY Harbor Ultra-Low Sulfur No. 2 Diesel Spot Price of \$3.789 used in the above calculation is the assumed value for March 2016, i.e., two months prior to the month in which the calculation is being made. See Table 10A.4 in Exhibit A of the Appendix.

Unified Variable Operating Cost Component. This example illustrates how the Unified Variable Operating Cost Component is calculated pursuant to Section 11.8 of the Service Contract.

The Unified Variable Operating Cost Component (Unified VOC) is the product of (a) the then applicable Unified Variable Rate and (b) the number of total number of Loaded Containers accepted by the Company at both MTSs. The Base Unified Variable Rate is obtained from Table 2 in Appendix 4. For this example MTS-1 is assumed to be operating at WCAL Level 740 and MTS-2 is assumed to be operating at WCAL Level 288. Therefore, the Unified Variable Rate shall be the product of (1) \$165.00 and (2) the CPINY Adjustment Factor applicable for that Contract Year.

There were assumed to be 2,742 Loaded Container accepted at MTS-1 and 832 Loaded Containers accepted at MTS-2 in May 2016 as shown in the Part B of the monthly invoice in Table 10.10, therefore, the Unified VOC in this example is:

$$\$165.00 \times (263.445/247.718) \times (2,742 + 832) = \$627,149.22.$$

For this example, the CPINY Adjustment Factor (See subsection 11.22(B)) applicable for that Contract Year beginning on July 1, 2015 is (263.445/247.718), where 263,445 is the assumed

annual value of the CIPNY for Calendar Year 2014 as shown in Table 10A.1 of Exhibit A of this Appendix.

NYCT Variable Operating Cost Component. This example illustrates how the NYCT Variable Operating Cost Component is calculated pursuant to Section 11.9 of the Service Contract.

For this example, the NYCT Variable Rates are provided below. The method used to calculate the Weekly NYCT Variable Operating Cost for Containers Accepted at MTS-1 and MTS-2 is the same as was done in Section 10.2.9 of this Appendix.

Containers per Week	NYCT VOC <sup>(a)</sup> (\$/Container)
If the number of Loaded Containers accepted during a week is less than 835, then the NYCT VOC for ALL the Containers accepted that week is:	\$354.46
If the number of Loaded Containers accepted during a week is greater than 834 and less than 930, then the NYCT VOC for ALL the Containers accepted that week is:	\$342.92
If the number of Loaded Containers accepted during a week is greater than 929 and less than 1,028, then the NYCT VOC for ALL the Containers accepted that week is:	\$320.96
If the number of Loaded Containers accepted during a week is greater than 1,027 and less than 1,464, then the NYCT VOC for ALL the Containers accepted that week is:	\$308.31
If the number of Loaded Containers accepted during a week is greater than 1,463 and less than 1,762, then the NYCT VOC for ALL the Containers accepted that week is:	\$284.48
If the number of Loaded Containers accepted during a week is greater than 1,761, then the NYCT VOC for ALL the Containers accepted that week is:	\$280.02

(a) This is the sum of the escalated (1) Base NYCT Variable Rate, (2) Base Port Authority Container Assessment Variable Rate and (3) Base ILA Benefits Variable Rate.

For this example the assumed deliveries of Loaded Containers is shown in Table 10.12. For the first Operating Week ending on Sunday May 1, 2016 it is assumed that a total of 859 Loaded Containers were accepted by the Company at MTS-1 and MTS-2. Since this is greater than 834 Containers and less than 930 Loaded Containers, the NYCT Variable Rate for this Operating Week is \$342.92/Container and the aggregate escalated NYCT Variable Operating Cost for this Operating Week is 859 Containers times \$342.92/Container, or \$294,568.28. Note that the \$342.92/Container applies to all of the Loaded Containers accepted during that week.

**Table 10.12: NYCT Variable Operating Cost Component**

May 2016	Density (Tons/Container)	Tons	Containers	\$/Container	Dollars
Sunday, May 01, 2016	17.090	14,680.72	859.0	\$342.92	\$294,568.28
Sunday, May 08, 2016	17.398	14,875.45	855.0	\$342.92	\$293,196.60
Sunday, May 15, 2016	18.181	14,944.46	822.0	\$354.46	\$291,366.12
Sunday, May 22, 2016	18.807	14,951.70	795.0	\$354.46	\$281,795.70
Sunday, May 29, 2016	17.000	14,348.00	844.0	\$342.92	\$289,424.48
		73,800.33	4,175		\$1,450,351.18

For the second Operating Week ending on Sunday May 8, 2016 it is assumed that a total of 855 Loaded Containers were accepted by the Company at MTS-1 and MTS-2. Since this is greater than 834 Containers and less than 930 Loaded Containers the aggregate escalated NYCT Variable Rate for this Operating Week is \$342.92/Container and the NYCT Variable Operating Cost for this Operating Week is 855 Containers times \$342.92/Container, or \$293,196.60. Note that the \$342.92/Container applies to all of the Loaded Containers accepted during that week. This same method is used to calculate the NYCT Variable Rate and NYCT Variable Operating Cost for the Operating Week ending May 29, 2016.

For the third Operating Week ending on Sunday May 15, 2016 it is assumed that a total of 822 Loaded Containers were accepted by the Company at MTS-1 and MTS-2. Since this is less than 835 Containers, the aggregate escalated NYCT Variable Rate for this Operating Week is \$354.46/Container and the NYCT Variable Operating Cost for this Operating Week is 822 Containers times \$354.46/Container, or \$291,366.12. Note that the \$354.46/Container applies to all of the Loaded Containers accepted during that week. This same method is used to calculate the NYCT Variable Rate and NYCT Variable Operating Cost for the Operating Week ending May 22, 2016.

The NYCT Operating Cost Component for May 2016 is the sum of these weekly values, or \$1,450,351.18 as shown in Table 10.12.

Niagara RTT Basic Rail Transport VOC. This example illustrates how the Niagara RTT Basic Rail Transport Variable Operating Cost Component is calculated pursuant to Section 11.20 of the Service Contract.

For this example, the Unit Train Per Railcar Basic Transport Rate to the Niagara RTT Intermodal Facility is \$1,562.35 (i.e., FY 2015 the value calculated in Example 1) times the Rail Cost Adjustment Factor applicable for FY 2016.

For this example the Index Amount for the second quarter of 2015 and 2014 are 128.4 and 124.7, respectively. See Table 10A.8 of Exhibit A of this Appendix. For this example, the Rail Cost Adjustment Factor for Contract Year 2015 is:

$$128.4/124.7 = 1.030.$$

The Rail Cost Adjustment Factor is rounded to the third decimal place. In percentage terms, this is to the nearest one-tenth of one percent. Such per Railcar charge will be subject to a minimum annual increase of 2.5%.

The resulting Unit Train Per Railcar Basic Transportation Rate to Niagara RTT Intermodal Facility is:

$$\$1,562.35 \times 1.030 = \$1,609.22.$$

The Designated Waste Allocation to the Niagara RTT Intermodal Facility is 50%. Therefore, for this example, the Niagara RTT Basic Rail Transport VOC is:

$$(\$1,609.22/4) \times [0.50 \times (2,742 + 832)] = \$718,919.04.$$

This value is rounded to the nearest penny.

Niagara RTT Rail Fuel Surcharge VOC. This example illustrates how the Niagara RTT Rail Fuel Surcharge VOC is calculated pursuant to subsection 11.20(C) of the Service Contract.

The monthly Niagara RTT Rail Fuel Surcharge is equal to: (a) the Per Railcar Fuel Surcharge Rate; divided by (b) 4; times (c) the number of Loaded Containers allocated (or if applicable, delivered) to the Niagara RTT intermodal facility during each Billing Period.

As shown in Table 10A.6 Of Exhibit A of this Appendix 10, the assumed U.S. No. 2 Diesel Retail Sales by All Sellers is assumed to be 473.6 cents per gallon in March 2016. (This is two months prior to May 2016). The difference between 473.6¢ and 199.9¢ is 273.7¢. Dividing this value by 4 and rounding this to the nearest penny results in \$0.69 per-mile per-Railcar. The assumed Per Railcar Fuel Surcharge Rate for May 2016 is \$0.69 times 455.0 miles, or \$313.95 per Railcar. This value is rounded to the nearest penny.

The Designated Waste Allocation to the Niagara RTT Intermodal Facility is 50%. Therefore, for this example, the Niagara RTT Rail Fuel Surcharge VOC for May 2016 is: (a) 0.50 times; (b) \$313.95 per Railcar; divided by (c) 4 Containers per Railcar; times (d) 3,574.0 (i.e., 2,742 + 832) Containers, or \$140,257.16. This value is rounded to the nearest penny.

Niagara RTT Truck Fuel VOC. This example illustrates how the Niagara RTT Truck Fuel VOC is calculated pursuant to Section 11.10 of the Service Contract.

The Niagara RTT Truck Fuel Variable Rate for May 2016 is (a) \$48.80/Container and (b) the U.S. On-Highway Diesel Index Adjustment Factor. The US On-Highway Diesel Index Adjustment Factor in this example is 4.890/4.060. Since this example is for May 2016, the 4.890 value in the numerator of this index is the assumed Central Atlantic (PADD 1B) No. 2 Diesel Ultra Low Sulfur (0-15 ppm) Retail Prices for April 2016, i.e., one month prior to the month with respect to which the calculation is being made as shown in Table 10A.5 of Exhibit A of this Appendix.

The Niagara RTT Truck Fuel VOC is equal to the product of (a) the Niagara RTT Truck Fuel Variable Rate for May 2016 and (b) the number of Loaded Containers allocated (or delivered, if applicable) to the Niagara RTT Facility.

The Designated Waste Allocation to the Niagara RTT Intermodal Facility is 50%. Therefore, for this example, the Niagara RTT Truck Fuel VOC for May 2016 is:

$$\$48.80 \times (4.890/4.060) \times [0.50 \times (2,742+ 832)] = \$105,033.35.$$

This value is rounded to the nearest penny.

Niagara Resources Recovery Facility DVC. This example illustrates how the Niagara Resource Recovery Facility DVC is calculated pursuant to Section 11.12 of the Service Contract.

For each Contract Year, the Disposal Variable Rate shall be the product of (a) \$25.00/Ton for each Ton of DSNY-managed Waste allocated to, or if applicable disposed of by the Company at the Niagara RTT Facility and (b) the CPINY Adjustment Factor, which for the Contract Year beginning on July 1, 2015 is (263.445/247.718) as shown earlier in this Appendix.

The Designated Waste Allocation to the Niagara RTT Intermodal Facility is 50%. A total of 49,568.54 and 15,033.28 Tons are assumed to be delivered to MTS-1 and MTS-2, respectively, in May 2016. Therefore, for May 2016 the Niagara Resources Recovery Facility DVC is:

$$\$25.00/\text{Ton} \times (263.445/247.718) \times [0.50 \times (49,568.54+ 15,033.28)] = \$858,790.36.$$

This value is rounded to the nearest penny.

Delaware RRS Basic Rail Transport VOC. This example illustrates how the Delaware RRS Basic Rail Transport Variable Operating Cost Component is calculated pursuant to Section 11.20 of the Service Contract.

For this example, the Unit Train Per Railcar Basic Transport Rate to the Delaware RSS Intermodal Facility is \$1,270.21 (i.e., FY 2015 the value calculated in Example 1) times the Rail Cost Adjustment Factor applicable for FY 2016.

For this example the Index Amount for the second quarter of 2015 and 2014 are 128.4 and 124.7, respectively. See Table 10A.8 of Exhibit A of this Appendix. For this example, the Rail Cost Adjustment Factor for Contract Year 2015 is:

$$128.4/124.7 = 1.030.$$

The Rail Cost Adjustment Factor is rounded to the third decimal place. In percentage terms, this is to the nearest one-tenth of one percent. Such per Railcar charge will be subject to a minimum annual increase of 2.5%.

The resulting Unit Train Per Railcar Basic Transportation Rate to Niagara RTT Intermodal Facility is:

$$\$1,270.21 \times 1.030 = \$1,308.32.$$

The Designated Waste Allocation to the Delaware RSS Intermodal Facility is 50%. Therefore, for this example, the Niagara RTT Basic Rail Transport VOC is:

$$(\$1,308.32/4) \times [0.50 \times (2,742 + 832)] = \$584,491.96.$$

This value is rounded to the nearest penny.

Delaware RRS Rail Fuel Surcharge VOC. This example illustrates how the Delaware RRS Rail Fuel Surcharge VOC is calculated pursuant to subsection 11.20(C) of the Service Contract.

The one-way distance from NYCT to the Delaware RSS Facility in this example is 107.0 miles. Therefore, the assumed Per Railcar Fuel Surcharge Rate for May 2016 is \$0.69 (this was calculated in the Niagara RTT Rail Fuel Surcharge for May 2016 above) times 107.0 miles, or \$73.83 per Railcar. This value is rounded to the nearest penny.

The monthly Delaware RSS Rail Fuel Surcharge is equal to: (a) the Per Railcar Fuel Surcharge Rate as calculated above; divided by (b) 4; times (c) the number of Loaded Containers allocated (or if applicable, delivered) to the Delaware RRS intermodal facility during each Billing Period.

The Designated Waste Allocation to the Delaware RRS Intermodal Facility is 50%. Therefore, for this example, the Delaware RRS Rail Fuel Surcharge VOC for May 2016 is: (a) 0.50 times; (b) \$73.83 per Railcar; divided by (c) 4 Containers per Railcar; times (d) 3,574.0 (i.e., 2,457.0 + 832) Containers, or \$32,983.55. This value is rounded to the nearest penny.

Delaware RRS Truck Fuel VOC. This example illustrates how the Delaware RRS Truck Fuel VOC is calculated pursuant to Section 11.11 of the Service Contract.

The Delaware RRS Truck Fuel Variable Rate for May 2016 is (a) \$157.91/Container and (b) the U.S. On-Highway Diesel Index Adjustment Factor, which is equal to (4.890/4.060).

The Delaware RRS Truck Fuel VOC is equal to the product of (a) the Delaware RSS Truck Fuel Variable Rate for May 2016 and (b) the number of Loaded Containers allocated (or delivered, if applicable) to the Delaware RSS Facility.

The Designated Waste Allocation to the Delaware RRS Intermodal Facility is 50%. Therefore, for this example, the Delaware RRS Truck Fuel VOC for May 2016 is:

$$\$157.91 \times (4.890/4.060) \times [0.50 \times (2,742+ 832)] = \$339,873.27.$$

This value is rounded to the nearest penny.

Delaware Valley Resources Recovery Facility DVC. This example illustrates how the Delaware Valley Resource Recovery Facility DVC is calculated pursuant to Section 11.12 of the Service Contract.

For each Contract Year, the Disposal Variable Rate shall be the product of (a) \$25.00/Ton for each Ton of DSNY-managed Waste allocated to, or if applicable disposed of by the Company at the Niagara RTT Facility and (b) the CPINY Adjustment Factor, which for the Contract Year beginning on July 1, 2015 is (263.445/247.718) as shown earlier in this Appendix.

The Designated Waste Allocation to the Delaware RSS Intermodal Facility is 50%. A total of 49,568.54 and 15,033.28 Tons are assumed to be delivered to MTS-1 and MTS-2, respectively, in May 2016. Therefore, for the May 2016 the Delaware Resources Recovery Facility DVC is:

$$\$25.00/\text{Ton} \times (263.445/247.718) \times [0.50 \times (49,568.54+ 15,033.28)] = \$858,790.36.$$

This value is rounded to the nearest penny.

## **10.5 RAMP-UP PERIOD FOR MTS-2**

This example illustrates how the System Cost Component, Fixed Operating Cost Component, Barge Capital Cost Component, Railcar Capital Cost Component, Container Capital Cost Component, Reach Stacker Capital Cost Component, Yard Jockey Capital Cost Component, Chassis Capital Cost Component, and Railcar Mover Capital Cost Component of the Service Fee are adjusted during the MTS-2 Ramp-Up Period pursuant to their respective Sections in Article XI and Section 5.1 of the Service Contract.

This example assumes the MTS-2 Ramp-Up Service Level 1 begins on November 1, 2015 and ends on November 30, 2015 and the MTS-2 Ramp-Up Service Level 2 begins on December 1, 2015 and ends on December 31, 2015. Full service is assumed to begin on January 1, 2016. Therefore, for this example the Ramp-Up Period is 61 days long, which is greater than the 60 day minimum. Furthermore, pursuant to Section 5.1 of the Service Contract Ramp-Up Service Level 1 begins on the MTS-2 Service Date and each subsequent MTS-2 Ramp-Up Service Level and full service starts at the beginning of a month.

Since MTS-2 Ramp-Up Service Level 1 is assumed to begin on November 1, 2015, the November bi-monthly Part A: Fixed Component portion of the Service Fee does not need to be prorated for a partial bi-monthly period. The assumed Part A: Fixed Component invoice for each bi-monthly period in November 2015 is shown in Table 10.13.

The values in column "A" of Table 10.13 are the full monthly values of the fixed components for MTS-1 as calculated in Section 10.2 of this Appendix. The values in column "B" of Table 10.13 are the full monthly incremental values of the fixed components for MTS-2 as calculated below.



The 0.50 factor in column “C” is equal to the MTS-2 Ramp-Up Service Level 1 fraction from Section 5.1. The 0.50 factor in column “D” reflects that half of the fixed components are billed in each bi-monthly invoice.

**Table 10.13: November 2015 Bi-Monthly Billing Period Fixed Components**

Part A: Fixed Components  
COVANTA 4RECOVERY  
MUNICIPAL SOLID WASTE MANAGEMENT,  
TRANSPORTATION AND DISPOSAL WASTE MANAGEMENT  
NORTH MTS PAIR

November 2015 Bi-Monthly Invoice

Date:

Billing Period:

	(A) MTS-1 Full Amount	(B) MTS-2 Incremental Amount	(C) Ramp-Up Fraction	(D) Bi-Monthly Fraction	[(A)+(B x C)] x (D)
System Cost Component	\$44,187.76	\$7,000.00	0.50	0.50	\$23,843.88
Fixed Operating Cost Component	\$2,405,636.58	\$920,429.59	0.50	0.50	\$1,432,925.69
Equipment					
Barge Capital Cost Component	\$88,820.94	\$27,064.44	0.50	0.50	\$51,176.58
Railcar Capital Cost Component	\$177,231.96	\$62,738.28	0.50	0.50	\$104,300.55
Container Capital Cost Component	\$271,704.96	\$114,778.56	0.50	0.50	\$164,547.12
Reach Stacker Capital Cost Component	\$20,165.10	\$0.00	0.50	0.50	\$10,082.55
Yard Jockey Capital Cost Component	\$8,402.10	\$1,646.76	0.50	0.50	\$4,612.74
Chassis Capital Cost Component	\$11,858.40	\$2,107.91	0.50	0.50	\$6,456.18
Railcar Mover Capital Cost Component	\$1,931.68	\$0.00	0.50	0.50	\$965.84
Fixed UCC Cost Component	\$0.00	\$0.00	0.50	0.50	\$0.00
Total Fixed Components	\$3,029,939.48	\$1,135,765.54			\$1,798,911.13

The values in the last column of Table 10.13 are equal to:

$$[(\text{Value in Column A} + (\text{Value in Column B} \times \text{Value in Column C})) \times (\text{Value in Column D})]$$

The System Cost Component on the MTS-2 Service Date increases by \$7,000.00, which is the incremental System Cost Component. The November 2015 System Cost Component in this example is calculated as follows:

$$[\$44,187.76 + (\$7,000.00 \times 0.50)] \times 0.50 = \$23,843.88.$$

The Base Fixed Operating Cost Component for the combination of the “MTS-1 Base WCAL of 740 and MTS-2 Base WCAL 288” is \$3,127,508.43/month and the Base Fixed Operating Cost Component for the “Base WCAL MTS-1 and No MTS-2” combination is \$2,262,026.16/month (See WCAL Table 1 in Appendix 4 of the Service Contract.) For this example, the \$920,429.59 incremental MTS-2 Fixed Operating Cost Component shown in Table 10.13 is this difference between these values multiplied by CPINY for FY 2016, i.e.,  $(\$3,127,508.43 - \$2,262,026.16) \times (263.445/247.718)$ . The November 2015 Fixed Operating Cost Component in this example is calculated as follows:

$$[\$2,405,636.58 + (\$920,429.59 \times 0.50)] \times 0.50 = \$1,432,925.69.$$

For this example, the incremental MTS-2 Transportation Equipment Capital Cost Components are equal to the Tranche<sub>2</sub> values as shown in Table 10.13. The resulting total Transportation Equipment Capital Cost Components are calculated using the above formula. For example, the Barge Transportation Cost Component for November 2015, in this example, is:

$$[\$88,820.94 + (\$27,064.44 \times 0.50)] \times 0.50 = \$51,176.58.$$

The MTS-2 Ramp-Up Service Level 2 in this example extends from December 1, 2015 through December 31, 2015. Each of the two bi-monthly fixed components invoices for December 2015

is illustrated in Table 10.14. Column “C” reflects the 0.75 factor for MTS-2 Ramp-Up Service Level 2 from Section 5.1.

**Table 10.14: December 2015 Bi-Monthly Billing Period Fixed Components**

Part A: Fixed Components  
 COVANTA 4RECOVERY  
 MUNICIPAL SOLID WASTE MANAGEMENT,  
 TRANSPORTATION AND DISPOSAL WASTE MANAGEMENT  
 NORTH MTS PAIR

December 2015 Bi-Monthly Invoice  
 Date:  
 Billing Period:

	(A) MTS-1 Full Amount	(B) MTS-2 Incremental Amount	(C) Ramp-Up Fraction	(D) Bi-Monthly Fraction	[(A)+(B x C)] x (D)
System Cost Component	\$44,187.76	\$7,000.00	0.75	0.50	\$35,765.82
Fixed Operating Cost Component	\$2,405,636.58	\$920,429.59	0.75	0.50	\$2,149,388.53
Equipment					
Barge Capital Cost Component	\$88,820.94	\$27,064.44	0.75	0.50	\$76,764.87
Railcar Capital Cost Component	\$177,231.96	\$62,738.28	0.75	0.50	\$156,450.83
Container Capital Cost Component	\$271,704.96	\$114,778.56	0.75	0.50	\$246,820.68
Reach Stacker Capital Cost Component	\$20,165.10	\$0.00	0.75	0.50	\$15,123.83
Yard Jockey Capital Cost Component	\$8,402.10	\$1,646.76	0.75	0.50	\$6,919.11
Chassis Capital Cost Component	\$11,858.40	\$2,107.91	0.75	0.50	\$9,684.27
Railcar Mover Capital Cost Component	\$1,931.68	\$0.00	0.75	0.50	\$1,448.76
Fixed UCC Cost Component	\$0.00	\$0.00	0.75	0.50	\$0.00
Total Fixed Components	\$3,029,939.48	\$1,135,765.54			\$2,698,366.70

**10.6 CONTAINER ESCALATION**

The Container Capital Cost Component is equal to:

$$\text{Tranche}_1 \text{ Container Monthly Cost} + \text{Tranche}_2 \text{ Container Monthly Cost} + \text{Tranche}_3 \text{ Container Monthly Cost} + \dots + \text{Tranche}_m \text{ Container Monthly Cost} + \text{AC}$$

where

$$\text{Tranche}_m \text{ Monthly Cost} = C_1 + C_{11} + C_{21};$$

“m” = the total number of Container Tranches;

and

AC = the cost adjustment attributed to Additional Containers transferred, or leased in accordance with subsections 6.2(H) and 6.2(I). For this example, AC is assumed to be zero.

Table 10.15 below summarizes the calculations of the Container Monthly Cost and the resulting Container Capital Cost Component for this example.

The WCAL table for the Minimum Container Requirement is in Table 4 in Appendix 4 of the Service Contract. The assumed CPINY, 10-Year Treasuries Yield Indices, and AMM Steel Index-Hot Rolled Sheets-Mid West are provided in Tables 10A.1, 10A.3 and 10A.7, respectively, in Exhibit A at the end of this Appendix.

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**Table 10.15: Container Capital Cost Component and Container Monthly Costs**

Month	Year	Tranche <sub>1</sub>			Tranche <sub>2</sub>			Container Capital
		C <sub>1</sub>	C <sub>11</sub>	C <sub>21</sub>	C <sub>1</sub>	C <sub>11</sub>	C <sub>21</sub>	Cost Component
Jun	2014	\$54,340.99	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$54,340.99
Jul	2014	\$135,852.48	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$135,852.48
Aug	2014	\$203,778.72	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$203,778.72
Sep	2014	\$203,778.72	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$203,778.72
Nov	2015	\$271,704.96	\$0.00	\$0.00	\$57,389.28	\$0.00	\$0.00	\$329,094.24
Dec	2015	\$271,704.96	\$0.00	\$0.00	\$86,083.92	\$0.00	\$0.00	\$357,788.88
Jan	2016	\$271,704.96	\$0.00	\$0.00	\$114,778.56	\$0.00	\$0.00	\$386,483.52
Jun	2024	\$163,022.98	\$147,635.86	\$0.00	\$114,778.56	\$0.00	\$0.00	\$425,437.40
Jul	2024	\$0.00	\$369,089.64	\$0.00	\$114,778.56	\$0.00	\$0.00	\$483,868.20
Nov	2025	\$0.00	\$369,089.64	\$0.00	\$0.00	\$152,218.56	\$0.00	\$521,308.20
Dec	2025	\$0.00	\$369,089.64	\$0.00	\$0.00	\$152,218.56	\$0.00	\$521,308.20
Jun	2034	\$0.00	\$221,453.78	\$201,376.22	\$0.00	\$152,218.56	\$0.00	\$575,048.56
Jul	2034	\$0.00	\$0.00	\$503,440.56	\$0.00	\$152,218.56	\$0.00	\$655,659.12
Nov	2035	\$0.00	\$0.00	\$503,440.56	\$0.00	\$152,218.56	\$209,576.64	\$865,235.76
Dec	2035	\$0.00	\$0.00	\$503,440.56	\$0.00	\$0.00	\$209,576.64	\$713,017.20
Jun	2044	\$0.00	\$0.00	\$302,064.34	\$0.00	\$0.00	\$125,745.98	\$427,810.32

**10.6.1 TRANCHE<sub>1</sub> CONTAINER CAPITAL COST COMPONENT**

The \$271,704.96 value of C<sub>1</sub> for Tranche<sub>1</sub> is calculated in Sections 10.2.5 of this Appendix. As shown in Section 10.3 of this Appendix, the value of C<sub>1</sub> is prorated for the first partial month of June 19, 2014 through June 30, 2014 and is also adjusted for the Ramp-up Period Service Levels in July, August and September 2014.

The Container Tranche<sub>1</sub> C<sub>1</sub> in June 2014 show in Table 10.15 is the value calculated in Section 10.3 of this Appendix and shown in Table 10.6. The Container Tranche<sub>1</sub> C<sub>1</sub> in July 2014 shown in Table 10.15 is equal to twice the bi-monthly value shown in Table 10.7 or \$67,926.24 x 2 = \$135,852.48.

The Container Tranche<sub>1</sub> C<sub>1</sub> in August and September 2014 shown in Table 10.15 is equal to twice the bi-monthly value shown in Table 10.8 or \$101,889.36 x 2 = \$203,778.72.

Since June 2024 is a partial month with 18 days in it (i.e. June 1, 2024 – June 18, 2024) the value of the Tranche<sub>1</sub> Container Monthly Cost for June 2024 is prorated as follows.

First bi-monthly period: \$271,704.96/month x 0.50 = \$135,852.48. This value is rounded to the nearest penny.

Second bi-monthly period: \$271,704.96/month x (3/15) x 0.50 = \$27,170.50. This value is rounded to the nearest penny.

The total monthly amount is the sum of these bi-monthly values or

$$\$135,852.48 + \$27,170.50 = \$163,022.98.$$

Tenth (10<sup>th</sup>) Anniversary Adjustment for Tranche<sub>1</sub> Containers

Pursuant to subsection 11.15(D)(2) of the Service Contract the monthly Tranche<sub>1</sub> Container Monthly Cost is adjusted on the 10<sup>th</sup> and 20<sup>th</sup> anniversary of Container Tranche<sub>1</sub> Effective Date.

For this example, the Tranche<sub>1</sub> Container Monthly Cost would be adjusted on June 19, 2024 and June 19, 2034. This Section illustrates how the Tranche<sub>1</sub> Container Monthly Cost is calculated on these dates.

The equation from Section 11.23 of the Service Contract is also used to calculate the adjusted Container Monthly Unit Cost, which is:

$$[(\text{Transportation Equipment Purchase Price}) \times (1 + \text{the applicable sales tax rate, if any}) + (\text{Transportation Equipment Delivery Cost})] \times [\text{Monthly Amortization Factor}].$$

10<sup>th</sup> Anniversary Container Tranche<sub>1</sub> Purchase Price. The Transportation Equipment Purchase Price for each Container in Tranche<sub>1</sub> is equal to the initial Transportation Equipment Purchase Price of \$14,500.00 multiplied by the Tranche<sub>1</sub> Container Cost Adjustment Factor that is defined in subsection 11.22(I) of the Service Contract, i.e.,

$$\text{CAF}_n = [(0.7) \times (\text{CPINY}_n / \text{CPINY}_{\text{base}}) + (0.3) \times (\text{SPI}_n / \text{SPI}_{\text{base}})],$$

where

- N = the tenth anniversary or the twentieth anniversary of the Tranche<sub>x</sub> Effective Date
- CPINY<sub>n</sub> = the average CPINY for the six months preceding the month in which the anniversary of the Tranche<sub>x</sub> Effective Date occurs.
- CPINY<sub>base</sub> = the average CPINY for the six months preceding the month in which the Tranche<sub>x</sub> Effective Date occurs.
- SPI<sub>n</sub> = the average SPI for the six months preceding the month in which the anniversary of the Tranche<sub>x</sub> Effective Date occurs.
- SPI<sub>base</sub> = the average SPI for the six months preceding the month in which the Tranche<sub>x</sub> Effective Date occurs.

In this example, the value of CPINY<sub>base</sub> is determined by averaging the value of CPINY for December 2013, January 2014, February 2014, March 2014, April 2014, and May 2014, i.e., the six months prior to June 2014 the month in which the Container Tranche<sub>1</sub> Effective Date occurred, i.e.,

$$(259.631 + 259.674 + 260.678 + 262.346 + 262.827 + 263.142) \div 6 = 261.383.$$

This value is rounded to three decimal places. Refer to Table 10A.1 in Exhibit A at the end of this Appendix 10 for the assumed values on the CPINY.

The value of CPINY<sub>11</sub> is determined by averaging the value of CPINY for December 2023, January 2024, February 2024, March 2024, April 2024, and May 2024, i.e., the six months prior to June 2024 the month in which 10<sup>th</sup> anniversary of the Container Tranche<sub>1</sub> Effective Date occurred, i.e.,

$$(334.769 + 334.826 + 336.118 + 338.268 + 338.888 + 339.295) \div 6 = 337.027.$$

This value is rounded to three decimal places. Refer to Table 10A.1 in Exhibit A at the end of this Appendix for the assumed values on the CPINY.

In this example, the value of  $SPI_{base}$  is determined by averaging the value of SPI for December 2013, January 2014, February 2014, March 2014, April 2014, and May 2014, i.e., the six months prior to June 2014 the Container Tranche<sub>1</sub> Effective Date, i.e.,

$$(31.64 + 39.38 + 38.92 + 36.35 + 36.36 + 34.98) \div 6 = 36.27.$$

This value is rounded to two decimal places. Refer to Table 10A.7 in Exhibit A at the end of this Appendix for the assumed values on the SPI.

The value of  $SPI_{11}$  is determined by averaging the value of SPI for December 2023, January 2024, February 2024, March 2024, April 2024, and May 2024, i.e., the six months prior to June 2024 the month in which 10<sup>th</sup> anniversary of the Container Tranche<sub>1</sub> Effective Date occurred, i.e.,

$$(41.78 + 49.53 + 48.94 + 45.71 + 45.72 + 43.99) \div 6 = 45.95.$$

This value is rounded to two decimal places. Refer to Table 10A.7 in Exhibit A at the end of this Appendix for the assumed values on the SPI.

Given these values of CPINY and SPI the calculated 10<sup>th</sup> anniversary Container purchase price would be:

$$\$14,500.00 \times [(0.70) \times (337.027/261.383) + (0.30) \times (45.95/36.27)] = \$18,598.36.$$

This value is rounded to the nearest penny.

Tranche<sub>1</sub> Container Delivery Cost 10<sup>th</sup> Anniversary Adjustment. The Designated Transportation Equipment Delivery Cost is equal to the initial Designated Transportation Equipment Delivery Cost for each Container in Tranche<sub>1</sub> of \$600.00 multiplied by the Container Delivery Cost Adjustment Factor that is defined in subsection 11.22(I), i.e.,

$$CDCAF_n = (CPINY_n/CPINY_{base}).$$

Given the values of CPINY calculated above the 10<sup>th</sup> anniversary Designated Transportation Equipment Delivery Cost for each Container in Tranche<sub>1</sub> would be:

$$\$600.00 \times (337.027/261.383) = \$773.64.$$

This value is rounded to the nearest penny.

Tranche<sub>1</sub> 10<sup>th</sup> Anniversary Container Monthly Amortization Factor. The assumed average of the annual yields on 10-Year Treasuries for December 2023, January 2024, February 2024, March 2024, April 2024, and May 2024, i.e., the six months prior to June 2024 the month in which 10<sup>th</sup> anniversary of the Container Tranche<sub>1</sub> Effective Date occurred, i.e.,

$$(4.56 + 4.76 + 4.72 + 4.56 + 4.69 + 4.75) \div 6 = 4.67\%.$$

This resulting average percentage is rounded to 2 decimal places. Refer to Table 10A.3 in Exhibit A at the end of this Appendix for the assumed 10-Year Treasury yields.

For this example it is assumed that the annual interest rate applicable for the 10<sup>th</sup> anniversary adjustment, "R", is equal to the average annual yield on 10-Year Treasuries for the six months preceding the month in which the 10<sup>th</sup> anniversary of the Container Tranche<sub>1</sub> Effective Date plus 200 basis points which for this example is 4.67% + 2.00% = 6.67%.

The monthly interest rate is equal to:

$$r = [(1.0667)^{(1/12)} - 1] = 0.00539531680184 \text{ (i.e., approximately .540\%)}$$

This resulting monthly interest rate is rounded to 14 decimal places.

The Monthly Amortization Factor is calculated using the following equation:

$$r/[1 - (1/(1+r)^n)],$$

or

$$0.00539531680184/[1 - (1/(1.00539531680184)^{120})] = 0.01134176654509.$$

The Monthly Amortization Factor is rounded to at 14 decimal places.

The Container Monthly Unit Cost for Tranche<sub>1</sub> in this example is equal to:

$$[\$18,598.36 \times (1.08875) + \$773.64] \times 0.01134176654509 = \$238.43/\text{Container}.$$

This value is rounded to the nearest penny. The applicable sales tax rate in this example is assumed to be 8.875%.

Tranche<sub>1</sub> 10<sup>th</sup> Anniversary Container Monthly Cost (C<sub>11</sub>). The total number of Containers in Tranche<sub>1</sub> is 1,548. The 10<sup>th</sup> anniversary adjusted Tranche<sub>1</sub> monthly Container Monthly Cost, or C<sub>11</sub>, is:

$$C_{11} = (\$238.43/\text{Container}) \times (1,548 \text{ Containers}) = \$369,089.64/\text{month}.$$

This value is rounded to the nearest penny.

In this example, the Tranche<sub>1</sub> Container Monthly Cost (C<sub>11</sub>) remains constant from the 10<sup>th</sup> anniversary or the Tranche<sub>1</sub> Effective Date, i.e., June 19, 2024 until the 20<sup>th</sup> Anniversary of the Tranche<sub>1</sub> Effective Date, i.e., June 19, 2034.

Since there are only 12 days of service during the second bi-monthly period (i.e., June 19, 2024 – June 30, 2024) the Tranche<sub>1</sub> Container Monthly Cost for June 2024 is prorated as follows:

$$(\$369,089.64/\text{month}) \times (12/15) \times 0.50 = \$147,635.86.$$

Since June 2034 is a partial month with 18 days in it (i.e. June 1, 2034 – June 18, 2034) the value of the Tranche<sub>1</sub> Container Monthly Cost for June 2034 is prorated as follows.

First bi-monthly period:  $\$369,089.64/\text{month} \times 0.50 = \$184,544.82$ . This value is rounded to the nearest penny.

Second bi-monthly period:  $\$369,089.64/\text{month} \times (3/15) \times 0.50 = \$36,908.96$ . This value is rounded to the nearest penny.

The total monthly amount is the sum of these bi-monthly values or

$$\$184,544.82 + \$36,908.96 = \$221,453.78.$$

Twentieth (20<sup>th</sup>) Anniversary Adjustment for Tranche<sub>1</sub> Containers. The methodology for calculating the adjusted Tranche<sub>1</sub> Container Monthly Cost on the 20<sup>th</sup> anniversary of the Container Tranche<sub>1</sub> Effective Date is the same as that used to calculate the adjustment on the 10<sup>th</sup> anniversary.

The values used in the following calculations of CPINY<sub>21</sub> and SPI<sub>21</sub> are determined by averaging the respective values of the indices for December 2033, January 2034, February 2034, March 2034, April 2034, and May 2034, i.e., the six months prior to June 2034 the month in which the Container Tranche<sub>1</sub> Effective Date occurred.

$$\text{CPINY}_{21} = (429.812 + 433.464 + 435.137 + 437.918 + 438.722 + 439.250) \div 6 = 435.717.$$

This value is rounded to three decimal places. Refer to Table 10A.1 in Exhibit A at the end of this Appendix for the assumed values on the CPINY.

$$\text{SPI}_{21} = (57.92 + 72.20 + 71.34 + 66.63 + 66.65 + 64.13) \div 6 = 66.48.$$

This value is rounded to two decimal places. Refer to Table 10A.7 in Exhibit A at the end of this Appendix for the assumed values on the SPI.

Given these values of CPINY and SPI the calculated 20<sup>th</sup> anniversary adjustment to the Container purchase price would be:

$$\$14,500.00 \times [(0.70) \times (435.717/261.383) + (0.30) \times (66.48/36.27)] = \$24,892.92.$$

This value is rounded to the nearest penny.

Tranche<sub>1</sub> Container Delivery Cost 20<sup>th</sup> Anniversary Adjustment. Given the value of CPINY the calculated 20<sup>th</sup> anniversary Designated Transportation Equipment Delivery Cost for each Container in Tranche<sub>1</sub> would be:

$$\$600.00 \times (435.717/261.383) = \$1,000.18.$$

This value is rounded to the nearest penny.

Tranche<sub>1</sub> 20<sup>th</sup> Anniversary Container Monthly Amortization Factor. The assumed annual yields on 10-Year Treasuries for December 2033, January 2034, February 2034, March 2034, April 2034, and May 2034, i.e., the six months prior to March 2034 the month in which 20<sup>th</sup> anniversary of the Container Tranche<sub>1</sub> Effective Date occurred, i.e.,

$$(5.24\% + 5.16\% + 5.10\% + 4.89\% + 5.14\% + 5.39\%) \div 6 = 5.15\%.$$

This resulting average percentage is rounded to 2 decimal places. Refer to Table 10A.3 in Exhibit A at the end of this Appendix for the assumed 10-Year Treasury yields.

For this example it is assumed that the annual interest rate applicable for the 20<sup>th</sup> anniversary adjustment, “R”, is equal to 5.15% + 2.00% = 7.15%.

The monthly interest rate is equal to:

$$r = [(1.0715)^{(1/12)} - 1] = 0.00577155293031(\text{i.e., approximately } .577\%).$$

This resulting monthly interest rate is rounded to 14 decimal places.

The Monthly Amortization Factor is:

$$0.00577155293031/[1 - (1/(1.00577155293031)^{120})] = 0.01157267496996.$$

The Monthly Amortization Factor is rounded to 14 decimal places.

The Container Monthly Unit Cost for Tranche<sub>1</sub> in this example is equal to:

$$[(\$24,892.92 \times 1.08875) + \$1000.18] \times 0.01157267496996 = \$325.22/\text{Container}.$$

This value is rounded to the nearest penny. The applicable sales tax rate in this example is assumed to be 8.875%.

Tranche<sub>1</sub> 20<sup>th</sup> Anniversary Container Monthly Cost (C<sub>21</sub>). The total number of Containers in Tranche<sub>1</sub> is 1,548. The 20<sup>th</sup> anniversary adjusted monthly Tranche<sub>1</sub> Container Monthly Cost, or C<sub>21</sub>, is:

$$C_{21} = (\$325.22/\text{Container}) \times (1,548 \text{ Containers}) = \$503,440.56/\text{month}.$$

This value is rounded to the nearest penny.

In this example, the monthly Tranche<sub>1</sub> Container Monthly Cost (C<sub>21</sub>) remains constant from the 20<sup>th</sup> anniversary of the Tranche<sub>1</sub> Effective Date, i.e., June 19, 2034 until the end of the Term of the Service Contract, i.e., June 18, 2044.

Since there are only 12 days of service during the second bi-monthly period (i.e., June 19, 2034 – June 30, 2034), the Container Monthly Cost for June 2034 is:

$$(\$503,440.56/\text{month}) \times (12/15) \times 0.50 = \$201,376.22.$$

This value is rounded to the nearest penny.

Since June 2044, i.e., the last month of the Term in this example is a partial month with only 3 days in the second bi-monthly period (i.e. June 16, 2044 – June 18, 2044) the value of C<sub>21</sub> for June 2044 is.

First bi-monthly period:  $\$503,440.56/\text{month} \times 0.50 = \$251,720.28$ . This value is rounded to the nearest penny.

Second bi-monthly period:  $\$503,440.56/\text{month} \times (3/15) \times 0.50 = \$50,344.06$ . This value is rounded to the nearest penny.

The total monthly amount is the sum of these bi-monthly values or

$$\$251,720.28 + \$50,344.06 = \$302,064.34.$$

### **10.6.2 TRANCHE<sub>2</sub> CONTAINER CAPITAL COST COMPONENT**

For this example it is assumed that Tranche<sub>2</sub> is for the Additional Containers purchased for MTS-2. The Tranche<sub>2</sub> Effective Date is therefore the same as the MTS-2 Service Date, or as shown in Table 1 is assumed to be November 1, 2015.



The \$114,778.56 value of  $C_1$  for Tranche<sub>2</sub> is calculated in Section 10.4.3 of this Appendix. As shown in Section 10.3 of this Appendix, the value of  $C_1$  is adjusted for the Ramp-up Period Service Levels in November and December 2015.

The Container Tranche<sub>2</sub>  $C_1$  in November 2015 shown in Table 10.15 is equal to twice the bi-monthly value of \$28,694.64, or \$57,389.28. The \$28,694.64 value is equal to \$114,778.56 x 0.50 x 0.50, which is rounded to the nearest penny. The first 0.50 factor is the Ramp-Up Level 1 factor for MTS-2 and the second 0.50 factor reflects that this is a bi-monthly amount.

The Container Tranche<sub>2</sub>  $C_1$  in December 2015 shown in Table 10.15 is equal to twice the bi-monthly value of \$43,041.96, or \$86,083.92. The \$43,041.96 value is equal to \$114,778.56 x 0.75 x 0.50, which is rounded to the nearest penny. The 0.75 factor is the Ramp-Up Level 2 factor for MTS-2 and the 0.50 factor reflects that this is a bi-monthly amount.

Because, in this example, the MTS-2 Service Date is assumed to begin on November 1<sup>st</sup>, the value of  $C_1$  for November 2025 is zero. That is there is no prorated portion of  $C_1$  in November of 2025.

Tenth (10<sup>th</sup>) Anniversary Adjustment for Tranche<sub>2</sub> Containers. Pursuant to subsection 11.15(D)(2) of the Service Contract, the Tranche<sub>2</sub> Container Monthly Cost is adjusted on the 10<sup>th</sup> and 20<sup>th</sup> anniversary of Container Tranche<sub>2</sub> Effective Date.

For this example, the Tranche<sub>2</sub> Container Monthly Cost would be adjusted on November 1, 2025 and November 1, 2035. This Section illustrates how the Tranche<sub>2</sub> Container Monthly Cost is calculated on these dates.

The equation from Section 11.23 of the Service Contract is also used to calculate the adjusted Container Monthly Unit Cost, which is:

$$[(\text{Transportation Equipment Purchase Price}) \times (1 + \text{the applicable sales tax rate, if any}) + (\text{Transportation Equipment Delivery Cost})] \times [\text{Monthly Amortization Factor}].$$

10<sup>th</sup> Anniversary Container Tranche<sub>2</sub> Purchase Price. The Transportation Equipment Purchase Price is equal to the initial Transportation Equipment Purchase Price of \$15,300.00 multiplied by the Tranche<sub>2</sub> Container Cost Adjustment Factor.

In this example, the value of  $CPIN_{Y_{base}}$  is determine by averaging the value of CPIN<sub>Y</sub> for May 2015, June 2015, July 2015, August 2015, September 2015 and October 2015, i.e., the six months prior to November 2015 the month in which the Container Tranche<sub>2</sub> Effective Date occurred, i.e.,

$$(269.089 + 268.827 + 268.413 + 269.963 + 271.116 + 272.978) \div 6 = 270.064.$$

This value is rounded to three decimal places. Refer to Table 10A.1 in Exhibit A at the end of this Appendix for the assumed values on the CPIN<sub>Y</sub>.

The value of  $CPIN_{Y_{11}}$  for Tranche<sub>2</sub> is determine by averaging the value of CPIN<sub>Y</sub> for May 2025, June 2025, July 2025, August 2025, September 2025 and October 2025, i.e., the six months prior to November 2025 the month in which 10<sup>th</sup> anniversary of the Container Tranche<sub>2</sub> Effective Date occurred, i.e.,

$$(348.015 + 347.676 + 347.140 + 349.145 + 350.637 + 353.047) \div 6 = 349.277.$$

This value is rounded to three decimal places. Refer to Table 10A.1 in Exhibit A at the end of this Appendix for the assumed values on the CPINY.

In this example, the value of  $SPI_{base}$  is determined by averaging the value of SPI for May 2015, June 2015, July 2015, August 2015, September 2015 and October 2015, i.e., the six months prior to November 2015 the Container Tranche<sub>2</sub> Effective Date, i.e.,

$$(35.94 + 33.42 + 33.35 + 35.87 + 35.43 + 35.87) \div 6 = 34.98.$$

This value is rounded to two decimal places. Refer to Table 10A.7 in Exhibit A at the end of this Appendix for the assumed values on the SPI.

The value of  $SPI_{11}$  is determined by averaging the value of SPI for May 2025, June 2025, July 2025, August 2025, September 2025 and October 2025, i.e., the six months prior to August 2025 the month in which 10<sup>th</sup> anniversary of the Container Tranche<sub>2</sub> Effective Date occurred, i.e.,

$$(45.63 + 42.42 + 42.34 + 45.54 + 45.00 + 45.54) \div 6 = 44.41.$$

This value is rounded to two decimal places. Refer to Table 10A.7 in Exhibit A at the end of this Appendix for the assumed values on the SPI.

Given these values of CPINY and SPI the calculated 10<sup>th</sup> anniversary Container purchase price for each Container in Tranche<sub>2</sub> would be:

$$\$15,300.00 \times [(0.70) \times (349.277/270.064) + (0.30) \times (44.41/34.98)] = \$19,678.76.$$

This value is rounded to the nearest penny.

Tranche<sub>2</sub> Container Delivery Cost 10<sup>th</sup> Anniversary Adjustment. The Designated Transportation Equipment Delivery Cost for Container Tranche<sub>2</sub> is equal to the initial Designated Transportation Equipment Delivery Cost for each Container in Tranche<sub>2</sub> of \$620.00 multiplied by the Container Delivery Cost Adjustment Factor that is defined in subsection 11.22(I) of the Service Contract, i.e.,

$$CDCAF_n = (CPINY_n/CPINY_{base}).$$

Given the values of CPINY calculated above the 10<sup>th</sup> anniversary Container Delivery Cost would be:

$$\$620.00 \times (349.277/270.064) = \$801.85.$$

This value is rounded to the nearest penny.

Tranche<sub>2</sub> 10<sup>th</sup> Anniversary Container Monthly Amortization Factor. The assumed annual yields on 10-Year Treasuries for May 2025, June 2025, July 2025, August 2025, September 2025 and October 2025, i.e., the six months prior to November 2025 the month in which 10<sup>th</sup> anniversary of the Container Tranche<sub>2</sub> Effective Date occurred, i.e.,

$$(3.88\% + 4.10\% + 4.01\% + 3.89\% + 3.69\% + 3.81\%) \div 6 = 3.90\%.$$

This resulting average percentage is rounded to 2 decimal places. Refer to Table 10A.3 in Exhibit A at the end of this Appendix for the assumed 10-Year Treasury yields.

For this example it is assumed that the annual interest rate applicable for the 10<sup>th</sup> anniversary adjustment, “R”, is equal to the average annual yield on 10-Year Treasuries for the six months preceding the month in which the 10<sup>th</sup> anniversary of the Container Tranche<sub>2</sub> Effective Date plus 200 basis points, which for this example is 3.90% + 2.00% = 5.90%.

The monthly interest rate is equal to:

$$r = [(1.0590)^{(1/12)}] - 1 = 0.00478851736509 \text{ (i.e., approximately .479\%).}$$

This resulting monthly interest rate is rounded to 14 decimal places.

The Monthly Amortization Factor is calculated using the following equation:

$$0.00478851736509 / [1 - (1 / (1.00478851736509)^{120})] = 0.01097503688036.$$

The Monthly Amortization Factor is rounded to 14 decimal places.

The Container Monthly Unit Cost for each Container in Tranche<sub>2</sub> in this example is equal to:

$$[(\$19,678.76 \times 1.08875) + \$801.85] \times 0.01097503688036 = \$243.94/\text{Container}.$$

This value is rounded to the nearest penny. The applicable sales tax rate in this example is assumed to be 8.875%.

Tranche<sub>2</sub> 10<sup>th</sup> Anniversary Container Monthly Cost (C<sub>11</sub>). The total number of Containers in Tranche<sub>2</sub> is 624. The 10<sup>th</sup> anniversary adjusted Tranche<sub>2</sub> monthly Container Monthly Cost, or C<sub>11</sub>, is:

$$C_{11} = (\$243.94/\text{Container}) \times (624 \text{ Containers}) = \$152,218.56/\text{month}.$$

This value is rounded to the nearest penny.

In this example, the Tranche<sub>2</sub> Container Monthly Cost (C<sub>11</sub>) remains constant from the 10<sup>th</sup> anniversary or the Tranche<sub>2</sub> Effective Date, i.e., November 1, 2025 until the 20<sup>th</sup> Anniversary of the Tranche<sub>2</sub> Effective Date, i.e., November 1, 2035. Since, in this example, there are no partial months, no prorating is needed.

Twentieth (20<sup>th</sup>) Anniversary Adjustment for Tranche<sub>2</sub> Containers. The methodology for calculating the adjusted Tranche<sub>2</sub> Container Monthly Cost on the 20<sup>th</sup> anniversary of the Container Tranche<sub>2</sub> Effective Date is the same as that used to calculate the adjustment on the 10<sup>th</sup> anniversary. For this example, these calculations are:

Tranche<sub>2</sub> Equipment purchase price 20<sup>th</sup> Anniversary Adjustment. The values of CPINY<sub>21</sub> and SPI<sub>21</sub> for Tranche<sub>2</sub> are determined by averaging the value of CPINY and SPI respectively for May 2035, June 2035, July 2035, August 2035, September 2035 and October 2035, i.e., the six months prior to August 2035 the month in which 10<sup>th</sup> anniversary of the Container Tranche<sub>2</sub> Effective Date occurred, i.e.,

$$CPINY_{21} = (452.911 + 452.468 + 451.771 + 454.380 + 456.325 + 459.459) \div 6 = 454.552.$$

This value is rounded to three decimal places. Refer to Table 10A.1 in Exhibit A at the end of this Appendix for the assumed values on the CPINY.

$$SPI_{21} = (66.12 + 61.48 + 61.36 + 66.00 + 65.22 + 66.00) \div 6 = 64.36.$$

This value is rounded to two decimal places. Refer to Table 10A.7 in Exhibit A at the end of this Appendix for the assumed values on the SPI.

Given these values of CPINY and SPI, the calculated 20<sup>th</sup> anniversary adjustment to the Container purchase price for each Container in Tranche<sub>2</sub> would be:

$$\$15,300.00 \times [(0.70) \times (454.552/270.064) + (0.30) \times (64.36/34.98)] = \$26,471.47.$$

This value is rounded to the nearest penny.

Tranche<sub>2</sub> Container Delivery Cost 20<sup>th</sup> Anniversary Adjustment. Given the value of CPINY the calculated 20<sup>th</sup> anniversary Designated Transportation Equipment Delivery Cost for each Container in Tranche<sub>2</sub> would be:

$$\$620.00 \times (454.552/270.064) = \$1,043.54.$$

This value is rounded to the nearest penny.

Tranche<sub>2</sub> 20<sup>th</sup> Anniversary Container Monthly Amortization Factor. The assumed annual yields on 10-Year Treasuries for May 2035, June 2035, July 2035, August 2035, September 2035 and October 2035, i.e., the six months prior to March 2034 the month in which 20<sup>th</sup> anniversary of the Container Tranche<sub>2</sub> Effective Date occurred, i.e.,

$$(5.16\% + 4.93\% + 4.65\% + 4.26\% + 3.87\% + 3.94\%) \div 6 = 4.47\%.$$

This resulting average percentage is rounded to 2 decimal places. Refer to Table 10A.3 in Exhibit A at the end of this Appendix for the assumed 10-Year Treasury yields.

For this example it is assumed, the annual interest rate applicable for the 20<sup>th</sup> anniversary adjustment, “R”, is equal to 4.47% + 2.00% = 6.47%.

The monthly interest rate is equal to:

$$r = [(1.0647)^{(1/12)} - 1] = 0.0052380935373 \text{ (i.e., approximately 0.524\%).}$$

This resulting monthly interest rate is rounded to 14 decimal places.

The Monthly Amortization Factor is calculated using the following equation:

$$0.0052380935373 / [1 - (1 / (1.0052380935373)^{120})] = 0.01124607056893.$$

The Monthly Amortization Factor is rounded to at least 14 decimal places.

The Container Monthly Unit Cost for each Container in Tranche<sub>2</sub> in this example is equal to:

$$[(\$26,471.47 \times 1.08875) + \$1,043.54] \times 0.01124607056893 = \$335.86/\text{Container}.$$

This value is rounded to the nearest penny. The applicable sales tax rate in this example is assumed to be 8.875%.

Tranche<sub>2</sub> 20<sup>th</sup> Anniversary Container Monthly Cost (C<sub>21</sub>). The total number of Containers in Tranche<sub>2</sub> is 624. The 20<sup>th</sup> anniversary adjusted monthly Tranche<sub>2</sub> Container Monthly Cost, or C<sub>21</sub>, is:

$$C_{21} = (\$335.86/\text{Container}) \times (624 \text{ Containers}) = \$209,576.64/\text{month}.$$

This value is rounded to the nearest penny.

In this example, the monthly Tranche<sub>2</sub> Container Monthly Cost (C<sub>21</sub>) remains constant from the 20<sup>th</sup> anniversary of the Tranche<sub>2</sub> Effective Date, i.e., November 1, 2035 until the end of the Term of the Service Contract, i.e., June 18, 2044.

Since, in this example, June 2044, i.e., the last month of the Term and is a partial month with only 3 days in the second bi-monthly period (i.e. June 16, 2044 – June 18, 2044) the value of C<sub>21</sub> for June 2044 is.

First bi-monthly period:  $\$209,576.64/\text{month} \times 0.50 = \$104,788.32$ . This value is rounded to the nearest penny.

Second bi-monthly period:  $\$209,576.64/\text{month} \times (3/15) \times 0.50 = \$20,957.66$ . This value is rounded to the nearest penny.

The total monthly amount is the sum of these bi-monthly values or

$$\$104,788.32 + \$20,957.66 = \$125,745.98.$$

### **10.6.3 CONTAINER CAPITAL COST COMPONENT**

In any month, the Container Capital Cost Component is the sum of the then applicable Container Monthly Costs for all the Container Tranches as shown in Table 10.15 of this Appendix.

### **10.7 FIXED UNCONTROLLABLE CIRCUMSTANCE COSTS AND PER CONTAINER FIXED UNCONTROLLABLE CIRCUMSTANCE COSTS**

Pursuant to Section 11.21 of the Service Contract, the Fixed Uncontrollable Circumstance Cost for each Monthly Billing Period is established, with respect to the capital or similar costs of an Uncontrollable Circumstance that remain fixed from month to month and are not dependent on numbers of Containers delivered by the City, using the procedures, methodology and allocations set forth in Section 13.4 of the Service Contract and the applicable cost sharing set forth in Section 13.5 of the Service Contract.

For each of the examples below assume the total annual Fixed Uncontrollable Capital cost of an Event Response Measure for a Cost-Shared Uncontrollable Circumstance is \$10,000,000; the asset being installed has an estimated 20 year useful life; and the Prime Rate is 7.0%. Also assume that at the time of the event the WCAL for MTS-1 of 740 and MTS-2 of 288 or a combined WCAL of 1,028 Containers.

Using the procedures, methodology and allocations in Section 13.4 of the Service Contract the monthly Fixed Uncontrollable Circumstance Cost is:

$$\$84,876.84 = \{ \$10,000,000 \times \{ 0.08 \div [1 - [1 \div (1.08)^{20}]] \} \} \div 12$$

#### Prorated Share for Niagara RTT or Delaware RRS Intermodal Facility

Assume this capital improvement occurs at the Niagara RTT or the Delaware RRS intermodal facility and a total of average container volume for all customers handled at the intermodal facility during the preceding 12 month period (calculated on a Containers/Operating Week

basis) is 435 Containers. Also assume that the Designated Waste Allocation to the intermodal facility is 50%.

In this case the City's prorated share, in accordance with subsection 13.4(D) of the Service Contract, is:

$$(0.50 \times (740 + 288) \times 0.75) \div 435 = 0.88620689655172 \text{ (or approximately 88.6\%)}$$

When making this calculation the prorated share is rounded to 14 decimal places.

For this example, the Fixed Uncontrollable Circumstance Capital Cost would be:

$$[(0.50 \times (750 + 288) \times 0.75) \div 435] \times \$84,876.84 = \$74,863.96/\text{month}$$

This value is rounded to the nearest penny.

Now assume for this example that the total of average container volume for all customers handled at the Niagara RTT intermodal facility during the preceding 12-month period (calculated on a Containers/Operating Week basis) is only 375 Containers. Since the factor of  $[(0.50 \times (750 + 288) \times 0.75) \div 375]$  is greater than 1.0, the proration factor is set equal to 1.0 (See subsection 13.4(D)(4) of the Service Contract). In this case the Fixed Uncontrollable Circumstance Capital Cost would be \$84,876.84/month.

#### Prorated Share for the Niagara Resource Recovery Facility

If the assumed \$84,876.84/month Cost-Shared Uncontrollable Circumstance occurred at the Niagara Resource Recovery Facility the City's prorated share would be:

$$[52 \times (740 + 288) \times 0.50 \times 0.75 \times 18] \div 755,550 = 360,828.00 \div 755,550 = 0.47756998213222 \text{ (or approximately 47.8\%)}$$

When making this calculation the prorated share is rounded to 14 decimal places.

For this example, the Fixed Uncontrollable Circumstance Capital Cost would be:

$$[52 \times (740 + 288) \times 0.50 \times 0.75 \times 18] \div 755,550 \times \$84,876.84 = \$40,534.63/\text{month}$$

This value is rounded to the nearest penny.

#### Prorated Share for the Delaware Valley Resource Recovery Facility

If the assumed \$84,876.84/month Cost-Shared Uncontrollable Circumstance occurred at the Niagara Resource Recovery Facility the City's prorated share would be:

$$[52 \times (740 + 288) \times 0.50 \times 0.75 \times 18] \div 1,108,140 = 360,828.00 \div 1,108,140 = 0.32561589690833 \text{ (or approximately 32.6\%)}$$

When making this calculation the prorated share is rounded to 14 decimal places.

For this example, the Fixed Uncontrollable Circumstance Capital Cost would be:

$$[52 \times (740 + 288) \times 0.50 \times 0.75 \times 18] \div 1,108,140 \times \$84,876.84 = \$27,637.25/\text{month}$$

This value is rounded to the nearest penny.

Prorated Share for Another Waste to Energy Facility

If the assumed \$84,876.84/month Cost-Shared Uncontrollable Circumstance occurred at another waste to energy facility with a rated capacity of 1500 tons per day, then the City's prorated share would be:

$$[52 \times (740 + 288) \times 0.50 \times 0.75 \times 18] \div (0.92 \times 1500 \times 365) = 360,828.00 \div 503,700.00 = 0.71635497319833 \text{ (or approximately 71.6\%).}$$

When making this calculation the prorated share is rounded to 14 decimal places.

For this example, the Fixed Uncontrollable Circumstance Capital Cost would be:

$$[52 \times (740 + 288) \times 0.50 \times 0.75 \times 18] \div (0.92 \times 1500 \times 365) \times \$84,876.84 = \$60,801.95/\text{month.}$$

This value is rounded to the nearest penny.

Per Container Fixed Uncontrollable Circumstance Cost

In accordance with subsection 11.21(C) of the Service Contract, the Per Container UCC Cost is equal to the Fixed Uncontrollable Circumstance Cost during an applicable reconciliation period for the facility divided by the number of Containers that would have been delivered by the Company to the applicable facility during such period under the applicable Designated Waste Allocation (the "Per Container UCC Cost"). Assume the total number of Containers delivered at the MTSs is 40,415 during an annual reconciliation period and 50% is designated to be delivered to the Niagara RRT intermodal facility and 50% to the Delaware RRS intermodal facility. In this case the Per Container Fixed Uncontrollable Circumstance Cost for each of the examples above would be:

If the Cost-Shared Uncontrollable Circumstance occurred at the Niagara RTT or Delaware RRS intermodal facility the Per Container Fixed Uncontrollable Circumstance Cost, in this example, would be  $(\$74,863.96 \times 12) \div (0.50 \times 40,415) = \$44.46/\text{Container}$ .

If the Cost-Shared Uncontrollable Circumstance occurred at the Niagara Resource Recovery Facility the Per Container Fixed Uncontrollable Circumstance Cost, in this example, would be  $(\$40,534.63 \times 12) \div (0.50 \times 40,415) = \$24.07/\text{Container}$ .

If the Cost-Shared Uncontrollable Circumstance occurred at the Delaware Valley Facility the Per Container Fixed Uncontrollable Circumstance Cost, in this example, would be  $(\$27,637.25 \times 12) \div (0.50 \times 40,415) = \$16.41/\text{Container}$ .

If the Cost-Shared Uncontrollable Circumstance occurred at another waste to energy facility the Per Container Fixed Uncontrollable Circumstance Cost, in this example, would be  $(\$60,801.95 \times 12) \div (0.50 \times 40,415) = \$36.11/\text{Container}$ .

**10.8 UNCONTROLLABLE CIRCUMSTANCE MATERIALITY THRESHOLD AND COST-SHARED UNCONTROLLABLE CIRCUMSTANCE**

In accordance with subsection 13.4(C) of the Service Contract, for each event, the "Uncontrollable Circumstance Materiality Threshold", at any point during the Term that such threshold is required to be determined, shall be an amount equal to the net present value (calculated using a discount rate equal to the Prime Rate on the date the Uncontrollable Circumstance occurred, plus one percent) of the future stream of Annual Threshold Amounts from the date of such calculation through the end of the Term, which only includes a Renewal

Term if the City has exercised its option to extend the Term for such Renewal Term pursuant to subsection 3.2(B).

For each Uncontrollable Circumstance, the “Annual Threshold Amount” for the Contract Year ending June 30, 2013 shall be \$118,425, and for each subsequent Contract Year shall be \$118,425 times the CPINY Adjustment Factor (using the actual CPINY Adjustment Factor for each Contract Year up to and including the Contract Year in which the Uncontrollable Circumstance occurred and thereafter assuming that the CPINY will increase at 3.0% per Contract Year throughout the remaining Term, notwithstanding any actual increases in the CPINY).

A “Cost-Shared Uncontrollable Circumstance” is an Uncontrollable Circumstance with respect to which the Projected Present Value Cost of the Event Response Measure exceeds the Uncontrollable Circumstance Materiality Threshold.

For the examples in this Section the MTS-1 Service Date is assumed to be June 19, 2014 and the first Contract Year is the partial year from June 19, 2014 through June 30, 2014; the second Contract Year begins on July 1, 2014 and ends on June 30, 2015; the third Contract Year begins on July 1, 2015 and ends on June 30, 2016; and so forth. The examples presented below assume the City has not exercised its option to extend the Term to include a Renewal Term. Therefore, the Contract is assumed to expire at the end of the Initial Term, or end on June 18, 2034.

All the examples below assume the Prime Rate on the date of the Uncontrollable Circumstance is 7.0%. Therefore the discount rate used to calculation the net present values is 8.0%, i.e., the Prime Rate plus 1.0%. All the calculations of the net present value are rounded to the nearest dollar.

All of the capital costs and annual increases in operating costs in these examples are assumed to be uninsured costs.

#### Example 1 (See Example 1 of Table 10.18.)

Example 1 assumes the costs increases begin in the third Contract Year and involves no capital investment, but a recurring annual incremental operating cost increase for the remainder of the Term.

#### Calculating the Uncontrollable Circumstance Materiality Threshold

The Uncontrollable Circumstance Materiality Threshold for this example is calculated to be \$1,495,432.00. This was calculated as follows:

Since the cost of the Uncontrollable Circumstance is assumed to begin in the third Contract Year ending June 30, 2016, the Annual Threshold Amount for the third Contract Year is equal to \$118,425.00 times the CPINY Adjustment Factor applicable for the third Contract Year, or  $\$118,425.00 \times (263.445/247.718)$ , which equals \$125,943.51. (See Table 10A.1 of Exhibit A of this Appendix for the assumed values of CPINY.) The Annual Threshold Amount for each year thereafter are escalated by 3.0% per year, until the end of the Initial Term of the Service Contract. The resulting Annual Threshold Amounts are shown in Table 10.16.

When making the Annual Threshold Amount calculations the CPINY Adjustment Factor is not rounded and the resulting annual values are rounded to the nearest penny. Furthermore, the Annual Threshold Amounts are not prorated to account for partial Contract Years.



The net present value at 8.0% of these Annual Threshold Amounts, using the end-of-year discounting convention, is \$1,495,432.00. The calculation of the net present value is also shown in Table 10.16.

The discounted values in Table 10.16 assume the net costs occur at the end of each Contract Year. For example, in Contract Year 3, the first Contract Year in which the event has an effect, the discounted Annual Threshold Amount was calculated as follows:

$$\$116,614.36 = (\$125,943.51) \div (1.08).$$

The net present value through the last Contract Year of the Term is the sum of the Discounted Value column in Table 10.16. (This calculation can be made using the “NPV” function in Microsoft Excel.)

#### Determining if the event is a Cost-Shared Uncontrollable Circumstance

For Example 1 it is assumed that the event results in a recurring increased annual operation cost that is estimated to be \$250,000.00 in Fiscal Year 2016 (i.e., FY16). It is also assumed that the prorated amount in accordance with subsection 13.4(D) of this Service Contract is 52.50% of this amount, or \$131,250.00. This prorated amount is escalated by 3.0% per year through the end of the Initial Term and results in a net present value, discounted at 8.0%, of \$1,558,440.00. Since this amount is greater than the \$1,495,432.00 Uncontrollable Circumstance Materiality Threshold, this event is a Cost-Shared Uncontrollable Circumstance.

#### Example 2 (See Examples 2A and 2B of Table 10.18.)

Assume the event occurs in the third Contract Year ending June 30, 2016 and involves no capital investment and an annual cost increase through the end of fifth Contract Year.

For this example the Uncontrollable Circumstance Materiality Threshold is of \$1,495,432.00 the same as the one calculated in Example 1.

In Example 2A it is assumed that the event results in an increased annual operating cost that is estimated to be \$600,000.00 in Contract Year 3. The prorated amount is assumed to be 100.00% of this amount. This prorated amount is escalated at 3.0% a year through the end of the fifth Contract Year. Thereafter, there are no increased costs associated with this event. In this case, the net present value, discounted at 8.0%, over the three years in which the event has an impact is \$1,590,697.00, which is greater than the Uncontrollable Circumstance Materiality Threshold. Therefore, this event is a Cost-Shared Uncontrollable Circumstance.

On the other hand, as shown in Example 2B, if the estimated prorated annual operating cost increase in Contract Year 3 is \$560,000.00, then it would not be a Cost-Shared Uncontrollable Circumstance.

#### Example 3: (See Examples 3A through 3D of Table 10.18.)

For this example the Uncontrollable Circumstance Materiality Threshold is of \$1,495,432.00 the same as the one calculated in Example 1.

For Example 3A assume that the event results in an estimated total capital cost of \$2,912,100.00 for a capital asset having an estimated useful life of 20 years. Also assume the prorated amount in accordance with subsection 13.4(D) of the Service Contract is 52.50% of \$2,912,000.00, or \$1,528,852.50. The constant mortgage annual payment, given the capital investments assumed useful life of 20 years and an 8.0% interest rate, is:

$$\$155,717.00 = 0.525 \times \$2,912,100.00 \times \{0.08 \div [1 - [1 \div (1.08)^{20}]]\}.$$

(This calculation can be made using the “PMT” function in Microsoft Excel.)

The net present value of this annual payment over the 19 remaining years of the Initial Term (i.e., Contract Years 3 through 21) is \$1,495,444.00, which is greater than the Uncontrollable Circumstance Materiality Threshold. Therefore, this event is a Cost-Shared Uncontrollable Circumstance.

On the other hand, as shown in Example 3B, if the estimated total capital investment in Contract Year 3 is \$2,909,000.00, then this event would not be a Cost-Shared Uncontrollable Circumstance.

For Examples 3C and 3D the useful life of the capital investment is assumed to be 10 years. In this case, as shown in Example 3C, a total investment of \$1,803,336.00 (or prorated investment of \$946,761.90) would be a Cost-Shared Uncontrollable Circumstance. In this case the constant mortgage annual payment, given the capital investments assumed useful life of 10 years, is:

$$\$141,095.44 = 0.525 \times \$1,803,356.00 \times \{.08 \div [1 - [1 \div (1.08)^{10}]]\}.$$

When making the net present value calculation assume that any capital investment with a useful life equal to less than the remaining Term will be replaced at the end of its useful life on identical financial terms, except the capital cost is escalated at 3.0%/Contract Year compounded over the useful life (in this example over 10 years) and then held constant for the its useful life (or 10 years in this example) or the remaining Term, whichever is less. Therefore, in Example 3C, since the 10 year useful life is less than the remaining portion of the Initial Term, the annual payments from 2026 to the end of the Initial Term is increased to \$189,620.47, which equals \$141,095.44 x (1.03)<sup>10</sup>.

As shown in Example 3D, if the estimated total capital investment in Contract Year 3 is \$1,802,356.00, then this event would not be a Cost-Shared Uncontrollable Circumstance.

Example 4: (See Examples 4A through 4D of Table 10.18.)

Example 4 assumes the costs of the event occur in the twelfth Contract Year ending June 30, 2025 and involves a capital investment with no annual costs.

#### Calculating the Uncontrollable Circumstance Materiality Threshold

The Uncontrollable Circumstance Materiality Threshold for this example is calculated to be \$1,200,862.00. This was calculated as follows:

Since the cost of the Uncontrollable Circumstance is assumed to begin in the twelfth Contract Year ending June 30, 2025, the Annual Threshold Amount for the twelfth Contract Year is equal to \$118,425.00 times the CPINY Adjustment Factor applicable for the twelfth Contract Year, or \$118,425.00 x (332.700/247.718), which equals \$159,051.81. (See Table 10A.1 of Exhibit A of this Appendix for the assumed values of CPINY.) The Annual Threshold Amount for each year thereafter are escalated by 3.0% per year, until the end of the Initial Term of the Service Contract. The resulting Annual Threshold Amounts are shown in Table 10.17.

When making the Annual Threshold Amount calculations the CPINY Adjustment Factor is not rounded and the resulting annual values are rounded to the nearest penny. Furthermore, the Annual Threshold Amounts are not prorated to account for partial Contract Years.

The net present value at 8.0% of these Annual Threshold Amounts, using the end-of-year discounting convention, is \$1,200,862.00. The calculation of the net present value is also shown in Table 10.17.

The discounted values in Table 10.17 assume the net costs occur at the end of each Contract Year. For example, in Contract Year 15, the discounted Annual Threshold Amount was calculated as follows:

$$\$127,748.34 = (173,800.20) \div (1.08)^4.$$

The value is discounted for 4 years because Contract Year 15 represents the fourth year in which the event had an expected cost increase.

The net present value through the last Contract Year of the Term is the sum of the Discounted Value column in Table 10.17. (This calculation can be made using the “NPV” function in Microsoft Excel.)

#### Determining if the Event is a Cost-Shared Uncontrollable Circumstance

For Example 4A the total capital investment is assumed to be \$1,757,100.00 for an asset that has a useful life of 20 years. The prorated amount of the capital investment is assumed to be 100%. The constant mortgage annual payment, given this prorated capital investments and assumed useful life of 20 years, is \$178,964.52. The net present value of this annual payment over the 10 remaining Contract Years of the Initial Term (i.e., Contract Years 12 through 21) is \$1,200,866.00, which is greater than the \$1,200,862.00 Uncontrollable Circumstance Materiality Threshold. Therefore, this event is a Cost-Shared Uncontrollable Circumstance.

On the other hand, as shown in Example 4B, if the total estimated capital investment in Contract Year 12 is \$1,756,100.00 and the prorated share is 100% of this amount, then it would not be a Cost-Shared Uncontrollable Circumstance.

For Examples 4C and 4D the useful life of the capital investment is assumed to be 10 years. As shown in Example 4C, a total investment of \$1,210,000.00 (assuming a prorated share of 100%) would be a Cost-Shared Uncontrollable Circumstance, while a total investment of \$1,200,000.00 (assuming a prorated share of 100%) would not be a Cost-Shared Uncontrollable Circumstance.

#### Example 5: (See Examples 5A through 5D of Table 10.18.)

Example 5 assumes the costs of the event begin in the third Contact Year ending June 30, 2016 and involves both a capital investment and a recurring annual cost.

For this example the Uncontrollable Circumstance Materiality Threshold of \$1,495,432.00 is the same as the one calculated in Example 1.

For Examples 5A and 5B assume the prorated share for both the capital and annual costs is 80% and the useful life of the capital asset is assumed to be 20 years. For Example 5A assume the total capital cost is \$1,775,600.00. The prorated share is of this amount is \$1,420,480.00 (i.e., \$1,775,600.00 x 0.80). The constant annual mortgage payment for the prorated amount is \$144,679.03.

In addition, Examples 5A and 5B assume an increased annual operating cost in FY16 of \$50,000.00 that only occurs for three years. The prorated share of this amount is \$40,000.00

(i.e., \$50,000.00 x 0.80). This amount is assumed to escalate at 3% per year through FY18 and become equal to zero thereafter.

The net present value of the prorated annual mortgage payment over the 19 remaining Contract Years of the Initial Term (i.e., Contract Years 3 through 21) is \$1,389,439.42. The net present value of the prorated annual operating costs is \$106,046.46. The sum of these two (round to the nearest dollar) totals \$1,495,486.00, which is greater than the Uncontrollable Circumstance Materiality Threshold Amount of \$1,495,432.00. Therefore, the event shown in Example 5A is a Cost-Shared Uncontrollable Circumstance.

On the other hand, as shown in Example 5B, if the prorated increased annual operating costs remain unchanged at \$40,000.00 and the estimated prorated capital cost is \$1,419,680.00, the net present value of the sum of the prorated capital cost and annual operating costs would be \$1,494,703.00. Since this amount is less than the Uncontrollable Materiality Threshold, the event shown in Example 5B is not a Cost-Shared Uncontrollable Circumstance.

For Examples 5C and 5D assume the useful life of the capital asset is equal to ten years and the annual increase in operating costs is assumed to occur in each year during the remaining Initial Term. Examples 5C and 5D also assume a prorated share of 80%.

The prorated operating cost is assumed to equal \$40,000 in Contract Year 3 and escalates at 3% per year thereafter. For Example 5C assume the prorated capital investment is \$646,072.00 (i.e., 0.80 x \$807,590.00). The net present value of the sum of the estimated prorated mortgage payment and annual operating cost increases over the remaining years of the Initial Term is \$1,495,439.00, which is greater than the Uncontrollable Circumstance Materiality Threshold. Therefore, the event assumed in Example 5C is a Cost-Shared Uncontrollable Circumstance.

On the other hand, as shown in Example 5D, if the estimated prorated capital investment in Contract Year 3 is \$645,272.00 (i.e., 0.80 x \$807,590.00) and all the other assumptions used in Example 5C remain unchanged, then the net present value of the sum of the prorated capital investment and the annual operating cost increases over the remaining years of the Initial Term would be \$1,494,175, which is less than the Uncontrollable Circumstance Materiality Threshold. Therefore, the event assumed in Example 5D is not a Cost-Shared Uncontrollable Circumstance.

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**Table 10-16**  
**Calculation of the Uncontrollable Circumstance Materiality Threshold Amount**  
**Assuming Cost Increases Begin in Contract Year 3**

<b>Contract Year</b>	<b>Ending June 30,</b>	<b>Annual Threshold Amount</b>	<b>Discounted Value</b>
0	2013	\$118,425.00	
1	2014	\$120,922.88	
2	2015	\$123,353.36	
3	2016	\$125,943.51	\$116,614.36
4	2017	\$129,721.82	\$111,215.55
5	2018	\$133,613.47	\$106,066.68
6	2019	\$137,621.87	\$101,156.18
7	2020	\$141,750.53	\$96,473.03
8	2021	\$146,003.05	\$92,006.69
9	2022	\$150,383.14	\$87,747.12
10	2023	\$154,894.63	\$83,684.75
11	2024	\$159,541.47	\$79,810.46
12	2025	\$164,327.71	\$76,115.53
13	2026	\$169,257.54	\$72,591.66
14	2027	\$174,335.27	\$69,230.93
15	2028	\$179,565.33	\$66,025.80
16	2029	\$184,952.29	\$62,969.05
17	2030	\$190,500.86	\$60,053.82
18	2031	\$196,215.89	\$57,273.55
19	2032	\$202,102.37	\$54,622.00
20	2033	\$208,165.44	\$52,093.20
21	2034	\$214,410.40	\$49,681.48
<b>Uncontrollable Circumstance Materiality Threshold</b>			<b>\$1,495,432.00</b>

**Table 10.17**  
**Calculation of the Uncontrollable Circumstance Materiality Threshold Amount**  
**Assuming Cost Increases Begin in Contract Year 12**

<b>Contract Year</b>	<b>Ending June 30,</b>	<b>Annual Threshold Amount</b>	<b>Discounted Value</b>
0	2013	\$118,425.00	
1	2014	\$120,922.88	
2	2015	\$123,353.36	
3	2016	\$125,943.51	
4	2017	\$128,789.90	
5	2018	\$131,893.97	
6	2019	\$135,257.15	
7	2020	\$138,746.53	
8	2021	\$141,965.82	
9	2022	\$146,366.39	
10	2023	\$151,167.59	
11	2024	\$155,460.60	
12	2025	\$159,051.81	\$147,270.19
13	2026	\$163,823.36	\$140,452.13
14	2027	\$168,738.06	\$133,949.71
15	2028	\$173,800.20	\$127,748.34
16	2029	\$179,014.21	\$121,834.06
17	2030	\$184,384.64	\$116,193.60
18	2031	\$189,916.18	\$110,814.27
19	2032	\$195,613.67	\$105,683.98
20	2033	\$201,482.08	\$100,791.20
21	2034	\$207,526.54	\$96,124.94
<b>Uncontrollable Circumstance Materiality Threshold</b>			<b>\$1,200,862.00</b>

**Table 10.18**  
**Examples of Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances**

<b>Example 1: Event begins in of Contract Year 3; No capital cost; Recurring annual increase in operating costs for the remainder of the Term</b>						
	<b>Contact Year Ending June 30,</b>	<b>Annual Threshold Amount</b>	<b>Prorated Fraction of the Sum of Capital and O&amp;M Costs</b>	<b>Capital Cost</b>	<b>Annual Operating Cost</b>	
<b>Capital Cost</b>				<b>\$0.00</b>		
<b>Useful Life</b>				<b>NA</b>		
<b>Annual Total O&amp;M</b>					<b>\$250,000.00</b>	
<b>Prorated Fraction</b>				<b>52.50%</b>		
1	2014	\$120,922.88				
2	2015	\$123,353.36				
3	2016	\$125,943.51	\$131,250.00	\$0.00	\$131,250.00	
4	2017	\$125,943.51	\$135,187.50	\$0.00	\$135,187.50	
5	2018	\$133,613.47	\$139,243.13	\$0.00	\$139,243.13	
6	2019	\$137,621.87	\$143,420.42	\$0.00	\$143,420.42	
7	2020	\$141,750.53	\$147,723.03	\$0.00	\$147,723.03	
8	2021	\$146,003.05	\$152,154.72	\$0.00	\$152,154.72	
9	2022	\$150,383.14	\$156,719.36	\$0.00	\$156,719.36	
10	2023	\$154,894.63	\$161,420.94	\$0.00	\$161,420.94	
11	2024	\$159,541.47	\$166,263.57	\$0.00	\$166,263.57	
12	2025	\$164,327.71	\$171,251.48	\$0.00	\$171,251.48	
13	2026	\$169,257.54	\$176,389.02	\$0.00	\$176,389.02	
14	2027	\$174,335.27	\$181,680.69	\$0.00	\$181,680.69	
15	2028	\$179,565.33	\$187,131.11	\$0.00	\$187,131.11	
16	2029	\$184,952.29	\$192,745.04	\$0.00	\$192,745.04	
17	2030	\$190,500.86	\$198,527.39	\$0.00	\$198,527.39	
18	2031	\$196,215.89	\$204,483.21	\$0.00	\$204,483.21	
19	2032	\$202,102.37	\$210,617.71	\$0.00	\$210,617.71	
20	2033	\$208,165.44	\$216,936.24	\$0.00	\$216,936.24	
21	2034	\$214,410.40	\$223,444.33	\$0.00	\$223,444.33	
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,495,432.00				
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,558,440.00			
	Is This a Cost-Shared Uncontrollable Circumstance?		Yes			

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

**Example 2A: Event begins in Contract Year 3; No capital cost; Annual increase in operating costs for only three (3) years**

	Contact Year Ending June 30,	Annual Threshold Amount	Prorated Fraction of the Sum of Capital and O&M Costs	Capital Cost	Annual Operating Cost
<b>Capital Cost</b>				<b>\$0.00</b>	
<b>Useful Life</b>				<b>NA</b>	
<b>Annual Total O&amp;M</b>					<b>\$600,000.00</b>
<b>Prorated Fraction</b>			<b>100.00%</b>		
1	2014	\$120,922.88			
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$600,000.00	\$0.00	\$600,000.00
4	2017	\$125,943.51	\$618,000.00	\$0.00	\$618,000.00
5	2018	\$133,613.47	\$636,540.00	\$0.00	\$636,540.00
6	2019	\$137,621.87	\$0.00	\$0.00	\$0.00
7	2020	\$141,750.53	\$0.00	\$0.00	\$0.00
8	2021	\$146,003.05	\$0.00	\$0.00	\$0.00
9	2022	\$150,383.14	\$0.00	\$0.00	\$0.00
10	2023	\$154,894.63	\$0.00	\$0.00	\$0.00
11	2024	\$159,541.47	\$0.00	\$0.00	\$0.00
12	2025	\$164,327.71	\$0.00	\$0.00	\$0.00
13	2026	\$169,257.54	\$0.00	\$0.00	\$0.00
14	2027	\$174,335.27	\$0.00	\$0.00	\$0.00
15	2028	\$179,565.33	\$0.00	\$0.00	\$0.00
16	2029	\$184,952.29	\$0.00	\$0.00	\$0.00
17	2030	\$190,500.86	\$0.00	\$0.00	\$0.00
18	2031	\$196,215.89	\$0.00	\$0.00	\$0.00
19	2032	\$202,102.37	\$0.00	\$0.00	\$0.00
20	2033	\$208,165.44	\$0.00	\$0.00	\$0.00
21	2034	\$214,410.40	\$0.00	\$0.00	\$0.00
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,495,432.00			
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,590,697.00		
	Is This a Cost-Shared Uncontrollable Circumstance?		Yes		

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.



**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

**Example 2B: Event begins in Contract Year 3; No capital cost; Annual increase in operating costs for only three (3) years**

	Contact Year Ending June 30,	Annual Threshold Amount	Prorated Fraction of the Sum of Capital and O&M Costs	Capital Cost	Annual Operating Cost
<b>Capital Cost</b>				<b>\$0.00</b>	
<b>Useful Life</b>				<b>NA</b>	
<b>Annual Total O&amp;M</b>					<b>\$560,000.00</b>
<b>Prorated Fraction</b>			<b>100.00%</b>		
1	2014	\$120,922.88			
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$560,000.00	\$0.00	\$560,000.00
4	2017	\$125,943.51	\$576,800.00	\$0.00	\$576,800.00
5	2018	\$133,613.47	\$594,104.00	\$0.00	\$594,104.00
6	2019	\$137,621.87	\$0.00	\$0.00	\$0.00
7	2020	\$141,750.53	\$0.00	\$0.00	\$0.00
8	2021	\$146,003.05	\$0.00	\$0.00	\$0.00
9	2022	\$150,383.14	\$0.00	\$0.00	\$0.00
10	2023	\$154,894.63	\$0.00	\$0.00	\$0.00
11	2024	\$159,541.47	\$0.00	\$0.00	\$0.00
12	2025	\$164,327.71	\$0.00	\$0.00	\$0.00
13	2026	\$169,257.54	\$0.00	\$0.00	\$0.00
14	2027	\$174,335.27	\$0.00	\$0.00	\$0.00
15	2028	\$179,565.33	\$0.00	\$0.00	\$0.00
16	2029	\$184,952.29	\$0.00	\$0.00	\$0.00
17	2030	\$190,500.86	\$0.00	\$0.00	\$0.00
18	2031	\$196,215.89	\$0.00	\$0.00	\$0.00
19	2032	\$202,102.37	\$0.00	\$0.00	\$0.00
20	2033	\$208,165.44	\$0.00	\$0.00	\$0.00
21	2034	\$214,410.40	\$0.00	\$0.00	\$0.00
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,495,432.00			
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,484,650.00		
	Is This a Cost-Shared Uncontrollable Circumstance?		No		

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

<b>Example 2B: Event begins in Contract Year 3; No capital cost; Annual operating and maintenance expenses for three (3) years; No recurring annual operating and maintenance costs</b>					
	<b>Contact Year Ending June 30,</b>	<b>Annual Threshold Amount</b>	<b>Prorated Fraction of the Sum of Capital and O&amp;M Costs</b>	<b>Capital Cost</b>	<b>O&amp;M Cost</b>
<b>Capital Cost</b>				<b>\$0.00</b>	
<b>Useful Life</b>				<b>NA</b>	
<b>Annual Total O&amp;M</b>					<b>\$560,000.00</b>
<b>Prorated Fraction</b>			<b>100.00%</b>		
1	2014	\$120,922.88			
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$560,000.00	\$0.00	\$560,000.00
4	2017	\$125,943.51	\$576,800.00	\$0.00	\$576,800.00
5	2018	\$133,613.47	\$594,104.00	\$0.00	\$594,104.00
6	2019	\$137,621.87	\$0.00	\$0.00	\$0.00
7	2020	\$141,750.53	\$0.00	\$0.00	\$0.00
8	2021	\$146,003.05	\$0.00	\$0.00	\$0.00
9	2022	\$150,383.14	\$0.00	\$0.00	\$0.00
10	2023	\$154,894.63	\$0.00	\$0.00	\$0.00
11	2024	\$159,541.47	\$0.00	\$0.00	\$0.00
12	2025	\$164,327.71	\$0.00	\$0.00	\$0.00
13	2026	\$169,257.54	\$0.00	\$0.00	\$0.00
14	2027	\$174,335.27	\$0.00	\$0.00	\$0.00
15	2028	\$179,565.33	\$0.00	\$0.00	\$0.00
16	2029	\$184,952.29	\$0.00	\$0.00	\$0.00
17	2030	\$190,500.86	\$0.00	\$0.00	\$0.00
18	2031	\$196,215.89	\$0.00	\$0.00	\$0.00
19	2032	\$202,102.37	\$0.00	\$0.00	\$0.00
20	2033	\$208,165.44	\$0.00	\$0.00	\$0.00
21	2034	\$214,410.40	\$0.00	\$0.00	\$0.00
	<b>Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup></b>	\$1,495,432.00			
	<b>Projected Present Value Cost of the Event Response Measure <sup>(a)</sup></b>		\$1,484,650.00		
	<b>Is This a Cost-Shared Uncontrollable Circumstance?</b>		No		

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

<b>Example 3A: Event begin in Contract Year 3; Results in capital cost with a useful life of 20 years; No increase in annual operating costs</b>					
	<b>Contact Year Ending June 30,</b>	<b>Annual Threshold Amount</b>	<b>Prorated Fraction of the Sum of Capital and O&amp;M Costs</b>	<b>Capital Cost</b>	<b>Annual Operating Cost</b>
<b>Capital Cost</b>				<b>\$2,912,100.00</b>	
<b>Useful Life</b>				<b>20</b>	
<b>Annual Total O&amp;M</b>					<b>\$0.00</b>
<b>Prorated Fraction</b>				<b>52.50%</b>	
1	2014				
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$155,717.00	\$155,717.00	\$0.00
4	2017	\$128,789.90	\$155,717.00	\$155,717.00	\$0.00
5	2018	\$131,893.97	\$155,717.00	\$155,717.00	\$0.00
6	2019	\$135,257.15	\$155,717.00	\$155,717.00	\$0.00
7	2020	\$138,746.53	\$155,717.00	\$155,717.00	\$0.00
8	2021	\$141,965.82	\$155,717.00	\$155,717.00	\$0.00
9	2022	\$146,366.39	\$155,717.00	\$155,717.00	\$0.00
10	2023	\$151,167.59	\$155,717.00	\$155,717.00	\$0.00
11	2024	\$155,460.60	\$155,717.00	\$155,717.00	\$0.00
12	2025	\$159,051.81	\$155,717.00	\$155,717.00	\$0.00
13	2026	\$162,392.05	\$155,717.00	\$155,717.00	\$0.00
14	2027	\$166,565.07	\$155,717.00	\$155,717.00	\$0.00
15	2028	\$171,412.15	\$155,717.00	\$155,717.00	\$0.00
16	2029	\$175,817.51	\$155,717.00	\$155,717.00	\$0.00
17	2030	\$180,652.65	\$155,717.00	\$155,717.00	\$0.00
18	2031	\$185,909.44	\$155,717.00	\$155,717.00	\$0.00
19	2032	\$190,408.50	\$155,717.00	\$155,717.00	\$0.00
20	2033	\$194,235.87	\$155,717.00	\$155,717.00	\$0.00
21	2034	\$199,557.68	\$155,717.00	\$155,717.00	\$0.00
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,495,432.00			
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,495,444.00		
	Is This a Cost-Shared Uncontrollable Circumstance?		Yes		

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

<b>Example 3B: Event begins in Contract Year 3; Results in capital cost with a useful life of 20 years; No increase in annual operating costs</b>					
	<b>Contact Year Ending June 30,</b>	<b>Annual Threshold Amount</b>	<b>Prorated Fraction of the Sum of Capital and O&amp;M Costs</b>	<b>Capital Cost</b>	<b>Annual Operating Cost</b>
<b>Capital Cost</b>				<b>\$2,909,000.00</b>	
<b>Useful Life</b>				<b>20</b>	
<b>Annual Total O&amp;M</b>					<b>\$0.00</b>
<b>Prorated Fraction</b>				<b>52.50%</b>	
1	2014				
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$155,551.24	\$155,551.24	\$0.00
4	2017	\$128,789.90	\$155,551.24	\$155,551.24	\$0.00
5	2018	\$131,893.97	\$155,551.24	\$155,551.24	\$0.00
6	2019	\$135,257.15	\$155,551.24	\$155,551.24	\$0.00
7	2020	\$138,746.53	\$155,551.24	\$155,551.24	\$0.00
8	2021	\$141,965.82	\$155,551.24	\$155,551.24	\$0.00
9	2022	\$146,366.39	\$155,551.24	\$155,551.24	\$0.00
10	2023	\$151,167.59	\$155,551.24	\$155,551.24	\$0.00
11	2024	\$155,460.60	\$155,551.24	\$155,551.24	\$0.00
12	2025	\$159,051.81	\$155,551.24	\$155,551.24	\$0.00
13	2026	\$162,392.05	\$155,551.24	\$155,551.24	\$0.00
14	2027	\$166,565.07	\$155,551.24	\$155,551.24	\$0.00
15	2028	\$171,412.15	\$155,551.24	\$155,551.24	\$0.00
16	2029	\$175,817.51	\$155,551.24	\$155,551.24	\$0.00
17	2030	\$180,652.65	\$155,551.24	\$155,551.24	\$0.00
18	2031	\$185,909.44	\$155,551.24	\$155,551.24	\$0.00
19	2032	\$190,408.50	\$155,551.24	\$155,551.24	\$0.00
20	2033	\$194,235.87	\$155,551.24	\$155,551.24	\$0.00
21	2034	\$199,557.68	\$155,551.24	\$155,551.24	\$0.00
	<b>Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup></b>	\$1,495,432.00			
	<b>Projected Present Value Cost of the Event Response Measure <sup>(a)</sup></b>		\$1,493,852.00		
	<b>Is This a Cost-Shared Uncontrollable Circumstance?</b>		No		

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

<b>Example 3C: Event begins in Contract Year 3; Results in capital cost with a useful life of 10 years; No increase in annual operating costs</b>						
	<b>Contact Year Ending June 30,</b>	<b>Annual Threshold Amount</b>	<b>Prorated Fraction of the Sum of Capital and O&amp;M Costs</b>	<b>Capital Cost</b>	<b>Annual Operating Cost</b>	
<b>Capital Cost</b>				<b>\$1,803,356.00</b>		
<b>Useful Life</b>				<b>10</b>		
<b>Annual Total O&amp;M</b>					<b>\$0.00</b>	
<b>Prorated Fraction</b>			<b>52.50%</b>			
1	2014					
2	2015	\$123,353.36				
3	2016	\$125,943.51	\$141,095.44	\$141,095.44	\$0.00	
4	2017	\$128,789.90	\$141,095.44	\$141,095.44	\$0.00	
5	2018	\$131,893.97	\$141,095.44	\$141,095.44	\$0.00	
6	2019	\$135,257.15	\$141,095.44	\$141,095.44	\$0.00	
7	2020	\$138,746.53	\$141,095.44	\$141,095.44	\$0.00	
8	2021	\$141,965.82	\$141,095.44	\$141,095.44	\$0.00	
9	2022	\$146,366.39	\$141,095.44	\$141,095.44	\$0.00	
10	2023	\$151,167.59	\$141,095.44	\$141,095.44	\$0.00	
11	2024	\$155,460.60	\$141,095.44	\$141,095.44	\$0.00	
12	2025	\$159,051.81	\$141,095.44	\$141,095.44	\$0.00	
13	2026	\$162,392.05	\$189,620.47	\$189,620.47	\$0.00	
14	2027	\$166,565.07	\$189,620.47	\$189,620.47	\$0.00	
15	2028	\$171,412.15	\$189,620.47	\$189,620.47	\$0.00	
16	2029	\$175,817.51	\$189,620.47	\$189,620.47	\$0.00	
17	2030	\$180,652.65	\$189,620.47	\$189,620.47	\$0.00	
18	2031	\$185,909.44	\$189,620.47	\$189,620.47	\$0.00	
19	2032	\$190,408.50	\$189,620.47	\$189,620.47	\$0.00	
20	2033	\$194,235.87	\$189,620.47	\$189,620.47	\$0.00	
21	2034	\$199,557.68	\$189,620.47	\$189,620.47	\$0.00	
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,495,432.00				
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,495,432.00			
	Is This a Cost-Shared Uncontrollable Circumstance?		Yes			

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

<b>Example 3D: Event begins in Contract Year 3; Results in capital cost with a useful life of 10 years; No increase in annual operating costs</b>					
	<b>Contact Year Ending June 30,</b>	<b>Annual Threshold Amount</b>	<b>Prorated Fraction of the Sum of Capital and O&amp;M Costs</b>	<b>Capital Cost</b>	<b>Annual Operating Cost</b>
<b>Capital Cost</b>				<b>\$1,802,356.00</b>	
<b>Useful Life</b>				<b>10</b>	
<b>Annual Total O&amp;M</b>					<b>\$0.00</b>
<b>Prorated Fraction</b>			<b>52.50%</b>		
1	2014				
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$141,017.20	\$141,017.20	\$0.00
4	2017	\$128,789.90	\$141,017.20	\$141,017.20	\$0.00
5	2018	\$131,893.97	\$141,017.20	\$141,017.20	\$0.00
6	2019	\$135,257.15	\$141,017.20	\$141,017.20	\$0.00
7	2020	\$138,746.53	\$141,017.20	\$141,017.20	\$0.00
8	2021	\$141,965.82	\$141,017.20	\$141,017.20	\$0.00
9	2022	\$146,366.39	\$141,017.20	\$141,017.20	\$0.00
10	2023	\$151,167.59	\$141,017.20	\$141,017.20	\$0.00
11	2024	\$155,460.60	\$141,017.20	\$141,017.20	\$0.00
12	2025	\$159,051.81	\$141,017.20	\$141,017.20	\$0.00
13	2026	\$162,392.05	\$189,515.32	\$189,515.32	\$0.00
14	2027	\$166,565.07	\$189,515.32	\$189,515.32	\$0.00
15	2028	\$171,412.15	\$189,515.32	\$189,515.32	\$0.00
16	2029	\$175,817.51	\$189,515.32	\$189,515.32	\$0.00
17	2030	\$180,652.65	\$189,515.32	\$189,515.32	\$0.00
18	2031	\$185,909.44	\$189,515.32	\$189,515.32	\$0.00
19	2032	\$190,408.50	\$189,515.32	\$189,515.32	\$0.00
20	2033	\$194,235.87	\$189,515.32	\$189,515.32	\$0.00
21	2034	\$199,557.68	\$189,515.32	\$189,515.32	\$0.00
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,495,432.00			
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,494,603.00		
	Is This a Cost-Shared Uncontrollable Circumstance?		No		

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

<b>Example 4A: Event begin in Contract Year 12; Results in capital cost with a useful life of 20 years; No increase in annual operating costs</b>					
	<b>Contact Year Ending June 30,</b>	<b>Annual Threshold Amount</b>	<b>Prorated Fraction of the Sum of Capital and O&amp;M Costs</b>	<b>Capital Cost</b>	<b>Annual Operating Cost</b>
<b>Capital Cost</b>				<b>\$1,757,100.00</b>	
<b>Useful Life</b>				<b>20</b>	
<b>Annual Total O&amp;M</b>					<b>\$0.00</b>
<b>Prorated Fraction</b>				<b>100.00%</b>	
1	2014				
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$0.00	\$0.00	\$0.00
4	2017	\$128,789.90	\$0.00	\$0.00	\$0.00
5	2018	\$131,893.97	\$0.00	\$0.00	\$0.00
6	2019	\$135,257.15	\$0.00	\$0.00	\$0.00
7	2020	\$138,746.53	\$0.00	\$0.00	\$0.00
8	2021	\$141,965.82	\$0.00	\$0.00	\$0.00
9	2022	\$146,366.39	\$0.00	\$0.00	\$0.00
10	2023	\$151,167.59	\$0.00	\$0.00	\$0.00
11	2024	\$155,460.60	\$0.00	\$0.00	\$0.00
12	2025	\$159,051.81	\$178,964.52	\$178,964.52	\$0.00
13	2026	\$163,823.36	\$178,964.52	\$178,964.52	\$0.00
14	2027	\$168,738.06	\$178,964.52	\$178,964.52	\$0.00
15	2028	\$173,800.20	\$178,964.52	\$178,964.52	\$0.00
16	2029	\$179,014.21	\$178,964.52	\$178,964.52	\$0.00
17	2030	\$184,384.64	\$178,964.52	\$178,964.52	\$0.00
18	2031	\$189,916.18	\$178,964.52	\$178,964.52	\$0.00
19	2032	\$195,613.67	\$178,964.52	\$178,964.52	\$0.00
20	2033	\$201,482.08	\$178,964.52	\$178,964.52	\$0.00
21	2034	\$207,526.54	\$178,964.52	\$178,964.52	\$0.00
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,200,862.00			
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,200,866.00		
	Is This a Cost-Shared Uncontrollable Circumstance?		Yes		

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

**Example 4B: Event begins in Contract Year 12; Results in capital cost with a useful life of 20 years; No increase in annual operating costs**

	Contact Year Ending June 30,	Annual Threshold Amount	Prorated Fraction of the Sum of Capital and O&M Costs	Capital Cost	Annual Operating Cost
<b>Capital Cost</b>				<b>\$1,756,100.00</b>	
<b>Useful Life</b>				<b>20</b>	
<b>Annual Total O&amp;M</b>					<b>\$0.00</b>
<b>Prorated Fraction</b>			<b>100.00%</b>		
1	2014				
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$0.00	\$0.00	\$0.00
4	2017	\$128,789.90	\$0.00	\$0.00	\$0.00
5	2018	\$131,893.97	\$0.00	\$0.00	\$0.00
6	2019	\$135,257.15	\$0.00	\$0.00	\$0.00
7	2020	\$138,746.53	\$0.00	\$0.00	\$0.00
8	2021	\$141,965.82	\$0.00	\$0.00	\$0.00
9	2022	\$146,366.39	\$0.00	\$0.00	\$0.00
10	2023	\$151,167.59	\$0.00	\$0.00	\$0.00
11	2024	\$155,460.60	\$0.00	\$0.00	\$0.00
12	2025	\$159,051.81	\$178,862.66	\$178,862.66	\$0.00
13	2026	\$163,823.36	\$178,862.66	\$178,862.66	\$0.00
14	2027	\$168,738.06	\$178,862.66	\$178,862.66	\$0.00
15	2028	\$173,800.20	\$178,862.66	\$178,862.66	\$0.00
16	2029	\$179,014.21	\$178,862.66	\$178,862.66	\$0.00
17	2030	\$184,384.64	\$178,862.66	\$178,862.66	\$0.00
18	2031	\$189,916.18	\$178,862.66	\$178,862.66	\$0.00
19	2032	\$195,613.67	\$178,862.66	\$178,862.66	\$0.00
20	2033	\$201,482.08	\$178,862.66	\$178,862.66	\$0.00
21	2034	\$207,526.54	\$178,862.66	\$178,862.66	\$0.00
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,200,862.00			
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,200,183.00		
	Is This a Cost-Shared Uncontrollable Circumstance?		No		

(a) Net present value is calculated from Contract Year 3 using "end-of-year" discounting convention.



**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

<b>Example 4C: Event begins in Contract Year 12; Results in capital cost with a useful life of 10 years; No increase in annual operating costs</b>					
	<b>Contact Year Ending June 30,</b>	<b>Annual Threshold Amount</b>	<b>Prorated Fraction of the Sum of Capital and O&amp;M Costs</b>	<b>Capital Cost</b>	<b>Annual Operating Cost</b>
<b>Capital Cost</b>				<b>\$1,210,000.00</b>	
<b>Useful Life</b>				<b>10</b>	
<b>Annual Total O&amp;M</b>					<b>\$0.00</b>
<b>Prorated Fraction</b>			<b>100.00%</b>		
1	2014				
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$0.00	\$0.00	\$0.00
4	2017	\$128,789.90	\$0.00	\$0.00	\$0.00
5	2018	\$131,893.97	\$0.00	\$0.00	\$0.00
6	2019	\$135,257.15	\$0.00	\$0.00	\$0.00
7	2020	\$138,746.53	\$0.00	\$0.00	\$0.00
8	2021	\$141,965.82	\$0.00	\$0.00	\$0.00
9	2022	\$146,366.39	\$0.00	\$0.00	\$0.00
10	2023	\$151,167.59	\$0.00	\$0.00	\$0.00
11	2024	\$155,460.60	\$0.00	\$0.00	\$0.00
12	2025	\$159,051.81	\$180,325.68	\$180,325.68	\$0.00
13	2026	\$163,823.36	\$180,325.68	\$180,325.68	\$0.00
14	2027	\$168,738.06	\$180,325.68	\$180,325.68	\$0.00
15	2028	\$173,800.20	\$180,325.68	\$180,325.68	\$0.00
16	2029	\$179,014.21	\$180,325.68	\$180,325.68	\$0.00
17	2030	\$184,384.64	\$180,325.68	\$180,325.68	\$0.00
18	2031	\$189,916.18	\$180,325.68	\$180,325.68	\$0.00
19	2032	\$195,613.67	\$180,325.68	\$180,325.68	\$0.00
20	2033	\$201,482.08	\$180,325.68	\$180,325.68	\$0.00
21	2034	\$207,526.54	\$180,325.68	\$180,325.68	\$0.00
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,200,862.00			
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,210,000.00		
	Is This a Cost-Shared Uncontrollable Circumstance?		Yes		

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

**Example 4D: Event begins in Contract Year 12; Results in capital cost with a useful life of 10 years; No increase in annual operating costs**

	Contact Year Ending June 30,	Annual Threshold Amount	Prorated Fraction of the Sum of Capital and O&M Costs	Capital Cost	Annual Operating Cost
<b>Capital Cost</b>				<b>\$1,200,000.00</b>	
<b>Useful Life</b>				<b>10</b>	
<b>Annual Total O&amp;M</b>					<b>\$0.00</b>
<b>Prorated Fraction</b>			<b>100.00%</b>		
1	2014				
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$0.00	\$0.00	\$0.00
4	2017	\$128,789.90	\$0.00	\$0.00	\$0.00
5	2018	\$131,893.97	\$0.00	\$0.00	\$0.00
6	2019	\$135,257.15	\$0.00	\$0.00	\$0.00
7	2020	\$138,746.53	\$0.00	\$0.00	\$0.00
8	2021	\$141,965.82	\$0.00	\$0.00	\$0.00
9	2022	\$146,366.39	\$0.00	\$0.00	\$0.00
10	2023	\$151,167.59	\$0.00	\$0.00	\$0.00
11	2024	\$155,460.60	\$0.00	\$0.00	\$0.00
12	2025	\$159,051.81	\$178,835.39	\$178,835.39	\$0.00
13	2026	\$163,823.36	\$178,835.39	\$178,835.39	\$0.00
14	2027	\$168,738.06	\$178,835.39	\$178,835.39	\$0.00
15	2028	\$173,800.20	\$178,835.39	\$178,835.39	\$0.00
16	2029	\$179,014.21	\$178,835.39	\$178,835.39	\$0.00
17	2030	\$184,384.64	\$178,835.39	\$178,835.39	\$0.00
18	2031	\$189,916.18	\$178,835.39	\$178,835.39	\$0.00
19	2032	\$195,613.67	\$178,835.39	\$178,835.39	\$0.00
20	2033	\$201,482.08	\$178,835.39	\$178,835.39	\$0.00
21	2034	\$207,526.54	\$178,835.39	\$178,835.39	\$0.00
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,200,862.00			
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,200,000.00		
	Is This a Cost-Shared Uncontrollable Circumstance?		No		

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

**Example 5A: Event begins in Contract Year 3; Results in capital cost with a useful life of 20 years; Annual increase in operating costs for only three years**

	Contract Year Ending June 30,	Annual Threshold Amount	Prorated Fraction of the Sum of Capital and O&M Costs	Capital Cost	Annual Operating Cost
<b>Capital Cost</b>				<b>\$1,775,600.00</b>	
<b>Useful Life</b>				<b>20</b>	
<b>Annual Total O&amp;M</b>					<b>\$50,000.00</b>
<b>Prorated Fraction</b>			<b>80.00%</b>		
1	2014				
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$184,679.03	\$144,679.03	\$40,000.00
4	2017	\$128,789.90	\$185,879.03	\$144,679.03	\$41,200.00
5	2018	\$131,893.97	\$187,115.03	\$144,679.03	\$42,436.00
6	2019	\$135,257.15	\$144,679.03	\$144,679.03	\$0.00
7	2020	\$138,746.53	\$144,679.03	\$144,679.03	\$0.00
8	2021	\$141,965.82	\$144,679.03	\$144,679.03	\$0.00
9	2022	\$146,366.39	\$144,679.03	\$144,679.03	\$0.00
10	2023	\$151,167.59	\$144,679.03	\$144,679.03	\$0.00
11	2024	\$155,460.60	\$144,679.03	\$144,679.03	\$0.00
12	2025	\$159,051.81	\$144,679.03	\$144,679.03	\$0.00
13	2026	\$162,392.05	\$144,679.03	\$144,679.03	\$0.00
14	2027	\$166,565.07	\$144,679.03	\$144,679.03	\$0.00
15	2028	\$171,412.15	\$144,679.03	\$144,679.03	\$0.00
16	2029	\$175,817.51	\$144,679.03	\$144,679.03	\$0.00
17	2030	\$180,652.65	\$144,679.03	\$144,679.03	\$0.00
18	2031	\$185,909.44	\$144,679.03	\$144,679.03	\$0.00
19	2032	\$190,408.50	\$144,679.03	\$144,679.03	\$0.00
20	2033	\$194,235.87	\$144,679.03	\$144,679.03	\$0.00
21	2034	\$199,557.68	\$144,679.03	\$144,679.03	\$0.00
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,495,432.00			
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,495,486.00		
	Is This a Cost-Shared Uncontrollable Circumstance?		Yes		

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

**Example 5B: Event begins in Contract Year 3; Results in capital cost with a useful life of 20 years; Annual increase in operating costs for only three years**

	Contact Year Ending June 30,	Annual Threshold Amount	Prorated Fraction of the Sum of Capital and O&M Costs	Capital Cost	Annual Operating Cost
<b>Capital Cost</b>				<b>\$1,774,600.00</b>	
<b>Useful Life</b>				<b>20</b>	
<b>Annual Total O&amp;M</b>					<b>\$50,000.00</b>
<b>Prorated Fraction</b>			<b>80.00%</b>		
1	2014				
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$184,597.54	\$144,597.54	\$40,000.00
4	2017	\$128,789.90	\$185,797.54	\$144,597.54	\$41,200.00
5	2018	\$131,893.97	\$187,033.54	\$144,597.54	\$42,436.00
6	2019	\$135,257.15	\$144,597.54	\$144,597.54	\$0.00
7	2020	\$138,746.53	\$144,597.54	\$144,597.54	\$0.00
8	2021	\$141,965.82	\$144,597.54	\$144,597.54	\$0.00
9	2022	\$146,366.39	\$144,597.54	\$144,597.54	\$0.00
10	2023	\$151,167.59	\$144,597.54	\$144,597.54	\$0.00
11	2024	\$155,460.60	\$144,597.54	\$144,597.54	\$0.00
12	2025	\$159,051.81	\$144,597.54	\$144,597.54	\$0.00
13	2026	\$162,392.05	\$144,597.54	\$144,597.54	\$0.00
14	2027	\$166,565.07	\$144,597.54	\$144,597.54	\$0.00
15	2028	\$171,412.15	\$144,597.54	\$144,597.54	\$0.00
16	2029	\$175,817.51	\$144,597.54	\$144,597.54	\$0.00
17	2030	\$180,652.65	\$144,597.54	\$144,597.54	\$0.00
18	2031	\$185,909.44	\$144,597.54	\$144,597.54	\$0.00
19	2032	\$190,408.50	\$144,597.54	\$144,597.54	\$0.00
20	2033	\$194,235.87	\$144,597.54	\$144,597.54	\$0.00
21	2034	\$199,557.68	\$144,597.54	\$144,597.54	\$0.00
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,495,432.00			
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,494,703.00		
	Is This a Cost-Shared Uncontrollable Circumstance?		No		

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

**Example 5C: Event begins in Contract Year 3; Results in capital cost with a useful life of 10 years; Annual recurring annual operating costs for the remainder of Term**

	Contract Year Ending June 30,	Annual Threshold Amount	Prorated Fraction of the Sum of Capital and O&M Costs	Capital Cost	Annual Operating Cost
<b>Capital Cost</b>				<b>\$807,590.00</b>	
<b>Useful Life</b>				<b>10</b>	
<b>Annual Total O&amp;M</b>					<b>\$50,000.00</b>
<b>Prorated Fraction</b>			<b>80.00%</b>		
1	2014				
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$136,283.78	\$96,283.78	\$40,000.00
4	2017	\$128,789.90	\$137,483.78	\$96,283.78	\$41,200.00
5	2018	\$131,893.97	\$138,719.78	\$96,283.78	\$42,436.00
6	2019	\$135,257.15	\$139,992.86	\$96,283.78	\$43,709.08
7	2020	\$138,746.53	\$141,304.13	\$96,283.78	\$45,020.35
8	2021	\$141,965.82	\$142,654.74	\$96,283.78	\$46,370.96
9	2022	\$146,366.39	\$144,045.87	\$96,283.78	\$47,762.09
10	2023	\$151,167.59	\$145,478.73	\$96,283.78	\$49,194.95
11	2024	\$155,460.60	\$146,954.58	\$96,283.78	\$50,670.80
12	2025	\$159,051.81	\$148,474.70	\$96,283.78	\$52,190.92
13	2026	\$162,392.05	\$183,154.00	\$129,397.35	\$53,756.65
14	2027	\$166,565.07	\$184,766.70	\$129,397.35	\$55,369.35
15	2028	\$171,412.15	\$186,427.78	\$129,397.35	\$57,030.43
16	2029	\$175,817.51	\$188,138.69	\$129,397.35	\$58,741.34
17	2030	\$180,652.65	\$189,900.93	\$129,397.35	\$60,503.58
18	2031	\$185,909.44	\$191,716.04	\$129,397.35	\$62,318.69
19	2032	\$190,408.50	\$193,585.60	\$129,397.35	\$64,188.25
20	2033	\$194,235.87	\$195,511.25	\$129,397.35	\$66,113.90
21	2034	\$199,557.68	\$197,494.67	\$129,397.35	\$68,097.32
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,495,432.00			
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,495,439.00		
	Is This a Cost-Shared Uncontrollable Circumstance?		Yes		

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**Table 10.18 (Continued)**  
**Uncontrollable Circumstance Materiality Threshold and**  
**Cost-Shared Uncontrollable Circumstances Examples**

**Example 5D: Event begins in Contract Year 3 Results in capital cost with a useful life of 10 years;  
Annual recurring annual operating costs for the remainder of the Term**

	Contact Year Ending June 30,	Annual Threshold Amount	Prorated Fraction of the Sum of Capital and O&M Costs	Capital Cost	Annual Operating Cost
<b>Capital Cost</b>				<b>\$806,590.00</b>	
<b>Useful Life</b>				<b>10</b>	
<b>Annual Total O&amp;M</b>					<b>\$50,000.00</b>
<b>Prorated Fraction</b>			<b>80.00%</b>		
1	2014				
2	2015	\$123,353.36			
3	2016	\$125,943.51	\$136,164.56	\$96,164.56	\$40,000.00
4	2017	\$128,789.90	\$137,364.56	\$96,164.56	\$41,200.00
5	2018	\$131,893.97	\$138,600.56	\$96,164.56	\$42,436.00
6	2019	\$135,257.15	\$139,873.64	\$96,164.56	\$43,709.08
7	2020	\$138,746.53	\$141,184.91	\$96,164.56	\$45,020.35
8	2021	\$141,965.82	\$142,535.52	\$96,164.56	\$46,370.96
9	2022	\$146,366.39	\$143,926.65	\$96,164.56	\$47,762.09
10	2023	\$151,167.59	\$145,359.51	\$96,164.56	\$49,194.95
11	2024	\$155,460.60	\$146,835.36	\$96,164.56	\$50,670.80
12	2025	\$159,051.81	\$148,355.48	\$96,164.56	\$52,190.92
13	2026	\$162,392.05	\$182,993.78	\$129,237.13	\$53,756.65
14	2027	\$166,565.07	\$184,606.48	\$129,237.13	\$55,369.35
15	2028	\$171,412.15	\$186,267.56	\$129,237.13	\$57,030.43
16	2029	\$175,817.51	\$187,978.47	\$129,237.13	\$58,741.34
17	2030	\$180,652.65	\$189,740.71	\$129,237.13	\$60,503.58
18	2031	\$185,909.44	\$191,555.82	\$129,237.13	\$62,318.69
19	2032	\$190,408.50	\$193,425.38	\$129,237.13	\$64,188.25
20	2033	\$194,235.87	\$195,351.03	\$129,237.13	\$66,113.90
21	2034	\$199,557.68	\$197,334.45	\$129,237.13	\$68,097.32
	Uncontrollable Circumstance Materiality Threshold <sup>(a)</sup>	\$1,495,432.00			
	Projected Present Value Cost of the Event Response Measure <sup>(a)</sup>		\$1,494,175.00		
	Is This a Cost-Shared Uncontrollable Circumstance?		No		

(a) Net present value is calculated from Contract Year 3 using “end-of-year” discounting convention.

**10.9 UNAMORTIZED VALUE**

Unamortized Value is defined as the remaining principal balance, at the end of each calendar month, assuming an asset is financed with a loan and the loan is repaid with equal monthly payments (i.e., a mortgage style amortization schedule) over the amortization period, which for Designated Containers is 120 months, which for all other Designated Transportation Equipment is 360 months and which for capital investments required as a result of an Uncontrollable Circumstance is the useful life of the asset for which the capital investment is made.

Example calculations of the Unamortized Value for Barges and Containers are provided in the following subsections.

**10.9.1 UNAMORTIZED VALUE OF BARGES**

In Section 10.2.3 of this Appendix, the Tranche<sub>1</sub> Barge Unit Cost was \$14,803.49. This was calculated based on the following assumptions:

- The MTS-1 Service Date is June 19, 2014.
- The escalated purchase price for Barges purchased after the MTS-1 Notice to Proceed Date is \$2,250,000/Barge and the delivery cost is \$150,000/Barge. This purchase price was assumed to include all taxes, thus no additional sales tax is applied. Therefore the gross purchase price was \$2,400,000.00/Barge.
- The annual interest rate, “R”, equal to the average annual yield on 30-Year Treasuries for the six months following the month in which the MTS-1 Notice to Proceed Date occurs plus 200 basis points is 6.45%. The monthly interest rate is equal to:  
 $r = [(1 + 0.0645)^{(1/12)}] - 1 = 0.00522235632413$  (i.e., approximately .522%),  
and the Monthly Amortization Factor of 0.00616812054290.

Using these assumptions the Monthly Unit Cost for each Barge for Tranche<sub>1</sub> (See Section 10.2.3 of this Appendix) was equal to:

$$(\$2,250,000 + \$150,000) \times 0.00616812054290 = \$14,803.49/\text{Barge}.$$

Table 10.19 is the mortgage style amortization schedule and resulting Unamortized Values for this example. Only the first and last 12 months are shown.

In making the calculation in Table 10.19, the monthly principal values in each month are equal to the constant monthly payment minus the interest due that month. The interest due is equal to the prior month’s Unamortized Value (or principal balance) times the monthly interest rate. For this example, the interest from June 19, 2014 to July 18, 2014 is: \$2,400,000.00 times 0.00522235632413, which is equal to \$12,533.66. The resulting principal payment is: \$14,803.49 minus \$12,533.66, which is equal to \$2,269.83.

For each of the Barges in Tranche<sub>1</sub> the Unamortized Value at the beginning of the second month, i.e., in this example July 19, 2014, is \$2,397,730.17. This is equal to the \$2,400,000.00 Unamortized Value in the prior month less the principle amount of \$2,269.83 paid during the month.

This approach assumes payments are made at the end of each month. The monthly interest and principal values can also be calculated using the IPMT and PPMT functions in Microsoft

Excel. The values using the IPMT and PPMT functions used to prepare Table 10.19 may differ slightly from the hand calculated values due to rounding.

Similarly, the Unamortized Value in this example on September 19, 2043 is \$129,818.08. For this example, the interest from August 19, 2043 to September 18, 2043 is: \$143,870.23 times 0.00522235632413, which is equal to \$751.34. The resulting principal payment is: \$14,803.49 minus \$751.34, which is equal to \$14,052.15. The Unamortized Value on September 19, 2043 is \$143,870.23 minus \$14,052.15, which is equal to \$129,818.08.

The Unamortized Value for any day between the monthly values shall be determined using linear interpolation.

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**Table 10.19 Tranche<sub>1</sub> Barge Amortization and Unamortized Values**

Date	Monthly Payment	Interest	Principle	Unamortized Value
06/19/14				\$2,400,000.00
07/19/14	\$14,803.49	\$12,533.66	\$2,269.83	\$2,397,730.17
08/19/14	\$14,803.49	\$12,521.80	\$2,281.69	\$2,395,448.48
09/19/14	\$14,803.49	\$12,509.89	\$2,293.60	\$2,393,154.87
10/19/14	\$14,803.49	\$12,497.91	\$2,305.58	\$2,390,849.29
11/19/14	\$14,803.49	\$12,485.87	\$2,317.62	\$2,388,531.67
12/19/14	\$14,803.49	\$12,473.76	\$2,329.73	\$2,386,201.94
01/19/15	\$14,803.49	\$12,461.60	\$2,341.89	\$2,383,860.05
02/19/15	\$14,803.49	\$12,449.37	\$2,354.12	\$2,381,505.93
03/19/15	\$14,803.49	\$12,437.07	\$2,366.42	\$2,379,139.51
04/19/15	\$14,803.49	\$12,424.71	\$2,378.78	\$2,376,760.74
05/19/15	\$14,803.49	\$12,412.29	\$2,391.20	\$2,374,369.54
06/19/15	\$14,803.49	\$12,399.80	\$2,403.69	\$2,371,965.85
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7/19/43	\$14,803.49	\$896.97	\$13,906.52	\$157,849.37
8/19/43	\$14,803.49	\$824.35	\$13,979.14	\$143,870.23
9/19/43	\$14,803.49	\$751.34	\$14,052.15	\$129,818.08
10/19/43	\$14,803.49	\$677.96	\$14,125.53	\$115,692.55
11/19/43	\$14,803.49	\$604.19	\$14,199.30	\$101,493.25
12/19/43	\$14,803.49	\$530.03	\$14,273.46	\$87,219.79
1/19/44	\$14,803.49	\$455.49	\$14,348.00	\$72,871.79
2/19/44	\$14,803.49	\$380.56	\$14,422.93	\$58,448.87
3/19/44	\$14,803.49	\$305.24	\$14,498.25	\$43,950.62
4/19/44	\$14,803.49	\$229.53	\$14,573.96	\$29,376.66
5/19/44	\$14,803.49	\$153.42	\$14,650.07	\$14,726.58
6/19/44	\$14,803.49	\$76.91	\$14,726.58	\$0.00

**10.9.2 UNAMORTIZED VALUE OF CONTAINERS**

In Section 10.2.5 of this Appendix, the Tranche<sub>1</sub> Container Unit Cost was \$175.52. This was calculated based on the following assumptions:

- The MTS-1 Service Date is June 19, 2014.

- The fully escalated purchase price is \$14,500/Container and the delivery cost is \$600/Container.
- The assumed sales tax rate is 8.875%.
- The annual interest rate, “R”, equal to the average annual yield on 10-Year Treasuries for the six months following the month in which the MTS-1 Notice to Proceed Date occurs plus 200 basis points is 5.34%. The monthly interest rate is equal to:

$$r = [(1.0534)(1/12)] - 1 = 0.00434466313983 \text{ (i.e., approximately .434\%),}$$

and the Monthly Amortization Factor of 0.01071126254237.

Using these assumptions, the Monthly Unit Cost for Container in Tranche<sub>1</sub> (See Section 10.2.5 of this Appendix) was equal to:

$$[(\$14,500 \times 1.08875) + \$600.00] \times 0.01071126254237 = \$175.52/\text{Container.}$$

Table 10.20 is the mortgage style amortization schedule and resulting Unamortized Values for this example. Only the first and last 12 months are shown.

In making the calculation in Tables 10.20 the monthly principal values in each month are equal to the constant monthly payment minus the interest due that month. The interest due is equal to the prior month’s Unamortized Value (or principal balance) times the monthly interest rate. For this example, the interest from June 19, 2014 to July 18, 2014 is: \$16,386.88 times 0.00434466313983, which is equal to \$71.20. The resulting principal payment is: \$175.52 minus \$71.20, which is equal to \$104.33.

For each of the Containers in Tranche<sub>1</sub> the Unamortized Value at the beginning of the second month, i.e., in this example July 19, 2014, is \$16,282.55. This is equal to the \$16,386.88 less the principle amount of \$104.33 paid during the month.

This approach assumes payments are made at the end of each month. The monthly interest and principal values can also be calculated using the IPMT and PPMT functions in Microsoft Excel. As shown in this example, the values using the IPMT and PPMT functions used to prepare Table 10.20 may differ slightly from the hand calculated values due to rounding.

Similarly, the Unamortized Value in this example on October 19, 2023 is \$1,377.13. For this example, the interest from September 19, 2023 to October 18, 2023 is: \$1,545.94 times 0.00434466313983, which is equal to \$6.72. The resulting principal payment is: \$175.52 minus \$6.72, which is equal to \$168.81. The Unamortized Value on October 19, 2023 is \$1,545.94 minus \$168.81, which is equal to \$1,377.13.

The Unamortized Value for any day that falls between the monthly values shown in the table shall be determined using linear interpolation.

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**Table 10.20 Tranche1 Container Amortization and Unamortized Values**

Date	Monthly Payment	Interest	Principle	Unamortized Value
06/19/14				\$16,386.88
07/19/14	\$175.52	\$71.20	\$104.33	\$16,282.55
08/19/14	\$175.52	\$70.74	\$104.78	\$16,177.77
09/19/14	\$175.52	\$70.29	\$105.24	\$16,072.53
10/19/14	\$175.52	\$69.83	\$105.69	\$15,966.84
11/19/14	\$175.52	\$69.37	\$106.15	\$15,860.68
12/19/14	\$175.52	\$68.91	\$106.61	\$15,754.07
01/19/15	\$175.52	\$68.45	\$107.08	\$15,646.99
02/19/15	\$175.52	\$67.98	\$107.54	\$15,539.45
03/19/15	\$175.52	\$67.51	\$108.01	\$15,431.44
04/19/15	\$175.52	\$67.04	\$108.48	\$15,322.96
05/19/15	\$175.52	\$66.57	\$108.95	\$15,214.01
06/19/15	\$175.52	\$66.10	\$109.42	\$15,104.58
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
07/19/23	\$175.52	\$8.90	\$166.63	\$1,881.37
08/19/23	\$175.52	\$8.17	\$167.35	\$1,714.02
09/19/23	\$175.52	\$7.45	\$168.08	\$1,545.94
10/19/23	\$175.52	\$6.72	\$168.81	\$1,377.13
11/19/23	\$175.52	\$5.98	\$169.54	\$1,207.59
12/19/23	\$175.52	\$5.25	\$170.28	\$1,037.31
01/19/24	\$175.52	\$4.51	\$171.02	\$866.30
02/19/24	\$175.52	\$3.76	\$171.76	\$694.54
03/19/24	\$175.52	\$3.02	\$172.51	\$522.03
04/19/24	\$175.52	\$2.27	\$173.26	\$348.77
05/19/24	\$175.52	\$1.52	\$174.01	\$174.76
06/19/24	\$175.52	\$0.76	\$174.76	\$0.00

**Appendix 10**

**Exhibit A**





**Table 10A.3**

Market Yield on U.S. Treasury securities at 30-year Constant Maturity, Quoted on Investment Basis													
(Percent)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2010	4.600	4.620	4.640	4.690	4.290	4.130	3.990	3.800	3.770	3.870	4.190	4.420	4.251
2011	4.520	4.650	4.510	4.500	4.290	4.230	4.270	3.650	3.180	3.130	3.020	2.980	3.911
2012	3.030	3.110	3.280	3.180	2.930	2.700	2.590	2.770	2.980	3.020	3.130	3.180	2.992
2013	3.650	4.270	4.230	4.290	4.500	4.510	4.650	4.520	4.420	4.190	3.870	3.770	4.239
2014	3.800	3.990	4.130	4.290	4.690	4.640	4.620	4.600	2.770	2.590	2.700	2.930	3.813
2015	3.180	3.280	3.110	3.030	2.980	3.020	3.130	3.180	3.650	4.270	4.230	4.290	3.446
Market Yield on U.S. Treasury securities at 10-year Constant Maturity, Quoted on Investment Basis													
(Percent)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2010	3.730	3.690	3.730	3.850	3.420	3.200	3.010	2.700	2.650	2.540	2.760	3.290	3.214
2011	3.390	3.580	3.410	3.460	3.170	3.000	3.000	2.300	1.980	2.150	2.010	1.980	2.786
2012	1.970	1.970	2.170	2.050	1.800	1.620	1.530	1.680	1.980	2.010	2.150	1.980	1.909
2013	2.300	3.000	3.000	3.170	3.460	3.410	3.580	3.390	3.290	2.760	2.540	2.650	3.046
2014	2.700	3.010	3.200	3.420	3.850	3.730	3.690	3.730	3.590	3.400	3.390	3.400	3.426
2015	3.590	3.560	3.720	3.290	2.930	2.820	2.870	2.420	3.530	3.810	3.690	3.890	3.343
-	-	-	-	-	-	-	-	-	-	-	-	-	-
2023	4.420	4.570	4.720	4.990	5.110	5.110	5.090	4.880	4.720	4.730	4.600	4.560	4.792
2024	4.760	4.720	4.560	4.690	4.750	5.100	5.000	4.670	4.520	4.530	4.150	4.100	4.629
2025	3.740	3.740	3.510	3.680	3.880	4.100	4.010	3.890	3.690	3.810	3.530	2.420	3.667
-	-	-	-	-	-	-	-	-	-	-	-	-	-
2033	6.660	6.520	6.260	5.990	6.440	6.100	6.050	5.830	5.800	5.740	5.720	5.240	6.029
2034	5.160	5.100	4.890	5.140	5.390	5.280	5.240	4.970	4.730	4.570	4.650	5.090	5.018
2035	5.040	4.910	5.280	5.210	5.160	4.930	4.650	4.260	3.870	3.940	4.050	4.030	4.611

**Table 10A.4**

New York Harbor Ultra-Low Sulfur No 2 Diesel Spot Price (Dollars per Gallon)													
(\$/gallon)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2010	2.066	2.035	2.159	2.284	2.136	2.108	2.066	2.122	2.175	2.301	2.377	2.500	2.194
2011	2.642	2.840	3.131	3.271	3.035	3.054	3.170	3.010	2.980	3.008	3.095	2.937	3.014
2012	3.080	3.223	3.302	3.242	2.987	2.710	2.921	3.179	3.229	3.113	3.203	3.040	3.102
2013	3.188	3.336	3.418	3.355	3.092	2.805	3.023	3.290	3.342	3.222	3.315	3.146	3.211
2014	3.299	3.453	3.537	3.473	3.200	2.903	3.129	3.405	3.459	3.335	3.431	3.256	3.323
2015	3.415	3.573	3.661	3.594	3.312	3.005	3.239	3.525	3.580	3.452	3.552	3.370	3.440
2016	3.534	3.698	3.789	3.720	3.428	3.110	3.352	3.648	3.705	3.573	3.676	3.488	3.560
2017	3.658	3.828	3.922	3.850	3.548	3.219	3.469	3.776	3.835	3.698	3.805	3.610	3.685
2018	3.786	3.962	4.059	3.985	3.672	3.331	3.591	3.908	3.969	3.827	3.938	3.737	3.814
2019	3.919	4.101	4.201	4.125	3.800	3.448	3.716	4.045	4.108	3.961	4.076	3.867	3.947
2020	4.056	4.244	4.348	4.269	3.933	3.569	3.846	4.186	4.252	4.100	4.218	4.003	4.085
2021	4.198	4.393	4.500	4.419	4.071	3.693	3.981	4.333	4.401	4.243	4.366	4.143	4.228
2022	4.345	4.546	4.658	4.573	4.213	3.823	4.120	4.484	4.555	4.392	4.519	4.288	4.376
2023	4.497	4.705	4.821	4.733	4.361	3.957	4.265	4.641	4.714	4.545	4.677	4.438	4.529
2024	4.654	4.870	4.990	4.899	4.514	4.095	4.414	4.804	4.879	4.704	4.840	4.593	4.688
2025	4.817	5.041	5.164	5.070	4.672	4.238	4.568	4.972	5.050	4.869	5.010	4.754	4.852
2026	4.986	5.217	5.345	5.248	4.835	4.387	4.728	5.146	5.227	5.039	5.185	4.920	5.022
2027	5.160	5.400	5.532	5.431	5.004	4.540	4.894	5.326	5.410	5.216	5.367	5.093	5.198
2028	5.341	5.589	5.726	5.622	5.179	4.699	5.065	5.512	5.599	5.398	5.555	5.271	5.380
2029	5.528	5.784	5.926	5.818	5.361	4.864	5.242	5.705	5.795	5.587	5.749	5.455	5.568
2030	5.721	5.987	6.133	6.022	5.548	5.034	5.426	5.905	5.998	5.783	5.950	5.646	5.763
2031	5.921	6.196	6.348	6.233	5.743	5.210	5.616	6.112	6.208	5.985	6.158	5.844	5.964
2032	6.129	6.413	6.570	6.451	5.943	5.392	5.812	6.326	6.425	6.195	6.374	6.049	6.173
2033	6.343	6.638	6.800	6.677	6.152	5.581	6.016	6.547	6.650	6.412	6.597	6.260	6.389
2034	6.565	6.870	7.038	6.910	6.367	5.776	6.226	6.776	6.883	6.636	6.828	6.479	6.613
2035	6.795	7.110	7.285	7.152	6.590	5.979	6.444	7.013	7.124	6.868	7.067	6.706	6.844
2036	7.033	7.359	7.540	7.403	6.820	6.188	6.670	7.259	7.373	7.109	7.314	6.941	7.084
2037	7.279	7.617	7.803	7.662	7.059	6.404	6.903	7.513	7.631	7.357	7.570	7.184	7.332
2038	7.534	7.883	8.077	7.930	7.306	6.629	7.145	7.776	7.898	7.615	7.835	7.435	7.588
2039	7.797	8.159	8.359	8.207	7.562	6.861	7.395	8.048	8.174	7.881	8.109	7.695	7.854
2040	8.070	8.445	8.652	8.495	7.826	7.101	7.654	8.330	8.461	8.157	8.393	7.965	8.129
2041	8.353	8.740	8.955	8.792	8.100	7.349	7.921	8.621	8.757	8.443	8.687	8.244	8.413
2042	8.645	9.046	9.268	9.100	8.384	7.606	8.199	8.923	9.063	8.738	8.991	8.532	8.708
2043	8.947	9.363	9.592	9.418	8.677	7.873	8.486	9.235	9.380	9.044	9.306	8.831	9.013
2044	9.261	9.691	9.928	9.748	8.981	8.148	8.783	9.558	9.709	9.361	9.631	9.140	9.328
2045	9.585	10.030	10.276	10.089	9.295	8.433	9.090	9.893	10.048	9.688	9.969	9.460	9.655



**Table 10A.5**

Central Atlantic (PADD 1B) No 2 Diesel Ultra Low Sulfur (0-15 ppm) Retail Prices (Dollars per Gallon)													
(\$/gallon)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2010	2.992	2.930	3.052	3.174	3.200	3.084	3.027	3.044	3.025	3.160	3.258	3.375	3.110
2011	3.541	3.748	4.046	4.191	4.189	4.063	4.042	4.000	3.966	3.921	4.060	3.977	3.979
2012	4.006	4.131	4.260	4.261	4.108	3.891	3.851	4.034	4.174	4.058	4.202	4.116	4.091
2013	4.146	4.276	4.409	4.410	4.252	4.027	3.986	4.175	4.320	4.200	4.349	4.260	4.234
2014	4.291	4.425	4.563	4.564	4.401	4.168	4.125	4.321	4.471	4.347	4.501	4.409	4.382
2015	4.442	4.580	4.723	4.724	4.555	4.314	4.270	4.473	4.628	4.499	4.659	4.564	4.536
2016	4.597	4.740	4.888	4.890	4.714	4.465	4.419	4.629	4.790	4.657	4.822	4.723	4.695
2017	4.758	4.906	5.060	5.061	4.879	4.621	4.574	4.791	4.957	4.820	4.991	4.889	4.859
2018	4.924	5.078	5.237	5.238	5.050	4.783	4.734	4.959	5.131	4.989	5.165	5.060	5.029
2019	5.097	5.256	5.420	5.421	5.227	4.950	4.900	5.132	5.310	5.163	5.346	5.237	5.205
2020	5.275	5.440	5.610	5.611	5.409	5.124	5.071	5.312	5.496	5.344	5.533	5.420	5.387
2021	5.460	5.630	5.806	5.807	5.599	5.303	5.249	5.498	5.689	5.531	5.727	5.610	5.576
2022	5.651	5.827	6.009	6.011	5.795	5.489	5.432	5.690	5.888	5.725	5.927	5.806	5.771
2023	5.849	6.031	6.219	6.221	5.998	5.681	5.622	5.890	6.094	5.925	6.135	6.010	5.973
2024	6.053	6.242	6.437	6.439	6.207	5.880	5.819	6.096	6.307	6.132	6.350	6.220	6.182
2025	6.265	6.461	6.662	6.664	6.425	6.085	6.023	6.309	6.528	6.347	6.572	6.438	6.398
2026	6.484	6.687	6.896	6.897	6.650	6.298	6.234	6.530	6.756	6.569	6.802	6.663	6.622
2027	6.711	6.921	7.137	7.139	6.882	6.519	6.452	6.758	6.993	6.799	7.040	6.896	6.854
2028	6.946	7.163	7.387	7.389	7.123	6.747	6.678	6.995	7.238	7.037	7.286	7.137	7.094
2029	7.189	7.414	7.645	7.647	7.373	6.983	6.911	7.240	7.491	7.283	7.541	7.387	7.342
2030	7.441	7.673	7.913	7.915	7.631	7.227	7.153	7.493	7.753	7.538	7.805	7.646	7.599
2031	7.702	7.942	8.190	8.192	7.898	7.480	7.404	7.755	8.025	7.802	8.079	7.913	7.865
2032	7.971	8.220	8.477	8.478	8.174	7.742	7.663	8.027	8.305	8.075	8.361	8.190	8.140
2033	8.250	8.508	8.773	8.775	8.460	8.013	7.931	8.308	8.596	8.358	8.654	8.477	8.425
2034	8.539	8.805	9.080	9.082	8.756	8.294	8.208	8.599	8.897	8.650	8.957	8.774	8.720
2035	8.838	9.113	9.398	9.400	9.063	8.584	8.496	8.899	9.208	8.953	9.270	9.081	9.025
2036	9.147	9.432	9.727	9.729	9.380	8.884	8.793	9.211	9.531	9.266	9.595	9.399	9.341
2037	9.467	9.763	10.067	10.070	9.708	9.195	9.101	9.533	9.864	9.591	9.931	9.728	9.668
2038	9.799	10.104	10.420	10.422	10.048	9.517	9.419	9.867	10.209	9.926	10.278	10.068	10.007
2039	10.141	10.458	10.784	10.787	10.400	9.850	9.749	10.212	10.567	10.274	10.638	10.420	10.357
2040	10.496	10.824	11.162	11.165	10.764	10.195	10.090	10.570	10.937	10.633	11.010	10.785	10.719
2041	10.864	11.203	11.553	11.555	11.140	10.552	10.443	10.940	11.319	11.005	11.396	11.163	11.094
2042	11.244	11.595	11.957	11.960	11.530	10.921	10.809	11.323	11.716	11.391	11.794	11.553	11.483
2043	11.638	12.001	12.375	12.378	11.934	11.303	11.187	11.719	12.126	11.789	12.207	11.958	11.885
2044	12.045	12.421	12.809	12.812	12.352	11.699	11.579	12.129	12.550	12.202	12.634	12.376	12.301
2045	12.466	12.855	13.257	13.260	12.784	12.109	11.984	12.554	12.989	12.629	13.077	12.809	12.731

**Table 10A.6**

U.S. No 2 Diesel Retail Prices (Dollars per Gallon)													
(\$/gallon)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2010	2.845	2.785	2.915	3.059	3.069	2.948	2.911	2.959	2.946	3.052	3.140	3.243	2.989
2011	3.388	3.584	3.905	4.064	4.047	3.933	3.905	3.860	3.837	3.798	3.962	3.861	3.845
2012	3.833	3.953	4.127	4.115	3.979	3.759	3.721	3.983	4.120	3.931	4.101	3.996	3.968
2013	3.967	4.091	4.271	4.259	4.118	3.891	3.851	4.122	4.264	4.069	4.244	4.136	4.107
2014	4.106	4.235	4.421	4.408	4.262	4.027	3.986	4.267	4.413	4.211	4.393	4.281	4.251
2015	4.250	4.383	4.576	4.562	4.412	4.168	4.126	4.416	4.568	4.358	4.546	4.431	4.400
2016	4.398	4.536	4.736	4.722	4.566	4.314	4.270	4.571	4.728	4.511	4.706	4.586	4.554
2017	4.552	4.695	4.902	4.887	4.726	4.465	4.419	4.731	4.893	4.669	4.870	4.746	4.713
2018	4.712	4.859	5.073	5.058	4.891	4.621	4.574	4.896	5.065	4.832	5.041	4.912	4.878
2019	4.877	5.029	5.251	5.235	5.062	4.782	4.734	5.067	5.242	5.001	5.217	5.084	5.049
2020	5.047	5.205	5.434	5.419	5.240	4.950	4.900	5.245	5.425	5.176	5.400	5.262	5.225
2021	5.224	5.388	5.625	5.608	5.423	5.123	5.071	5.428	5.615	5.357	5.589	5.446	5.408
2022	5.407	5.576	5.822	5.805	5.613	5.302	5.249	5.618	5.812	5.545	5.784	5.637	5.597
2023	5.596	5.771	6.025	6.008	5.809	5.488	5.433	5.815	6.015	5.739	5.987	5.834	5.793
2024	5.792	5.973	6.236	6.218	6.013	5.680	5.623	6.019	6.226	5.940	6.196	6.038	5.996
2025	5.995	6.182	6.454	6.436	6.223	5.879	5.819	6.229	6.443	6.148	6.413	6.250	6.206
2026	6.204	6.399	6.680	6.661	6.441	6.085	6.023	6.447	6.669	6.363	6.638	6.469	6.423
2027	6.422	6.623	6.914	6.894	6.666	6.298	6.234	6.673	6.902	6.586	6.870	6.695	6.648
2028	6.646	6.854	7.156	7.135	6.900	6.518	6.452	6.906	7.144	6.816	7.111	6.929	6.881
2029	6.879	7.094	7.407	7.385	7.141	6.746	6.678	7.148	7.394	7.055	7.359	7.172	7.122
2030	7.120	7.343	7.666	7.644	7.391	6.982	6.912	7.398	7.653	7.302	7.617	7.423	7.371
2031	7.369	7.600	7.934	7.911	7.650	7.227	7.154	7.657	7.921	7.557	7.884	7.683	7.629
2032	7.627	7.866	8.212	8.188	7.917	7.480	7.404	7.925	8.198	7.822	8.159	7.951	7.896
2033	7.894	8.141	8.499	8.475	8.194	7.741	7.663	8.203	8.485	8.095	8.445	8.230	8.172
2034	8.170	8.426	8.797	8.771	8.481	8.012	7.931	8.490	8.782	8.379	8.741	8.518	8.458
2035	8.456	8.721	9.105	9.078	8.778	8.293	8.209	8.787	9.089	8.672	9.047	8.816	8.754
2036	8.752	9.026	9.423	9.396	9.085	8.583	8.496	9.094	9.407	8.976	9.363	9.124	9.061
2037	9.058	9.342	9.753	9.725	9.403	8.883	8.794	9.413	9.737	9.290	9.691	9.444	9.378
2038	9.375	9.669	10.094	10.065	9.732	9.194	9.101	9.742	10.077	9.615	10.030	9.774	9.706
2039	9.703	10.007	10.448	10.417	10.073	9.516	9.420	10.083	10.430	9.951	10.381	10.116	10.046
2040	10.043	10.358	10.813	10.782	10.426	9.849	9.750	10.436	10.795	10.300	10.744	10.471	10.397
2041	10.395	10.720	11.192	11.159	10.791	10.194	10.091	10.801	11.173	10.660	11.121	10.837	10.761
2042	10.758	11.095	11.584	11.550	11.168	10.551	10.444	11.179	11.564	11.033	11.510	11.216	11.138
2043	11.135	11.484	11.989	11.954	11.559	10.920	10.810	11.571	11.969	11.419	11.913	11.609	11.528
2044	11.525	11.886	12.409	12.373	11.964	11.302	11.188	11.976	12.388	11.819	12.330	12.015	11.931
2045	11.928	12.302	12.843	12.806	12.382	11.698	11.580	12.395	12.821	12.233	12.761	12.436	12.349

**Table 10A.7**

AMM Steel Index-Hot Rolled Sheets-Mid West													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2010	29.66	31.50	33.98	35.84	35.75	33.30	30.57	29.05	30.00	28.43	28.40	32.92	31.62
2011	38.85	43.74	45.00	44.33	40.33	38.79	38.89	38.99	39.09	39.19	39.29	39.39	40.49
2012	37.23	36.79	34.36	34.37	33.07	30.75	30.69	33.01	32.62	33.01	30.69	30.75	33.11
2013	38.31	37.86	35.36	35.37	34.03	31.64	31.58	33.97	33.57	33.97	31.58	31.64	34.07
2014	39.38	38.92	36.35	36.36	34.98	32.53	32.46	34.92	34.51	34.92	32.46	32.53	35.03
2015	40.46	39.98	37.34	37.35	35.94	33.42	33.35	35.87	35.45	35.87	33.35	33.42	35.98
2016	41.63	41.14	38.43	38.44	36.98	34.39	34.32	36.92	36.48	36.92	34.32	34.39	37.03
2017	40.57	40.09	37.45	37.46	36.04	33.51	33.45	35.97	35.55	35.97	33.45	33.51	36.09
2018	42.09	41.60	38.85	38.86	37.39	34.77	34.70	37.32	36.88	37.32	34.70	34.77	37.44
2019	44.67	44.14	41.22	41.24	39.68	36.89	36.82	39.60	39.14	39.60	36.82	36.89	39.73
2020	46.11	45.56	42.55	42.57	40.96	38.08	38.01	40.88	40.40	40.88	38.01	38.08	41.01
2021	47.80	47.24	44.12	44.13	42.46	39.48	39.40	42.38	41.88	42.38	39.40	39.48	42.51
2022	49.16	48.58	45.37	45.38	43.67	40.60	40.52	43.59	43.07	43.59	40.52	40.60	43.72
2023	50.59	49.99	46.69	46.70	44.94	41.78	41.70	44.86	44.33	44.86	41.70	41.78	44.99
2024	49.53	48.94	45.71	45.72	43.99	40.91	40.83	43.91	43.39	43.91	40.83	40.91	44.05
2025	51.36	50.76	47.41	47.42	45.63	42.42	42.34	45.54	45.00	45.54	42.34	42.42	45.68
2026	53.45	52.82	49.33	49.34	47.48	44.15	44.06	47.39	46.83	47.39	44.06	44.15	47.54
2027	56.01	55.35	51.69	51.71	49.75	46.26	46.17	49.66	49.07	49.66	46.17	46.26	49.81
2028	59.21	58.51	54.64	54.66	52.59	48.90	48.81	52.50	51.88	52.50	48.81	48.90	52.66
2029	60.85	60.13	56.16	56.17	54.05	50.26	50.16	53.95	53.31	53.95	50.16	50.26	54.12
2030	62.32	61.58	57.52	57.53	55.36	51.47	51.37	55.26	54.60	55.26	51.37	51.47	55.43
2031	66.70	65.91	61.56	61.58	59.25	55.09	54.99	59.14	58.44	59.14	54.99	55.09	59.32
2032	68.53	67.72	63.25	63.27	60.87	56.60	56.49	60.76	60.04	60.76	56.49	56.60	60.95
2033	70.13	69.30	64.72	64.74	62.29	57.92	57.81	62.18	61.44	62.18	57.81	57.92	62.37
2034	72.20	71.34	66.63	66.65	64.13	59.63	59.51	64.01	63.26	64.01	59.51	59.63	64.21
2035	74.44	73.56	68.70	68.72	66.12	61.48	61.36	66.00	65.22	66.00	61.36	61.48	66.20
2036	77.05	76.14	71.11	71.13	68.44	63.64	63.51	68.31	67.51	68.31	63.51	63.64	68.53
2037	79.84	78.89	73.68	73.70	70.91	65.94	65.81	70.79	69.95	70.79	65.81	65.94	71.00
2038	82.32	81.35	75.97	75.99	73.12	67.99	67.86	72.99	72.13	72.99	67.86	67.99	73.21
2039	79.77	78.83	73.62	73.65	70.86	65.89	65.76	70.73	69.90	70.73	65.76	65.89	70.95
2040	82.73	81.76	76.36	76.38	73.49	68.33	68.20	73.36	72.49	73.36	68.20	68.33	73.58
2041	85.39	84.38	78.81	78.83	75.85	70.53	70.39	75.71	74.82	75.71	70.39	70.53	75.95
2042	89.79	88.73	82.87	82.89	79.75	74.16	74.01	79.61	78.67	79.61	74.01	74.16	79.86
2043	92.42	91.33	85.29	85.32	82.09	76.33	76.18	81.94	80.97	81.94	76.18	76.33	82.19
2044	94.64	93.52	87.34	87.37	84.06	78.16	78.01	83.91	82.92	83.91	78.01	78.16	84.17
2045	98.63	97.46	91.03	91.05	87.61	81.46	81.30	87.45	86.42	87.45	81.30	81.46	87.72

**Table 10A.8**

<b>Association of American Railroads</b>				
<b>Rail Cost Adjustment Factor (RCAF)</b>				
<b>Year</b>	<b>1st Quarter</b>	<b>2nd Quarter</b>	<b>3rd Quarter</b>	<b>3rd Quarter</b>
2010	110.5	111.4	112.1	112.4
2011	113.9	116.2	118.1	117.1
2012	116.2	117.9	120.5	119.3
2013	120.2	121.1	122.0	122.9
2014	123.8	124.7	125.6	126.6
2015	127.5	128.4	129.4	130.4
2016	131.3	132.3	133.3	134.3
2017	135.3	136.3	137.3	138.3
2018	139.3	140.4	141.4	142.5
2019	143.5	144.6	145.6	146.7
2020	147.8	148.9	150.0	151.1
2021	152.2	153.4	154.5	155.7
2022	156.8	158.0	159.1	160.3
2023	161.5	162.7	163.9	165.1
2024	166.4	167.6	168.8	170.1
2025	171.4	172.6	173.9	175.2
2026	176.5	177.8	179.1	180.5
2027	181.8	183.1	184.5	185.9
2028	187.2	188.6	190.0	191.4
2029	192.9	194.3	195.7	197.2
2030	198.6	200.1	201.6	203.1
2031	204.6	206.1	207.7	209.2
2032	210.7	212.3	213.9	215.5
2033	217.1	218.7	220.3	221.9
2034	223.6	225.2	226.9	228.6
2035	230.3	232.0	233.7	235.4
2036	237.2	239.0	240.7	242.5
2037	244.3	246.1	247.9	249.8
2038	251.6	253.5	255.4	257.3
2039	259.2	261.1	263.0	265.0
2040	267.0	268.9	270.9	272.9
2041	275.0	277.0	279.1	281.1
2042	283.2	285.3	287.4	289.6
2043	291.7	293.9	296.1	298.3
2044	300.5	302.7	304.9	307.2
2045	309.5	311.8	314.1	316.4

**APPENDIX 11**

**FORMS OF TWICE MONTHLY AND MONTHLY BILLING STATEMENT**

**APPENDIX 11**

**FORMS OF TWICE MONTHLY AND MONTHLY BILLING STATEMENT**

**11.1. FORM OF TWICE MONTHLY BILLING STATEMENT**

SAMPLE INVOICE			
Part A: Fixed Components			
COVANTA 4RECOVERY			
MUNICIPAL SOLID WASTE MANAGEMENT, TRANSPORTATION AND DISPOSAL WASTE MANAGEMENT			
NORTH/SOUTH MTS PROJECT			
Date: December 16, 2013			
Billing Period: December 1, 2013 to December 15, 2013			
	(A) Full Amount	(B) Bi-Monthly Fraction	(A) x (B)
System Cost Component	\$29,897.43	0.50	\$14,948.72
Fixed Operating Cost Component	\$2,374,881.41	0.50	\$1,187,440.71
Equipment			
Container Capital Cost Component	\$243,732.60	0.50	\$121,866.30
Barge Capital Cost Component	\$77,396.70	0.50	\$38,698.35
Railcar Capital Cost Component	\$145,043.73	0.50	\$72,521.87
Yard Jockey Capital Cost Component	\$6,904.38	0.50	\$3,452.19
Chassis Capital Cost Component	\$9,813.60	0.50	\$4,906.80
Reach Stacker Capital Cost Component	\$16,569.42	0.50	\$8,284.71
Railcar Mover Capital Cost Component	\$1,595.98	0.50	\$797.99
<b>Total Fixed Components</b>	<b>\$2,905,835.25</b>		<b>\$1,452,917.63</b>

## 11.2. FORM OF MONTHLY BILLING STATEMENT

<b>SAMPLE INVOICE</b>	
<b>Part B: Variable Charges</b>	
<b>COVANTA 4RECOVERY</b>	
<b>MUNICIPAL SOLID WASTE MANAGEMENT,</b>	
<b>TRANSPORTATION AND DISPOSAL WASTE MANAGEMENT</b>	
<b>NORTH/SOUTH MTS PROJECT</b>	
Date: January 15, 2014	
Period of Service: December 1, 2013 to December 31, 2013	
<b>Tons and Containers Accepted and Other Variables</b>	
<b>Average Variable Costs</b>	
Tons of DSNY-managed Waste Delivered (Tons) <sup>(a)</sup>	44,238.97
Loaded Containers Delivered (MTS-1)	2,259.0
Loaded Containers Delivered (MTS-2)	0.0
Designated Allocations of Loaded Containers	
To the Niagara Facility	50.00%
To the Delaware Facility	50.00%
To the Lee County Landfill	0.00%
Average Density Per Container	19.5834
U.S. No. 2 Diesel Retail Sales Fuel Price (\$/gallon) <sup>(b)</sup>	4.211
NY Harbor Ultra-Low Sulfur No 2 Diesel Spot Price (\$/gallon) <sup>(b)</sup>	3.256
(a) Obtained from weigh records supplied by the City. (copies attached).	
(b) Printout from website (either DOE or CSX) attached.	
(c) Calculation provided in backup material.	
(d) One-way miles times Fuel Surcharge measured in \$/mile/Railcar.	
<b>Monthly Service Fee</b>	
<b>Part B: Variable Components <sup>(a)</sup></b>	
<b>Variable Operating Cost Component</b>	
Marine Diesel Fuel VOC (MTS-1)	\$149,411.30
Marine Diesel Fuel VOC (MTS-2)	0.00
Unified VOC	474,671.05
New York Container Terminal VOC	939,512.38
Niagara Variable Cost Component	
Niagara RTT Rail Transport VOC	443,967.74
Niagara RTT Rail Fuel Surcharge VOC	71,949.15
Niagara RTT Truck Fuel VOC	57,169.61
Niagara RTT Disposal VOC	580,980.48
Delaware Variable Cost Component	
Delaware RRS Rail Transport VOC	360,951.86
Delaware RRS Rail Fuel Surcharge VOC	16,919.91
Delaware RRS Truck Fuel VOC	184,992.91
Delaware RRS Disposal VOC	580,980.48
Lee County Variable Cost Component	
Lee Rail Transport VOC	0.00
Lee Rail Fuel Surcharge VOC	0.00
Lee Disposal VOC	0.00
Extraordinary Items Component <sup>(b)</sup>	0.00
Total Variable Components	\$3,861,506.89
Total Variable Components per Ton	\$87.29
(a) See attached backup for calculations of each entry.	
(b) Is equal to zero at the beginning of the Service Contract. All of these costs are subject to Cost Substantiation.	

Backup Calculations	Base Value					Current Month	
				Base	Adjustment Factor		
Marine Diesel Fuel VOC (MTS-1)	\$62.87	3.256	3.095	1.052019386	\$66.14	\$149,411.30	
Marine Diesel Fuel VOC (MTS-2)	\$36.43	3.256	3.095	1.052019386	\$38.33	\$0.00	
Unified VOC	\$200.00						
New York Container Terminal VOC	Separate						
Niagara Variable Cost Component							
Niagara RTT Rail Transport VOC							
Niagara RTT Rail Fuel Surcharge VOC							
Niagara RTT Truck Fuel VOC							
Niagara RTT Disposal VOC							
Delaware Variable Cost Component							
Delaware RRS Rail Transport VOC							
Delaware RRS Rail Fuel Surcharge VOC							
Delaware RRS Truck Fuel VOC							
Delaware RRS Disposal VOC							
Lee County Variable Cost Component							
Lee Rail Transport VOC							
Lee Rail Fuel Surcharge VOC							
Lee Disposal VOC							
Extraordinary Items Component (b)							



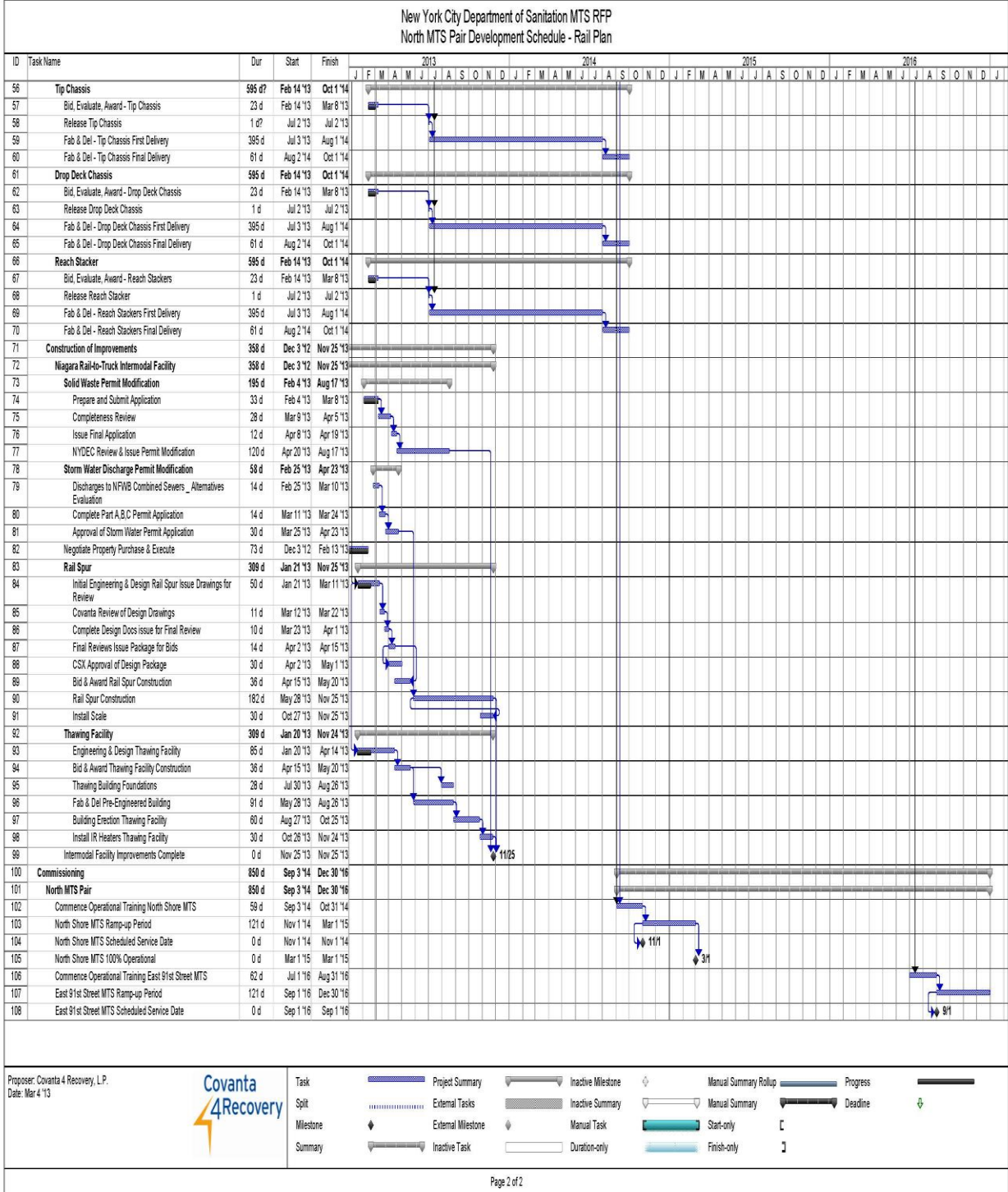
**APPENDIX 12**

**[INTENTIONALLY OMITTED]**

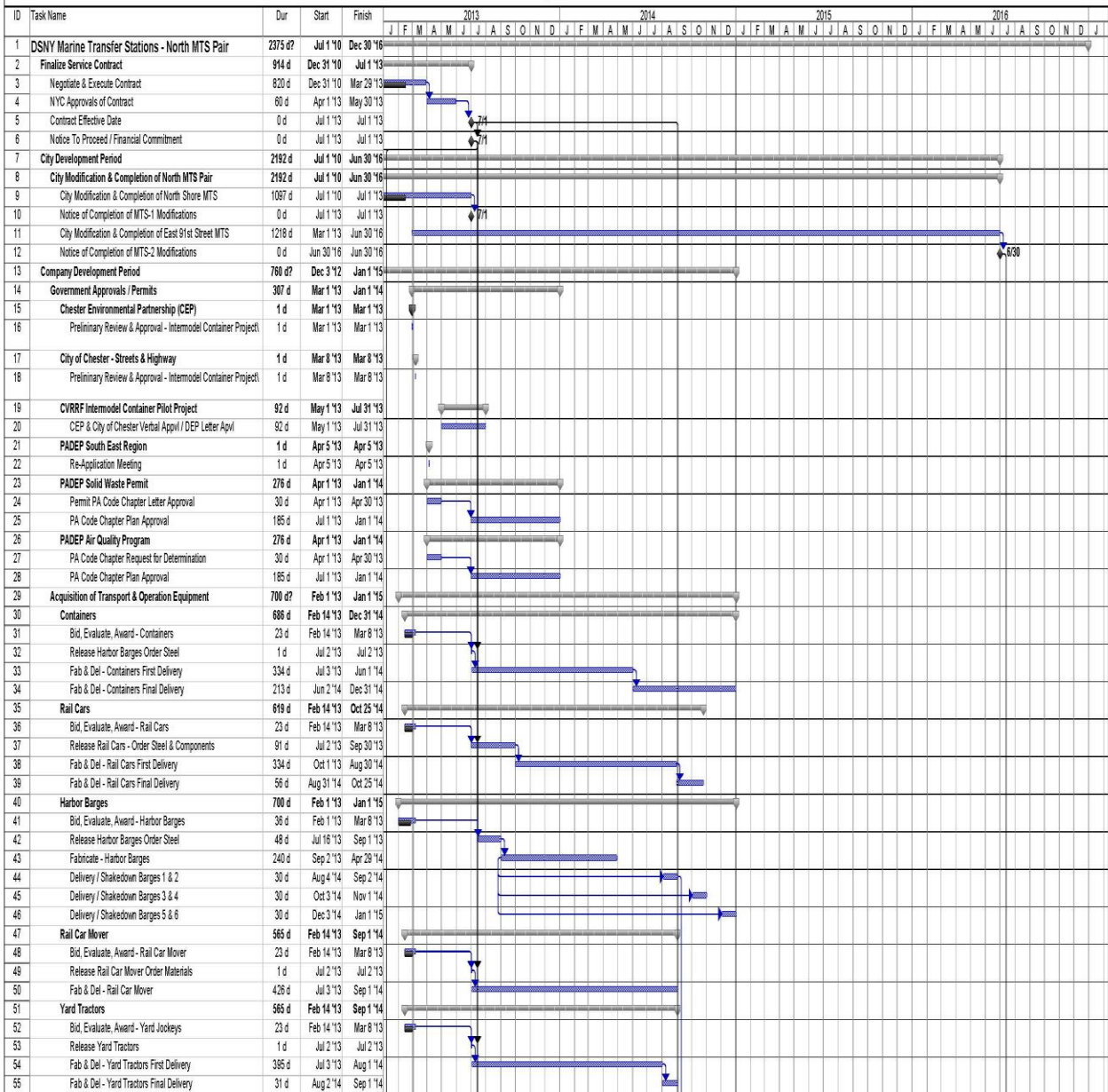
**APPENDIX 13**  
**PRELIMINARY COMPANY DEVELOPMENT PLAN**

APPENDIX 13

PRELIMINARY COMPANY DEVELOPMENT PLAN



New York City Department of Sanitation MTS RFP  
North MTS Pair Development Schedule - Rail Plan



Proposer: Covanta 4 Recovery, L.P.  
Date: Mar 4 '13



Task	Project Summary	Inactive Milestone	Manual Summary Rollup	Progress
Split	External Tasks	Inactive Summary	Manual Summary	Deadline
Milestone	External Milestone	Manual Task	Start-only	Finish-only
Summary	Inactive Task	Duration-only	Start-only	Finish-only

**APPENDIX 14**

**DESCRIPTION OF FACILITIES FOR COMPANY PERSONNEL AT THE MTS (SECTION 7.2);  
AREAS OF COMPANY CONTROL; COMPANY MAINTENANCE  
AND SECURITY RESPONSIBILITIES**

## **APPENDIX 14**

### **DESCRIPTION OF FACILITIES FOR COMPANY PERSONNEL AT THE MTS (SECTION 7.2); AREAS OF COMPANY CONTROL; COMPANY MAINTENANCE AND SECURITY RESPONSIBILITIES**

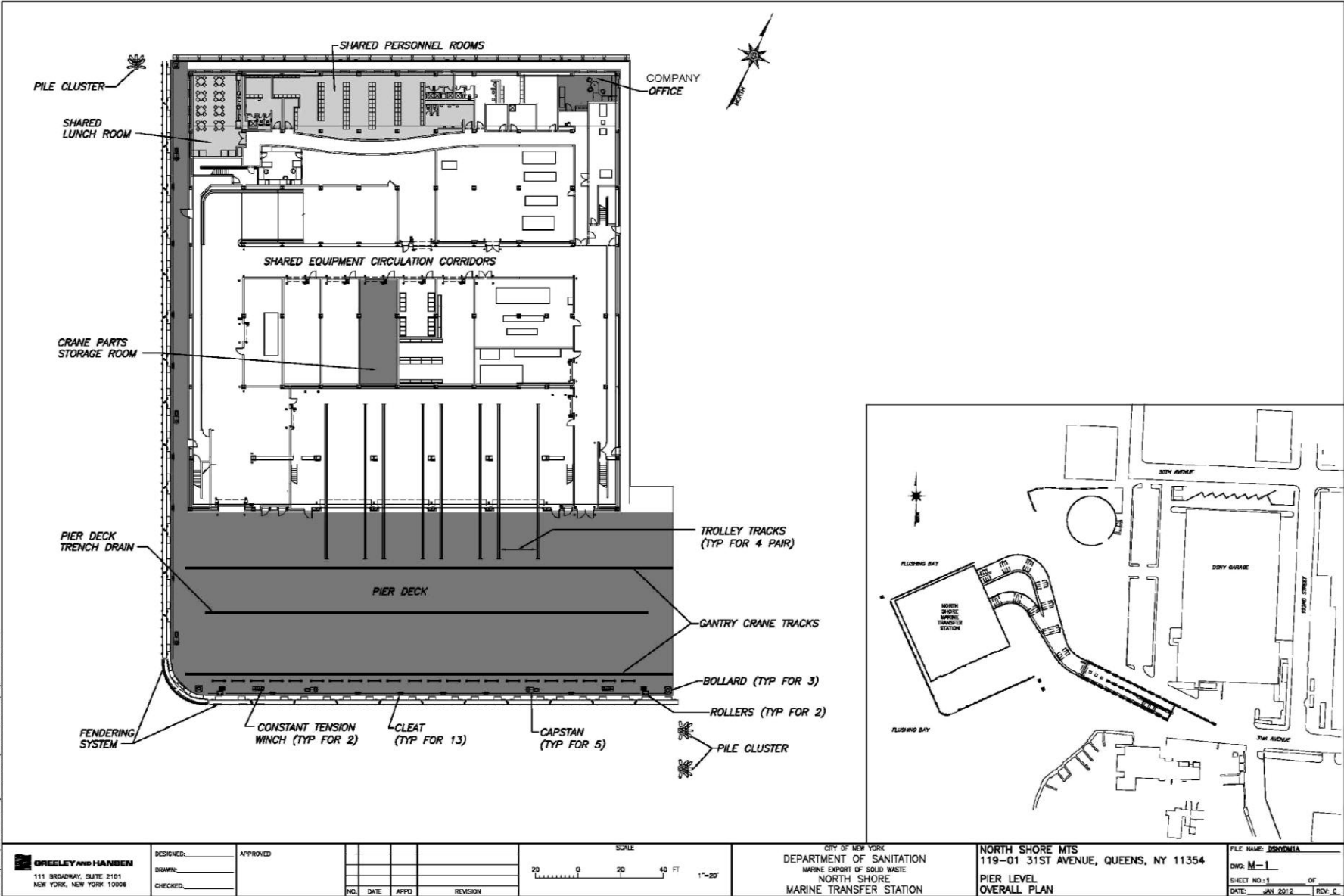
This Appendix contains a description of the facilities for Company personnel at the MTS pursuant to Section 7.2 of the Service Contract, areas of Company control, and areas of Company maintenance and security responsibilities. The City intends to confine Company personnel to one area of the locker room. With respect to security and maintenance, the Company shall lock and maintain the parts storage area and office, but the City will be otherwise responsible for security and maintenance of any shared space as indicated in this Appendix and the Service Contract.

Part A of this Appendix contains a description and depictions of the foregoing facilities at MTS-1.

Part B of this Appendix contains a description and depictions of the foregoing facilities at MTS-2.

**Part A**  
**MTS-1**

**MTS-1 – North Shore Marine Transfer Station**



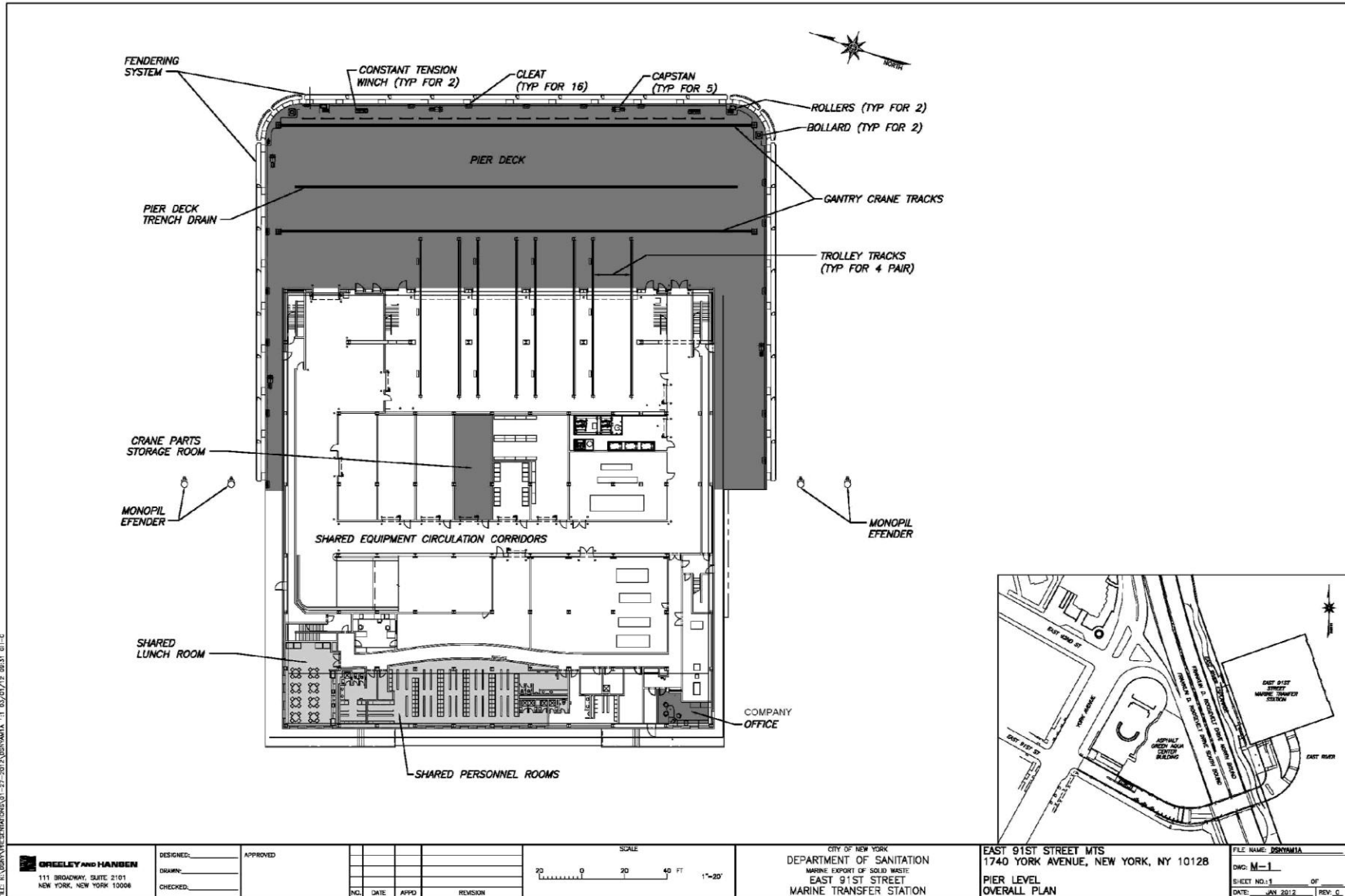
FILE: K:\VISTA\PERMISSIONS\01-27-2015\010101\A.1.1\_07/24/12\_1057\_01-G

<b>OREILLY AND HANBEN</b> 111 BROADWAY, SUITE 2101 NEW YORK, NEW YORK 10006	DESIGNED: _____	APPROVED: _____					SCALE 0 20 40 FT 1"=20'	CITY OF NEW YORK DEPARTMENT OF SANITATION MARINE EXPORT OF SOLID WASTE NORTH SHORE MARINE TRANSFER STATION	NORTH SHORE MTS 119-01 31ST AVENUE, QUEENS, NY 11354 PIER LEVEL OVERALL PLAN	FILE NAME: <u>BRYONIA</u>
	DRAWING: _____		NO.	DATE	APPD.	REVISION				DWG: <u>M-1</u>
	CHECKED: _____								SHEET NO.: 1 OF	
									DATE: JUN 2012 REV. 01	



**Part B**  
**MTS-2**

# MTS-2 - East 91st Street Marine Transfer Station



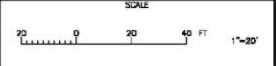
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**GRIELEY AND HANSEN**  
111 BROADWAY, SUITE 2101  
NEW YORK, NEW YORK 10006

DESIGNED: \_\_\_\_\_  
DRAWN: \_\_\_\_\_  
CHECKED: \_\_\_\_\_

APPROVED: \_\_\_\_\_

NO.	DATE	APPROVED	REVISION



CITY OF NEW YORK  
DEPARTMENT OF SANITATION  
MARINE EXPORT OF SOLID WASTE  
EAST 91ST STREET  
MARINE TRANSFER STATION

EAST 91ST STREET MTS  
1740 YORK AVENUE, NEW YORK, NY 10128  
PIER LEVEL  
OVERALL PLAN

FILE NAME: BRYAN.MA  
DWG: M-1  
SHEET NO.: 1 OF  
DATE: JUN 2012 REV: G

**APPENDIX 15**  
**SCHEDULE OF CONVENIENCE TERMINATION PAYMENTS**

## **APPENDIX 15**

### **SCHEDULE OF CONVENIENCE TERMINATION PAYMENTS**

1. Termination Payment Schedule A - Convenience Termination Fee
2. Termination Payment Schedule B - Niagara Rail-to-Truck Intermodal Facility
3. Termination Payment Schedule C - New York Container Terminal

**Termination Payment Schedule A  
Convenience Termination Fee**

<b>Month in Which Termination Date Occurs<sup>(a)(b)</sup></b>	<b>Payment</b>	<b>Month in Which Termination Date Occurs<sup>(a)(b)</sup></b>	<b>Payment</b>	<b>Month in Which Termination Date Occurs<sup>(a)(b)</sup></b>	<b>Payment</b>	<b>Month in Which Termination Date Occurs<sup>(a)(b)</sup></b>	<b>Payment</b>
1	\$25,000,000	61	\$20,000,000	121	\$13,333,333	181	\$6,666,667
2	\$24,916,667	62	\$19,888,889	122	\$13,222,222	182	\$6,555,556
3	\$24,833,333	63	\$19,777,778	123	\$13,111,111	183	\$6,444,444
4	\$24,750,000	64	\$19,666,667	124	\$13,000,000	184	\$6,333,333
5	\$24,666,667	65	\$19,555,556	125	\$12,888,889	185	\$6,222,222
6	\$24,583,333	66	\$19,444,444	126	\$12,777,778	186	\$6,111,111
7	\$24,500,000	67	\$19,333,333	127	\$12,666,667	187	\$6,000,000
8	\$24,416,667	68	\$19,222,222	128	\$12,555,556	188	\$5,888,889
9	\$24,333,333	69	\$19,111,111	129	\$12,444,444	189	\$5,777,778
10	\$24,250,000	70	\$19,000,000	130	\$12,333,333	190	\$5,666,667
11	\$24,166,667	71	\$18,888,889	131	\$12,222,222	191	\$5,555,556
12	\$24,083,333	72	\$18,777,778	132	\$12,111,111	192	\$5,444,444
13	\$24,000,000	73	\$18,666,667	133	\$12,000,000	193	\$5,333,333
14	\$23,916,667	74	\$18,555,556	134	\$11,888,889	194	\$5,222,222
15	\$23,833,333	75	\$18,444,444	135	\$11,777,778	195	\$5,111,111
16	\$23,750,000	76	\$18,333,333	136	\$11,666,667	196	\$5,000,000
17	\$23,666,667	77	\$18,222,222	137	\$11,555,556	197	\$4,888,889
18	\$23,583,333	78	\$18,111,111	138	\$11,444,444	198	\$4,777,778
19	\$23,500,000	79	\$18,000,000	139	\$11,333,333	199	\$4,666,667
20	\$23,416,667	80	\$17,888,889	140	\$11,222,222	200	\$4,555,556
21	\$23,333,333	81	\$17,777,778	141	\$11,111,111	201	\$4,444,444
22	\$23,250,000	82	\$17,666,667	142	\$11,000,000	202	\$4,333,333
23	\$23,166,667	83	\$17,555,556	143	\$10,888,889	203	\$4,222,222
24	\$23,083,333	84	\$17,444,444	144	\$10,777,778	204	\$4,111,111
25	\$23,000,000	85	\$17,333,333	145	\$10,666,667	205	\$4,000,000
26	\$22,916,667	86	\$17,222,222	146	\$10,555,556	206	\$3,888,889
27	\$22,833,333	87	\$17,111,111	147	\$10,444,444	207	\$3,777,778
28	\$22,750,000	88	\$17,000,000	148	\$10,333,333	208	\$3,666,667
29	\$22,666,667	89	\$16,888,889	149	\$10,222,222	209	\$3,555,556
30	\$22,583,333	90	\$16,777,778	150	\$10,111,111	210	\$3,444,444
31	\$22,500,000	91	\$16,666,667	151	\$10,000,000	211	\$3,333,333
32	\$22,416,667	92	\$16,555,556	152	\$9,888,889	212	\$3,222,222
33	\$22,333,333	93	\$16,444,444	153	\$9,777,778	213	\$3,111,111
34	\$22,250,000	94	\$16,333,333	154	\$9,666,667	214	\$3,000,000
35	\$22,166,667	95	\$16,222,222	155	\$9,555,556	215	\$2,888,889
36	\$22,083,333	96	\$16,111,111	156	\$9,444,444	216	\$2,777,778
37	\$22,000,000	97	\$16,000,000	157	\$9,333,333	217	\$2,666,667
38	\$21,916,667	98	\$15,888,889	158	\$9,222,222	218	\$2,555,556
39	\$21,833,333	99	\$15,777,778	159	\$9,111,111	219	\$2,444,444
40	\$21,750,000	100	\$15,666,667	160	\$9,000,000	220	\$2,333,333
41	\$21,666,667	101	\$15,555,556	161	\$8,888,889	221	\$2,222,222
42	\$21,583,333	102	\$15,444,444	162	\$8,777,778	222	\$2,111,111
43	\$21,500,000	103	\$15,333,333	163	\$8,666,667	223	\$2,000,000
44	\$21,416,667	104	\$15,222,222	164	\$8,555,556	224	\$1,888,889
45	\$21,333,333	105	\$15,111,111	165	\$8,444,444	225	\$1,777,778
46	\$21,250,000	106	\$15,000,000	166	\$8,333,333	226	\$1,666,667
47	\$21,166,667	107	\$14,888,889	167	\$8,222,222	227	\$1,555,556
48	\$21,083,333	108	\$14,777,778	168	\$8,111,111	228	\$1,444,444
49	\$21,000,000	109	\$14,666,667	169	\$8,000,000	229	\$1,333,333
50	\$20,916,667	110	\$14,555,556	170	\$7,888,889	230	\$1,222,222
51	\$20,833,333	111	\$14,444,444	171	\$7,777,778	231	\$1,111,111
52	\$20,750,000	112	\$14,333,333	172	\$7,666,667	232	\$1,000,000
53	\$20,666,667	113	\$14,222,222	173	\$7,555,556	233	\$888,889
54	\$20,583,333	114	\$14,111,111	174	\$7,444,444	234	\$777,778
55	\$20,500,000	115	\$14,000,000	175	\$7,333,333	235	\$666,667
56	\$20,416,667	116	\$13,888,889	176	\$7,222,222	236	\$555,556
57	\$20,333,333	117	\$13,777,778	177	\$7,111,111	237	\$444,444
58	\$20,250,000	118	\$13,666,667	178	\$7,000,000	238	\$333,333
59	\$20,166,667	119	\$13,555,556	179	\$6,888,889	239	\$222,222
60	\$20,083,333	120	\$13,444,444	180	\$6,777,778	240	\$111,111
						241	(\$0)

(a) Month "1" is the month in which the MTS-1 Service Date occurs.

(b) Full amount is due regardless of the day of the month in which the termination occurs.

**Termination Payment Schedule B  
Niagara Rail-to-Truck Intermodal Facility**

<b>Month in Which Termination Date Occurs (a) (b)</b>	<b>Payment</b>	<b>Month in Which Termination Date Occurs (a) (b)</b>	<b>Payment</b>	<b>Month in Which Termination Date Occurs (a) (b)</b>	<b>Payment</b>	<b>Month in Which Termination Date Occurs (a) (b)</b>	<b>Payment</b>
1	\$4,477,000	61	\$3,357,750	121	\$2,238,500	181	\$1,119,250
2	\$4,458,346	62	\$3,339,096	122	\$2,219,846	182	\$1,100,596
3	\$4,439,692	63	\$3,320,442	123	\$2,201,192	183	\$1,081,942
4	\$4,421,038	64	\$3,301,788	124	\$2,182,538	184	\$1,063,288
5	\$4,402,383	65	\$3,283,133	125	\$2,163,883	185	\$1,044,633
6	\$4,383,729	66	\$3,264,479	126	\$2,145,229	186	\$1,025,979
7	\$4,365,075	67	\$3,245,825	127	\$2,126,575	187	\$1,007,325
8	\$4,346,421	68	\$3,227,171	128	\$2,107,921	188	\$988,671
9	\$4,327,767	69	\$3,208,517	129	\$2,089,267	189	\$970,017
10	\$4,309,113	70	\$3,189,863	130	\$2,070,613	190	\$951,363
11	\$4,290,458	71	\$3,171,208	131	\$2,051,958	191	\$932,708
12	\$4,271,804	72	\$3,152,554	132	\$2,033,304	192	\$914,054
13	\$4,253,150	73	\$3,133,900	133	\$2,014,650	193	\$895,400
14	\$4,234,496	74	\$3,115,246	134	\$1,995,996	194	\$876,746
15	\$4,215,842	75	\$3,096,592	135	\$1,977,342	195	\$858,092
16	\$4,197,188	76	\$3,077,938	136	\$1,958,688	196	\$839,438
17	\$4,178,533	77	\$3,059,283	137	\$1,940,033	197	\$820,783
18	\$4,159,879	78	\$3,040,629	138	\$1,921,379	198	\$802,129
19	\$4,141,225	79	\$3,021,975	139	\$1,902,725	199	\$783,475
20	\$4,122,571	80	\$3,003,321	140	\$1,884,071	200	\$764,821
21	\$4,103,917	81	\$2,984,667	141	\$1,865,417	201	\$746,167
22	\$4,085,263	82	\$2,966,013	142	\$1,846,763	202	\$727,513
23	\$4,066,608	83	\$2,947,358	143	\$1,828,108	203	\$708,858
24	\$4,047,954	84	\$2,928,704	144	\$1,809,454	204	\$690,204
25	\$4,029,300	85	\$2,910,050	145	\$1,790,800	205	\$671,550
26	\$4,010,646	86	\$2,891,396	146	\$1,772,146	206	\$652,896
27	\$3,991,992	87	\$2,872,742	147	\$1,753,492	207	\$634,242
28	\$3,973,338	88	\$2,854,088	148	\$1,734,838	208	\$615,588
29	\$3,954,683	89	\$2,835,433	149	\$1,716,183	209	\$596,933
30	\$3,936,029	90	\$2,816,779	150	\$1,697,529	210	\$578,279
31	\$3,917,375	91	\$2,798,125	151	\$1,678,875	211	\$559,625
32	\$3,898,721	92	\$2,779,471	152	\$1,660,221	212	\$540,971
33	\$3,880,067	93	\$2,760,817	153	\$1,641,567	213	\$522,317
34	\$3,861,413	94	\$2,742,163	154	\$1,622,913	214	\$503,663
35	\$3,842,758	95	\$2,723,508	155	\$1,604,258	215	\$485,008
36	\$3,824,104	96	\$2,704,854	156	\$1,585,604	216	\$466,354
37	\$3,805,450	97	\$2,686,200	157	\$1,566,950	217	\$447,700
38	\$3,786,796	98	\$2,667,546	158	\$1,548,296	218	\$429,046
39	\$3,768,142	99	\$2,648,892	159	\$1,529,642	219	\$410,392
40	\$3,749,488	100	\$2,630,238	160	\$1,510,988	220	\$391,738
41	\$3,730,833	101	\$2,611,583	161	\$1,492,333	221	\$373,083
42	\$3,712,179	102	\$2,592,929	162	\$1,473,679	222	\$354,429
43	\$3,693,525	103	\$2,574,275	163	\$1,455,025	223	\$335,775
44	\$3,674,871	104	\$2,555,621	164	\$1,436,371	224	\$317,121
45	\$3,656,217	105	\$2,536,967	165	\$1,417,717	225	\$298,467
46	\$3,637,563	106	\$2,518,313	166	\$1,399,063	226	\$279,813
47	\$3,618,908	107	\$2,499,658	167	\$1,380,408	227	\$261,158
48	\$3,600,254	108	\$2,481,004	168	\$1,361,754	228	\$242,504
49	\$3,581,600	109	\$2,462,350	169	\$1,343,100	229	\$223,850
50	\$3,562,946	110	\$2,443,696	170	\$1,324,446	230	\$205,196
51	\$3,544,292	111	\$2,425,042	171	\$1,305,792	231	\$186,542
52	\$3,525,638	112	\$2,406,388	172	\$1,287,138	232	\$167,888
53	\$3,506,983	113	\$2,387,733	173	\$1,268,483	233	\$149,233
54	\$3,488,329	114	\$2,369,079	174	\$1,249,829	234	\$130,579
55	\$3,469,675	115	\$2,350,425	175	\$1,231,175	235	\$111,925
56	\$3,451,021	116	\$2,331,771	176	\$1,212,521	236	\$93,271
57	\$3,432,367	117	\$2,313,117	177	\$1,193,867	237	\$74,617
58	\$3,413,713	118	\$2,294,463	178	\$1,175,213	238	\$55,963
59	\$3,395,058	119	\$2,275,808	179	\$1,156,558	239	\$37,308
60	\$3,376,404	120	\$2,257,154	180	\$1,137,904	240	\$18,654
						241	\$0

(a) Month "1" is the month in which the **MTS-1 Service Date** occurs.

(b) Full amount is due regardless of the day of the month in which the termination occurs.

**Termination Payment Schedule C**  
**New York Container Terminal**

<b>Month in Which Termination Date Occurs</b> (a) (b)		<b>Month in Which Termination Date Occurs</b> (a) (b)		<b>Month in Which Termination Date Occurs</b> (a) (b)		<b>Month in Which Termination Date Occurs</b> (a) (b)	
<b>Payment</b>	<b>Payment</b>	<b>Payment</b>	<b>Payment</b>	<b>Payment</b>	<b>Payment</b>	<b>Payment</b>	<b>Payment</b>
1	\$1,467,300	77	\$13,399,159	153	\$9,980,188	229	\$4,384,818
2	\$1,467,300	78	\$13,335,885	154	\$9,895,374	230	\$4,267,801
3	\$14,621,900	79	\$13,272,294	155	\$9,810,137	231	\$4,150,199
4	\$14,636,500	80	\$13,208,385	156	\$9,724,473	232	\$4,032,009
5	\$14,651,100	81	\$13,144,157	157	\$9,638,382	233	\$3,913,228
6	\$14,665,700	82	\$13,079,608	158	\$9,551,859	234	\$3,793,853
7	\$14,705,850	83	\$13,014,736	159	\$9,464,904	235	\$3,673,881
8	\$14,746,000	84	\$12,949,540	160	\$9,377,515	236	\$3,553,310
9	\$14,786,150	85	\$12,884,017	161	\$9,289,688	237	\$3,432,135
10	\$14,826,300	86	\$12,818,167	162	\$9,201,422	238	\$3,310,335
11	\$14,866,450	87	\$12,751,988	163	\$9,112,715	239	\$3,187,966
12	\$14,906,600	88	\$12,685,478	164	\$9,023,565	240	\$3,064,964
13	\$14,946,750	89	\$12,618,635	165	\$8,933,968	241	\$2,941,348
14	\$14,986,900	90	\$12,551,458	166	\$8,843,924	242	\$2,817,114
15	\$15,579,800	91	\$12,483,945	167	\$8,753,429	243	\$2,692,258
16	\$15,622,700	92	\$12,416,095	168	\$8,662,482	244	\$2,566,779
17	\$16,450,155	93	\$12,347,905	169	\$8,571,081	245	\$2,440,671
18	\$16,475,705	94	\$12,279,375	170	\$8,479,222	246	\$2,313,934
19	\$16,475,705	95	\$12,210,502	171	\$8,386,904	247	\$2,186,562
20	\$16,483,005	96	\$12,141,284	172	\$8,294,124	248	\$2,058,554
21	\$16,483,005	97	\$12,071,720	173	\$8,200,880	249	\$1,929,906
22	\$16,435,150	98	\$12,001,809	174	\$8,107,171	250	\$1,800,614
23	\$16,387,056	99	\$12,574,647	175	\$8,012,992	251	\$1,670,676
24	\$16,338,721	100	\$12,504,035	176	\$7,918,343	252	\$1,540,089
25	\$16,290,145	101	\$13,474,250	177	\$7,823,221	253	\$1,408,848
26	\$16,241,325	102	\$13,402,929	178	\$7,727,623	254	
27	\$16,192,262	103	\$13,331,253	179	\$7,631,546	255	\$0
28	\$16,142,953	104	\$13,259,215	180	\$7,534,990	256	\$0
29	\$16,093,398	105	\$13,186,821	181	\$7,437,951	257	\$0
30	\$16,043,595	106	\$13,118,933	182	\$7,340,426	258	\$0
31	\$15,993,543	107	\$13,050,706	183	\$7,995,963	259	\$0
32	\$15,943,240	108	\$12,982,138	184	\$7,897,461	260	\$0
33	\$15,892,686	109	\$12,913,227	185	\$9,018,536	261	\$0
34	\$15,841,880	110	\$12,843,972	186	\$8,919,047	262	\$0
35	\$15,790,819	111	\$12,774,370	187	\$8,819,060	263	\$0
36	\$15,739,503	112	\$12,704,421	188	\$8,718,571	264	\$0
37	\$15,687,930	113	\$12,634,121	189	\$8,617,582	265	\$0
38	\$15,636,100	114	\$12,563,470	190	\$8,521,729	266	\$0
39	\$15,584,011	115	\$12,492,466	191	\$8,425,397	267	\$0
40	\$15,531,660	116	\$12,421,107	192	\$8,328,583	268	\$0
41	\$15,479,049	117	\$12,349,391	193	\$8,231,284	269	\$0
42	\$15,426,174	118	\$12,277,316	194	\$8,133,500	270	\$0
43	\$15,373,035	119	\$12,404,881	195	\$8,035,226	271	\$0
44	\$15,319,630	120	\$12,132,084	196	\$7,936,461	272	\$0
45	\$15,265,958	121	\$12,058,923	197	\$7,837,203	273	\$0
46	\$15,212,018	122	\$11,985,396	198	\$7,737,448	274	\$0
47	\$15,157,808	123	\$11,911,501	199	\$7,637,194	275	\$0
48	\$15,103,327	124	\$11,837,237	200	\$7,536,439	276	\$0
49	\$15,048,573	125	\$11,762,602	201	\$7,435,180	277	\$0
50	\$14,993,546	126	\$11,687,593	202	\$7,333,415	278	\$0
51	\$14,938,224	127	\$11,612,210	203	\$7,231,141	279	\$0
52	\$14,882,665	128	\$11,536,449	204	\$7,128,355	280	\$0
53	\$14,826,808	129	\$11,460,310	205	\$7,025,056	281	\$0
54	\$14,770,672	130	\$11,383,790	206	\$6,921,240	282	\$0
55	\$14,714,255	131	\$11,306,887	207	\$6,816,906	283	\$0
56	\$14,657,557	132	\$11,229,600	208	\$6,712,049	284	\$0
57	\$14,600,574	133	\$11,151,927	209	\$6,606,668	285	\$0
58	\$14,543,307	134	\$11,073,865	210	\$6,500,761	286	\$0
59	\$14,485,753	135	\$10,995,412	211	\$6,394,323	287	\$0
60	\$14,427,912	136	\$10,916,568	212	\$6,287,354	288	\$0
61	\$14,369,782	137	\$11,286,564	213	\$6,179,850	289	\$0
62	\$14,311,361	138	\$11,206,929	214	\$6,071,808	290	\$0
63	\$14,252,647	139	\$11,126,896	215	\$5,963,226	291	\$0
64	\$14,193,640	140	\$11,046,462	216	\$5,854,101	292	\$0
65	\$14,134,339	141	\$10,965,627	217	\$5,744,430	293	\$0
66	\$14,074,740	142	\$10,885,741	218	\$5,634,211	294	\$0
67	\$14,014,844	143	\$10,805,455	219	\$5,523,441	295	\$0
68	\$13,954,648	144	\$10,724,768	220	\$5,412,118	296	\$0
69	\$13,894,151	145	\$10,643,678	221	\$5,300,237	297	\$0
70	\$13,833,352	146	\$10,562,182	222	\$5,187,797	298	\$0
71	\$13,772,248	147	\$10,480,279	223	\$5,074,795	299	\$0
72	\$13,710,840	148	\$10,397,966	224	\$4,961,228	300	\$0
73	\$13,649,124	149	\$10,315,242	225	\$4,847,093		
74	\$13,587,009	150	\$10,232,104	226	\$4,732,388		
75	\$13,524,765	151	\$10,148,550	227	\$4,617,109		
76	\$13,462,118	152	\$10,064,579	228	\$4,501,253		

(a) Full amount is due regardless of the day of the month in which the termination occurs.  
(b) Month "1" is the month in which the **MTS-1 Notice to Proceed Date** occurs.

**APPENDIX 16**  
**SEMIANNUAL AND ANNUAL RECONCILIATION**



## APPENDIX 16

### SEMIANNUAL AND ANNUAL RECONCILIATION

#### Part 1

#### **Adjustments for Deviation From Designated Waste Allocation Governing Principles**

This Part I sets forth the adjustments to the Service Fee that will be made twice during any Contract Year if actual deliveries of DSNY-managed Waste to the Marine Transfer Stations are disposed of by the Company at final disposal sites that deviate from that prescribed in the Designated Waste Allocation. Note that at the beginning of each Contract Year, there will be an assumed Designated Waste Allocation determined as set forth in paragraph 1 below. For any Contract Year, this Designated Waste Allocation that has been assumed for purposes of monthly billing will be adjusted retrospectively at the end of the First Semiannual Period and at the end of such Contract Year to reflect what it should be based on actual Tons of DSNY-managed Waste delivered by the City to the Company. The applicable percentages of Tons of DSNY-managed Waste to be delivered to each Designated Disposal Site for such Contract Year shall be those percentages determined in accordance with Section 8.9 of the Service Contract.

1. Assumptions to be Used in Monthly Billing Statements Relating to Designated Waste Allocation and All-in Variable Costs

During each Contract Year, with respect to Monthly Billing Statements, the Company will prepare Billing Statements assuming the following:

- (a) The total Tons of DSNY-managed Waste that will be delivered in the current Contract Year will be the same as in the preceding Contract Year.
- (b) As a consequence of the assumption in item (a) above, the Designated Waste Allocation during the current Contract Year will be the same as it was during the preceding Contract Year.
- (c) The Designated Waste Allocations are as set forth in subsection 8.9(A) and Section 11.26 and are based on the assumed deliveries.
- (d) The All-in Variable Cost for all Designated Disposal Sites will be determined assuming deliveries in accordance with the assumed Designated Waste Allocation.

Monthly Billing Statements prepared using the assumptions set forth above are referred to as the "Unadjusted Billing Statements".

2. Adjustment of Designated Waste Allocation and All-in Variable Costs at End of Each First Semiannual Period and End of Each Contract Year

Following the end of each First Semiannual Period and the end of each Contract Year, the Designated Waste Allocation for that Contract Year will be adjusted, if necessary, based on actual total Tons of DSNY-managed Waste that were delivered by DSNY to the Marine Transfer Stations during that Contract Year. (In the case of a First Semiannual Period, the adjustment shall be based on the projection of actual Tons of DSNY-managed Waste delivered by the end of the Contract Year, assuming equal deliveries in the first half and the second half of the Contract Year.)

### 3. Reconciliations

If during the course of a Contract Year actual deliveries of Loaded Containers and Tons by the Company to Authorized Disposal Sites (deliveries measured based on Loaded Containers received by the Company at the Marine Transfer Stations during the Contract Year; delivery location determined when delivery actually occurs, regardless of Contract Year; Tons are calculated based on the average density of the Loaded Containers received by the Company at the Marine Transfer Stations during the Contract Year) deviates from that set forth in the Designated Waste Allocation, certain adjustments to the All-in Variable Cost portion of the Service Fee may be required. The following rules govern the adjustments to the All-in Variable Cost portion of the Service Fee and, if applicable, the Fixed Uncontrollable Circumstance Costs. These adjustments occur once following the end of the First Semiannual Period and again following the end of the Contract Year (although by agreement of the parties the reconciliation following the end of the First Semiannual Period may be waived). The first reconciliation (following the end of the First Semiannual Period) shall be for all Loaded Containers delivered by the City during such period (the "Semiannual Reconciliation"). The second reconciliation (following the end of the Contract Year (the "Annual Reconciliation")) shall cover the entire Contract Year, and shall adjust for payments made following the completion of the first reconciliation. Deviations from the Designated Waste Allocation may result from either Voluntary Diversions or Forced Diversions.

*General Rule for Voluntary Diversions.* With respect to a Contract Year, for Loaded Containers that are treated as being delivered to a disposal site due to a Voluntary Diversion ("Voluntary Diversion Containers"), the City will pay an All-in Variable Cost determined based on the lesser of (i) the All-in Variable Cost for all Loaded Containers delivered by the City during the applicable reconciliation period and (ii) what the All-in Variable Cost for all Loaded Containers delivered by the City during the applicable reconciliation period would have been had all such Containers been delivered in accordance with the Designated Waste Allocation Methodology. Subject to the paragraph below dealing with the aggregating of Voluntary Diversions and Forced Diversions, the City shall never pay a higher All-in Variable Cost for any Container delivered to any disposal site due to a Voluntary Diversion than it would have paid had each such Container been delivered in compliance with the Designated Waste Allocation.

*General Rule for Forced Diversions.* With respect to a Contract Year, for Loaded Containers that are treated as being delivered to a disposal site due to a Forced Diversion ("Forced Diversion Containers"), the City will pay an All-in Variable Cost determined based on the All-in Variable Cost applicable to the disposal site actually used for such Forced Diversion Containers, whether greater than or less than the All-in Variable Cost that would have been paid assuming conformity with the Designated Waste Allocation. Subject to the paragraph below dealing with the aggregating of Voluntary Diversions and Forced Diversions, the City may pay either a higher or lower All-in Variable Cost for any Forced Diversion Container than it would have paid had each such Container been delivered in compliance with the Designated Waste Allocation.

*Rule for Aggregating Voluntary Diversions and Forced Diversions.* With respect to a Contract Year, the Annual Reconciliation for Voluntary Diversions and Forced Diversions shall initially be done as a single calculation, comparing (i) the aggregate of the All-in Variable Costs for all disposal sites based on actual deliveries by the Company of the Loaded Containers to those sites and (ii) what the aggregate of the All-in Variable Costs would have been had the Loaded Containers been delivered to the Designated Disposal Sites in accordance with the Designated Waste Allocation. Both Voluntary Diversions and Forced Diversions shall be included in the calculation referred to in clause (i) of the preceding sentence.

If with respect to a reconciliation period (i) the aggregate of the All-in Variable Costs for all disposal sites based on actual deliveries by the Company of the Loaded Containers to those

sites is less than (ii) the aggregate of the All-in Variable Costs that the City would pay if the Loaded Containers had been delivered to the Designated Disposal Sites in accordance with the Designated Waste Allocation, the City will be entitled to the difference between the two.

If with respect to a reconciliation period (i) the aggregate of the All-in Variable Costs for all disposal sites based on actual deliveries by the Company of the Loaded Containers to those sites is greater than (ii) the aggregate of the All-in Variable Costs that the City would pay if the Loaded Containers had been delivered to the Designated Disposal Sites in accordance with the Designated Waste Allocation, if and to the extent such greater amount is due to the increased cost of Forced Diversion Containers, the Company will be entitled to such greater amount. The methodology for determining and calculating the greater amount that the City will pay is set forth in the examples that follow in this Appendix 16.

4. Forced Diversions due to Uncontrollable Circumstances

- (a) Until an Event Response Measure is agreed upon, deviations from the Designated Waste Allocation caused by an Uncontrollable Circumstance shall be treated as a Forced Diversion.
- (b) Following agreement upon an Event Response Measure, the treatment of deviations from the Designated Waste Allocation caused by an Uncontrollable Circumstance in effect prior to the Event Response Measure will be determined as set forth in the Event Response Measure. An Event Response Measure may provide for an adjustment in the Designated Waste Allocation to take into account the effects of the Uncontrollable Circumstance (which can result in a change in the Designated Waste Allocation during the course of the Contract Year), an adjustment in the payment provisions based on Cost Substantiation, or a combination of these and other responses. Such adjustments shall be set forth in the Event Response Measure.

5. Cost Adjustments for Periods of Reduced Container Deliveries

(1) If during the applicable reconciliation period there has been a Period of Reduced Container Deliveries, to the extent the Linehaul Carrier bills the Company at the merchandise rate set forth in the Linehaul Carrier Subcontract (the "Applicable Merchandise Train Rate") rather than at the unit train rate set forth in Section 11.20 for Railcars going to either the Niagara RRT Intermodal Facility or the Delaware Rail Receiving Site (the "Applicable Unit Train Rate"), the provisions of this clause shall apply. At the end of each reconciliation period, there shall be a reconciliation of monthly amounts billed pursuant to Monthly Billing Statements during the applicable period with the amounts recalculated as set forth in this paragraph using the Applicable Merchandise Rate. Any overpayment by the City shall be a credit on the Billing Period invoice following such reconciliation, and any underpayment by the City shall be an addition to the Billing Period invoice following such reconciliation, in each case as an Extraordinary Items Component. No adjustment shall be made for Railcars going to the Lee County Landfill. For the applicable reconciliation period, the Company shall determine the Period of Reduced Container Deliveries applicable during such period.

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## Part II

### Reconciliation Examples

The examples in this Appendix 16 are presented to illustrate the methods and procedures used to determine the Semiannual Reconciliation and Annual Reconciliations of the Service Fee and are not calculations of the actual Service Fee and do not reflect any specific Contract Year. The Tables referred to herein are provided in Exhibit A at the end of this Appendix. The Service Fee unit costs and examples illustrating how the tables in Exhibit A were developed are provided in Exhibit B at the end of this Appendix.

When referring to the current Contract Year in the Annual Reconciliation examples it means the just completed Contract Year, and the prior Contract Year means the Contract Year prior to the just completed Contract Year.

#### 16.1 All-in Variable Cost

SECTION 1.2. The All-in Variable Cost (expressed in dollars) calculated over the applicable period (e.g., Monthly Billing Period, First Semiannual Period, full Contract Year) are:

- (1) For Loaded Containers and Tons delivered to the Niagara Resource Recovery Facility (sometimes referred to as “Niagara” or the “Niagara Facility”) the sum of:
  - (a) Rail Transport Variable Operating Component applicable to the Niagara Resource Recovery Facility;
  - (b) Rail Fuel Surcharge Variable Operating Component applicable to the Niagara Resource Recovery Facility;
  - (c) Niagara Truck Fuel Variable Operating Cost Component;
  - (d) Disposal Variable Component applicable to the Niagara Resource Recovery Facility
  - (e) Any Variable Uncontrollable Circumstance Costs related to the Niagara Resource Recovery Facility; and
  - (f) For purposes of the reconciliation only, any Fixed Uncontrollable Circumstance Cost related to the Niagara Resource Recovery Facility (the method for converting this fixed cost to a variable cost is described below).
- (2) For Loaded Containers and Tons delivered to the Delaware Valley Resource Recovery Facility (sometimes referred to as “Delaware” or the “Delaware Facility”) the sum of:
  - (a) Rail Transportation Variable Operating Component applicable to the Delaware Valley Resource Recovery Facility;
  - (b) Rail Fuel Surcharge Variable Operating Component applicable to the Delaware Valley Resource Recovery Facility;(c) Delaware Truck Fuel Variable Operating Cost Component;

- (c) Disposal Variable Component applicable to the Delaware Valley Resource Recovery Facility;
  - (d) Any Variable Uncontrollable Circumstance Costs related to the Delaware Valley Resource Recovery Facility; and
  - (e) For purposes of the reconciliation only, any Fixed Uncontrollable Circumstance Cost related to the Delaware Valley Resource Recovery Facility (the method for converting this fixed cost to a variable cost is described below).
- (3) For Loaded Containers and Tons delivered to the Lee County Landfill (sometimes referred to as “Lee County”) the sum of:
- (a) Rail Transportation Variable Component applicable to the Lee County Landfill;
  - (b) Rail Fuel Surcharge Variable Component applicable to the Lee County Landfill;
  - (c) Disposal Variable Component applicable to the Lee County Landfill;
  - (d) Any Variable Uncontrollable Circumstance Costs related to the Lee County Landfill; and
  - (e) For purposes of the reconciliation only, any Fixed Uncontrollable Circumstance Costs related to the Lee County Landfill.
- (4) The All-in Variable Cost for any Authorized Disposal Site, or group of Authorized Disposal Sites, for a specific time period (e.g., Monthly Billing Period, First Semiannual Period, full Contract Year) is equal to the All-in Variable Cost for the Authorized Disposal Site, or sum of the All-in Variable Costs for a group of Authorized Disposal Sites, as applicable, over the specific time period.

The Marine Diesel Fuel Variable Cost Component, the Unified Variable Cost Component, and the NYCT Variable Operating Cost Component are not included in the calculation of the All-in Variable Cost because they are applicable to all Loaded Containers, regardless of destination.

Note: For purposes of this Appendix, references to Tons or Containers delivered by the City assumes that such Tons or Containers were received and accepted by the Company and was not Wrongfully Rejected Waste. Tons refers to Tons of DSNY-managed Waste. Containers refers to Loaded Containers.

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## 16.2 Reconciliation Protocol

Use of the Reconciliation Worksheet (Worksheet) below should be used when calculating the reconciliation amount.

Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)		
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).		
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$0.00
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$0.00	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	\$0.00	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.		
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.		
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.		
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	\$0.00	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$0.00	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		\$0.00
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		\$0.00
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		\$0.00

When conducting the semiannual or Annual Reconciliation the following steps shall be followed:

*Step 1: Calculate the All-in Variable Cost Based on Unadjusted Designated Waste Allocation*

Prepare a summary table of the monthly amounts billed during the Contract Year based on the Unadjusted Billing Statements. (Note: the Unadjusted Billing Statements use the assumptions set forth in Section 11.26 of the Service Contract, including assumed Tons delivered based on the prior Contract Year's actual deliveries and a Designated Waste Allocation for the Contract Year based on such assumption.) See the examples in this Appendix for the form of the summary table. (For other Authorized Disposal Sites, there may be variable operating costs that are not included the example summary table that need to be added to the summary table, e.g., truck fuel VOC, as applicable.) For the reconciliation following the First Semiannual Period and the Annual Reconciliation, as applicable, calculate the All-In Variable Costs based on the data in the Unadjusted Billing Statements.

Enter this All-in-Variable Cost in Column A of Line 1 of the Worksheet and proceed to the next step. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)

*Step 2: Calculate the All-in Variable Cost Based on the Adjusted Designated Waste Allocation*

Step 2 adjusts (i) the Designated Waste Allocation to reflect differences in the total tonnage delivered during the prior and current Contract Years; and (ii) any resulting change in the All-in Variable Cost that is based solely on such change in the Designated Waste Allocation. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.) Step 2 does not consider where the Containers were actually delivered.

*Semiannual Reconciliation*

If the annual tonnage of the prior Contract Year was less than or equal to 1,000,000 Tons and the tonnage delivered by the City during the First Semiannual Period of the current Contract Year is less than or equal to 500,000 Tons, then no adjustment of the Designated Waste Allocation is needed and the Step 2 Table is the same as the Step 1 Table. Therefore, the Step 2 All-in Variable Cost is the same as the Step 1 All-in Variable Cost. In this case, enter the Step 2 All-in Variable Cost in Column A of Line 2 of the Worksheet and go to Step 3. Otherwise continue as follows:

Recalculate the Designated Waste Allocation for the current First Semiannual Period assuming the annual current tonnage will be equal to two (2) times the actual tonnage delivered by the City during the current Semiannual Period. Modify the Step 1 Table based on this recalculated Designated Waste Allocation. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.) This is the Step 2 Table.

Calculate the Step 2 All-in Variable Costs for the First Semiannual Period and enter the Step 2 All-in Variable Cost in Column A of Line 2 of the Worksheet and proceed to Step 3.

### *Annual Reconciliation*

If the annual tonnage of the prior Contract Year was less than or equal to 1,000,000 Tons and the tonnage delivered by the City during the current Contract Year is less than or equal to 1,000,000 Tons, then no adjustment of the Designated Waste Allocation is needed and the Step 2 Table is the same as the Step 1 Table. Therefore, the Step 2 All-in Variable Cost is the same as the Step 1 All-in Variable Cost. In this case, enter the Step 2 All-in Variable Cost in Column A of Line 2 of the Worksheet and go to Step 3. Otherwise continue as follows:

Recalculate the Designated Waste Allocation for the current Contract Year based on the actual annual tonnage delivered by the City. Modify the Step 1 Table based on this recalculated Designated Waste Allocation. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.) This is the Step 2 Table.

Calculate the Step 2 All-in Variable Costs for the full Contract Year and enter the Step 2 All-in Variable Cost in Column A of Line 2 of the Worksheet and proceed to Step 3.

#### *Step 3: Calculate the Difference Between the Step 1 and Step 2 All-in Variable Costs*

Subtract Line 2, Column A of the Worksheet from Line 1, Column A of the Worksheet and enter this amount in Column B of Line 3 of the Worksheet. (This is the difference between (a) the All-in Variable Cost calculated in Step 1, as the minuend, and (b) the All-in Variable Cost calculated in Step 2, as the subtrahend.) This number may be positive or negative.

If positive, it represents an amount to be treated as an overpayment by the City for purposes of the Semiannual Reconciliation and Annual Reconciliation process, as applicable. If negative, it represents an amount to be treated as an underpayment by the City for purposes of the Semiannual Reconciliation and Annual Reconciliation process, as applicable.

Proceed to the next step.

#### *Step 4: Calculate the All-in Variable Costs Based on Actual Waste Deliveries*

Prepare a summary table of what monthly Billing Statements would have been if billing reflected the actual number of Containers and Tons delivered to each of the Designated Disposal Sites and Designated Alternate Disposal Sites in the current Contract Year, regardless of the Designated Waste Allocation. Include the calculated fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site. For each month the Fixed UCC Cost Per Container for a Designated Disposal Site is the monthly Fixed UCC cost allocated to the City that is applicable for that site divided by the number of Containers allocated to that site based on the Designated Waste Allocation, i.e., the monthly Fixed UCC cost for that site in the Step 2 Table divided by the number of Containers allocated to that site in the Step 2 Table. For example, if for a particular month the Fixed UCC Cost at a Designated Disposal Site is \$50,000, and under the applicable Designated Waste Allocation the Company would deliver 50% of the accepted Loaded Containers to such site, and if the Company accepted 1,000 Loaded Containers during that month, the Fixed UCC Cost Per Container at that site for that month would be \$50,000 divided by the product of (i) 1,000 Loaded Containers and (ii) 0.5, or \$100 per Loaded Container. If the Company accepted only 500 Loaded Containers during the applicable month, the Fixed UCC Cost Per Container would be \$50,000 divided by the product of (i) 500 Loaded Containers and (ii) 0.5, or \$200 per Loaded Container. Note that for a Designated Disposal Site the fixed UCC cost allocated to the City remains constant every month, but the per-Container fixed UCC cost will vary monthly based on the number of Containers allocated to that site.



For a Designated Disposal Site, the fixed UCC cost calculated in this Step 4 is equal to the products of the per-Container fixed UCC cost for that site and the actual number of Containers delivered to that site, provided, however, that for any month the fixed UCC cost so calculated cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.

This summary reflects what is referred to as the Cost Adjusted Billing Statements in subsection 11.25(B) of the Service Contract. See the examples below for the form of the summary table.

Calculate the All-in Variable Cost for the period using this table. Enter the Step 4 All-in-Variable Cost in Column A of Line 4 of the Worksheet and proceed to the next step.

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

Subtract Line 4, Column A of the Worksheet from Line 2, Column A of the Worksheet and enter this amount in Column A of Line 5 of the Worksheet. (This is the difference between (a) the All-in Variable Cost calculated in Step 2, as the minuend, which is based on the adjusted Designated Waste Allocation and (b) the All-in Variable Cost calculated in Step 4, as the subtrahend, which is based on the actual waste deliveries.) This number may be positive or negative. Proceed to the next step.

Step 6: Determine if Forced Diversions May Need to be Analyzed

If the value in Line 5, Column A is greater than or equal to zero (i.e., it's zero or a positive number), then enter it in Column B of this Line 6, and then skip to Step 13. In this case, a separate analysis of Forced Diversions, if any, does not need to be conducted. This positive value represents an amount to be treated as an overpayment by the City for purposes of the Semiannual Reconciliation and Annual Reconciliation process, as applicable.

If the value in Line 5, Column A less than zero (i.e., it's a negative number) and there were no Forced Diversions during the period enter zero in Column B of Line 6 of the Worksheet and then proceed to Step 13.

If the value in Line 5, Column A less than zero (i.e., it's a negative number) and there were Forced Diversions during the period enter zero in Column B of Line 6 of the Worksheet and then proceed to Step 7.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

If the value in Line 6, Column A of the Worksheet is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of Line 7 of the Worksheet. This is the absolute value of this amount

Proceed to the next step.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

Prepare a separate summary table of all the Forced Diversions included in the Step 2 Table. Include the monthly fixed UCC cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site). All Containers sent to an Authorized Disposal Site during a month because of Forced Diversions shall be treated as a single Forced Diversion.

Calculate the All-in Variable Cost, based on the adjusted Designated Waste Allocation, of these Forced Diversions. See the examples below for the form of these summary tables.

Enter the All-in Variable Costs calculated in this step on Line 8, Column A of the Worksheet and proceed to the next step.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

Prepare a separate summary table of all the Forced Diversions included in the Step 3 Table. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site. For each Forced Diversion, all Containers sent to an Authorized Disposal Site during a month shall be treated as a single Forced Diversion.

Calculate the All-in Variable Cost that the Company would have received if it was based on the actual waste deliveries, of these Forced Diversions. See the examples below for the form of these summary tables.

Enter the All-in Variable Costs calculated in this step on Line 9, Column A of the Worksheet and proceed to the next step.

Step 10: Calculate the Incremental Cost of the Forced Diversions

The incremental Cost of the Forced Diversions is equal to the difference between (a) the All-in Variable Cost calculated in Step 8, as the minuend, and (b) the All-in Variable Cost calculated in Step 9, as the subtrahend.

This is calculated by Subtract Line 9, Column A of the Worksheet from Line 8, Column A of the Worksheet. This value may be positive or negative.

Enter this value on Line 10, Column A of the Worksheet and proceed to the next step.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

If the Incremental Cost of the Forced Diversions (i.e., the value on Line 10, Column A of the Worksheet) is greater than or equal to zero, then enter zero in Column A of this Line 11. If the Incremental Cost of the Forced Diversions (i.e., the value on Line 10, Column A of the Worksheet) is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.

Step 12: Determine the Forced Diversion Adjustment

Determine the smaller of Line 7, Column A and Line 11, Column A. This value is always greater than or equal to zero.

Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12. This value is always less than or equal to zero.

Step 13: Calculate the Reconciliation Amount

The reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet. Enter this amount on Line 13, Column B of the Worksheet.

If positive, it represents an amount to be treated as an overpayment by the City for purposes of the Semiannual Reconciliation and Annual Reconciliation process, as applicable. If negative, it represents an amount to be treated as an underpayment by the City for purposes of the Semiannual Reconciliation and Annual Reconciliation process, as applicable.

Proceed to the next step.

Step 14: Enter the Semiannual Reconciliation Payment Amount

For the Semiannual Reconciliation enter zero on Line 14, Column B of the Worksheet.

For the Annual Reconciliation enter the Semiannual Reconciliation amount, if any, in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Amount

For the Annual Reconciliation, adjust the Reconciliation Amount for the amount paid during the Semiannual Reconciliation where:

Net Annual Reconciliation amount equals the Annual Reconciliation amount minus the Semiannual Reconciliation amount.

This is calculated by subtracting Line 14 of Column B from Line 13 of Column B.

Enter this amount on Line 15, Column B of the Worksheet. This can be a positive or negative number.

If positive, it represents an amount to be treated as an overpayment by the City for purposes of the Semiannual Reconciliation and Annual Reconciliation process, as applicable. If negative, it represents an amount to be treated as an underpayment by the City for purposes of the Semiannual Reconciliation and Annual Reconciliation process, as applicable.

## **16.3 Examples**

### 16.3.1 Example 1

Example 1 illustrates how the Annual Reconciliation is performed when less than 1,000,000 Tons were delivered by the City in both the prior and current Contract Years and deliveries to Niagara and Delaware vary from the 50/50 split with more, on average, going to the less expensive site in the First Semiannual Period and more, on average, going to the more expensive site for the entire Contract Year. This example also illustrates a Semiannual Reconciliation conducted after the end of the First Semiannual Period.

#### 16.3.1.1 Example 1 Assumptions

For this example it is assumed that:

- The City delivered and the Company accepted 40,416 Containers, and the City delivered 743,654.00 Tons of DSNY-managed Waste to the MTSs during the current Contract Year;

- Less than one million Tons of DSNY-managed Waste was delivered by the City to the MTSs in the prior Contract Year;
- The Company delivered 10,848 Containers (approximately 52.47% of the semiannual total) during the first 6 months of the current Contract Year and 22,457 Containers (approximately 55.56%) during the entire Contract Year to the Niagara Resource Recovery Facility;
- The Company delivered 9,825 Containers (approximately 47.53%) during the first 6 months of the Contract Year and 17,959.0 Containers (approximately 44.44%) during the entire Contract Year to the Delaware Valley Resource Recovery Facility;
- The Company did not deliver any Containers to the Lee County Landfill;
- The Company did not deliver any Containers to any other Authorized Disposal Site;
- There were no Variable or Fixed Uncontrollable Circumstance Costs; and
- There were no Forced Diversions.

#### 16.3.1.2 Example 1 Semiannual Reconciliation

The Reconciliation Worksheet below was used to calculate the Semiannual Reconciliation amount for Example 1.

##### Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

For this example the Step 1 Table is Table 1A in Exhibit A. The All-in Variable Cost for Loaded Containers and waste delivered to the Niagara Resource Recovery Facility and the Delaware Valley Resource Recovery Facility, based on the unadjusted Designated Waste Allocation (50% of Containers and Tons going to Niagara and 50% of Containers and Tons going to Delaware) for the first six months of the Contract Year is equal to:

$$\$10,479,712.19 + \$10,482,749.00 = \$20,962,461.19,$$

which is the sum of the semiannual All-in Variable Costs for Niagara and Delaware, respectively.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

##### Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

Because the actual tonnage delivered during the First Semiannual Period of 376,662.73 is less than 500,000 Tons the adjusted Designated Waste Allocation is the same as the unadjusted Designated Waste Allocation (i.e., 50% of Containers and Tons going to Niagara and 50% of Containers and Tons going to Delaware) and the Step 2 Table is the same as the Step 1 Table and the All-in Variable Cost for Step 2 is the same as the Step 1 value, i.e., \$20,962,461.19.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$20,962,461.19 - \$20,962,461.19 = \$0.00.$$

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 1B in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$11,002,602.89 + \$9,959,828.80 = \$20,962,431.69,$$

which is the sum of the semiannual All-in Variable Costs of Containers and Tons actually delivered to Niagara and All-in Variable Costs of Containers and Tons actually delivered to Delaware.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

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**Example 1 Semiannual Reconciliation Worksheet**

Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$20,962,461.19	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$20,962,461.19	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$0.00
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$20,962,431.69	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	\$29.50	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$29.50
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.		
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.		
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.		
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.		
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.		
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		\$29.50
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		NA
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		NA

*Step 5: Calculate the Difference Between Step 2 and Step 4 All-in Variable Costs*

The difference between (a) the All-in Variable Costs calculated in Step 2, as the minuend, and (b) the All-in Variable Costs calculated in Step 4, as the subtrahend is:

$$\$20,962,461.19 - \$20,962,431.69 = \$29.50.$$

This amount is entered in Column A of Line 5 of the Worksheet.

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the \$29.50) entered in Line 5, Column A of the Worksheet is greater than or equal to zero, this amount is entered in Column B of Line 6 of the Worksheet.

Skip to Step 13.

In this case, a separate analysis of Forced Diversions, if any, does not need to be conducted.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

This Step is skipped in this example.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

This Step is skipped in this example.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

This Step is skipped in this example.

Step 10: Calculate the Incremental Cost of the Forced Diversions

This Step is skipped in this example.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

This Step is skipped in this example.

Step 12: Determine the Forced Diversion Adjustment

This Step is skipped in this example.

Step 13: Calculate the Reconciliation Amount

The Semiannual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$0.00 + \$29.50 + \$0.00 = \$29.50.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since this is an example of a Semiannual Reconciliation, Step 14 is not applicable.

Step 15: Calculate the Net Annual Reconciliation Amount

Since this is an example of a Semiannual Reconciliation, Step 15 is not applicable.

16.3.1.3 Example 1 Annual Reconciliation

The Reconciliation Worksheet below was used to calculate the Annual Reconciliation amount for Example 1.

Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

For this example the Step 1 Table is Table 1C in Exhibit A. The All-in Variable Costs for the Designated Waste Allocation for the Contract Year is equal to:

$$\$20,580,714.32 + \$20,584,836.25 = \$41,165,550.57,$$

which is the sum of the annual All-in Variable Costs to Niagara and Delaware, respectively.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

Because the actual tonnage delivered during the Contract Year of 743,654.00 is less than 1,000,000 Tons, the adjusted Designated Waste Allocation is the same as the unadjusted Designated Waste Allocation (i.e., 50% of Containers and Tons going to Niagara and 50% of Containers and Tons going to Delaware) and the Step 2 Table is the same as the Step 1 Table and the All-in Variable Cost for Step 2 is the same as the Step 1 value, i.e., \$41,165,550.57.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$41,165,550.57 - \$41,165,550.57 = \$0.00.$$

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 1D in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$22,872,447.51 + \$18,293,621.86 = \$41,166,069.37,$$

which is the sum of the annual All-in Variable Costs of Containers and Tons actually delivered to Niagara and All-in Variable Costs of Containers and Tons actually delivered to Delaware.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.



Example 1 Annual Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$41,165,550.57	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$41,165,550.57	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$0.00
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$41,166,069.37	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$518.80)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.		
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.		
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.		
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.		
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.		
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		\$0.00
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		\$0.00
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$29.50
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		(\$29.50)

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 2, as the minuend, and (b) the All-in Variable Costs calculated in Step 4, as the subtrahend is:

$$\$41,165,550.57 - \$41,166,069.37 = -\$518.80.$$

This amount is entered in Column A of Line 5 of the Worksheet.

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the -518.80) entered in Line 5, Column A of the Worksheet is less than zero, enter zero (i.e., \$0.00) in Column B of Line 6 of the Worksheet.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

Since, in this example, there are no Forced Diversions, skip to Step 13.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

This Step is skipped in this example.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

This Step is skipped in this example.

Step 10: Calculate the Incremental Cost of the Forced Diversions

This Step is skipped in this example.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

This Step is skipped in this example.

Step 12: Determine the Forced Diversion Adjustment

This Step is skipped in this example.

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$0.00 + \$0.00 + \$0.00 = \$0.00.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

The Semiannual Reconciliation amount is \$29.50, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Amount

The Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$\$0.00 - \$29.50 = -\$29.50.$$

This amount is entered on Line 15, Column B of the Worksheet.

Since this is a negative number the amount is treated as an underpayment by the City for purposes of the Annual Reconciliation.

That is, since the Company, in this example, does not owe the City any money at the end of the Contract Year, the City would reimburse the Company the \$29.50 that it received a credit for as part of the Semiannual Reconciliation.

16.3.2 Example 2

Example 2 illustrates how the Annual Reconciliation is performed when deliveries to Niagara and Delaware vary from the 50/50 split with more, on average, going to the more expensive site in the First Semiannual Period and more, on average, going to the less expensive site for the entire Contract Year. This example also illustrates a Semiannual Reconciliation.

16.3.2.1 Example 2 Assumptions

For this example it is assumed that:

- The City delivered and the Company accepted 40,416 Containers and the City delivered 743,654.00 Tons of DSNY-managed Waste to the MTSs during the current Contract Year;
- Less than one million Tons of DSNY-managed Waste was delivered by the City to the MTSs in the prior Contract Year;
- The Company delivered 9,695 Containers (approximately 46.90%) during the first 6 months of the current Contract Year and 18,369 Containers (approximately 45.45%) during the entire Contract Year to the Niagara Facility;
- The Company delivered 10,978 Containers (approximately 53.10%) during the first 6 months of the Contract Year and 22,047 Containers (approximately 54.55%) during the entire Contract Year to the Delaware Valley Resource Recovery Facility;
- The Company did not deliver any Containers to the Lee County Landfill;
- The Company did not deliver any Containers to any other Authorized Disposal Site;
- There were no Fixed or Variable Uncontrollable Circumstance Costs; and
- There were no Forced Diversions.

16.3.2.2 Example 2 Semiannual Reconciliation

The Reconciliation Worksheet below was used to calculate the Semiannual Reconciliation amount for Example 2.

Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

For this example the Step 1 Table is Table 2A in Exhibit A. The All-in Variable Cost for Loaded Containers and waste delivered to the Niagara Resource Recovery Facility and the Delaware Valley Resource Recovery Facility, based on the unadjusted Designated Waste Allocation (50% of Containers and Tons going to Niagara and 50% of Containers and Tons going to Delaware) for the first six months of the Contract Year is equal to:

$$\$10,479,712.19 + \$10,482,749.00 = \$20,962,461.19,$$

which is the sum of the semiannual All-in Variable Costs for Niagara and Delaware, respectively.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

Because the actual tonnage delivered during the First Semiannual Period of 376,662.73 is less than 500,000 Tons the adjusted Designated Waste Allocation is the same as the unadjusted Designated Waste Allocation (i.e., 50% of Containers and Tons going to Niagara and 50% of Containers and Tons going to Delaware) and the Step 2 Table is the same as the Step 1 Table and the All-in Variable Cost for Step 2 is the same as the Step 1 value, i.e., \$20,962,461.19.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$20,962,461.19 - \$20,962,461.19 = \$0.00.$$

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 2B in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$9,859,755.97 + \$11,103,016.55 = \$20,962,772.52,$$

which is the sum of the semiannual All-in Variable Costs of Containers and Tons actually delivered to Niagara and All-in Variable Costs of Containers and Tons actually delivered to Delaware.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 2, as the minuend, and (b) the All-in Variable Costs calculated in Step 4, as the subtrahend is:

$$\$20,962,461.19 - \$20,962,772.52 = -\$311.33.$$

This amount is entered in Column A of Line 5 of the Worksheet.

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Example 2 Semiannual Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$20,962,461.19	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2.	\$20,962,461.19	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$0.00
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$20,962,772.52	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$311.33)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.		
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.		
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.		
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	\$0.00	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$0.00	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		\$0.00
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		\$0.00
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		NA
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		NA

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the -311.33) entered in Line 5, Column A of the Worksheet is less than zero, enter zero (i.e., \$0.00) in Column B of Line 6 of the Worksheet.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

Since, in this example, there are no Forced Diversions, skip to Step 13.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

This Step is skipped in this example.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

This Step is skipped in this example.

Step 10: Calculate the Incremental Cost of the Forced Diversions

This Step is skipped in this example.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

This Step is skipped in this example.

Step 12: Determine the Forced Diversion Adjustment

This Step is skipped in this example.

Step 13: Calculate the Reconciliation Amount

The Semiannual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$0.00 + \$0.00 + \$0.00 = \$0.00.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since this is an example of a Semiannual Reconciliation, Step 14 is not applicable.

Step 15: Calculate the Net Annual Reconciliation Amount

Since this is an example of a Semiannual Reconciliation, Step 14 is not applicable.

16.3.2.3 Example 2 Annual Reconciliation

The Reconciliation Worksheet below was used to calculate the annual reconciliation amount for Example 2.

Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

For this example the Step 1 Table is Table 2C in Exhibit A. The All-in Variable Costs for the Designated Waste Allocation for the Contract Year is equal to:

$$\$20,580,714.32 + \$20,584,836.25 = \$41,165,550.57,$$

which is the sum of the annual All-in Variable Costs to Niagara and Delaware, respectively.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

Because the actual tonnage delivered during the Contract Year of 743,654.00 is less than 1,000,000 Tons the adjusted Designated Waste Allocation is the same as the unadjusted Designated Waste Allocation (i.e., 50% of Containers and Tons going to Niagara and 50% of Containers and Tons going to Delaware) and the Step 2 Table is the same as the Step 1 Table and the All-in Variable Cost for Step 2 is the same as the Step 1 value, i.e., \$41,165,550.57.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$41,165,550.57 - \$41,165,550.57 = \$0.00.$$

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 2D in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$18,741,045.76 + \$22,424,277.69 = \$41,165,323.45,$$

which is the sum of the annual All-in Variable Costs of Containers and Tons actually delivered to Niagara and All-in Variable Costs of Containers and Tons actually delivered to Delaware.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 2, as the minuend, and (b) the All-in Variable Costs calculated in Step 4, as the subtrahend is:

$$\$41,165,550.57 - \$41,165,323.45 = \$227.12.$$

This amount is entered in Column A of Line 5 of the Worksheet.



Example 2 Annual Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of Fucc applicable to each Designated Waste Disposal Site.)	\$41,165,550.57	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of Fucc applicable to each Designated Waste Disposal Site).	\$41,165,550.57	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$0.00
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$41,165,323.45	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	\$227.12	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$227.12
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.		
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.		
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.		
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	\$0.00	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$0.00	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		\$0.00
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		\$227.12
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		\$227.12

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the \$227.12) entered in Line 5, Column A of the Worksheet is greater than or equal to zero, this amount is entered in Column B of Line 6 of the Worksheet.

In this case, a separate analysis of Forced Diversions, if any, does not need to be conducted.

Skip to Step 13.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

This Step is skipped in this example.

Step 8: Calculate the All-in Variable Costs of All Forced Diversions based on the Adjusted Designated Waste Allocation

This Step is skipped in this example.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

This Step is skipped in this example.

Step 10: Calculate the Incremental Cost of the Forced Diversions

This Step is skipped in this example.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

This Step is skipped in this example.

Step 12: Determine the Forced Diversion Adjustment

This Step is skipped in this example.

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$0.00 + \$227.12 + \$0.00 = \$227.12.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

The Semiannual Reconciliation amount is \$0.00, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Amount

Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$\$227.12 - \$0.00 = \$227.12.$$

This amount is entered on Line 15, Column B of the Worksheet.

Since this is a positive number the amount is treated as an overpayment by the City for purposes of the Annual Reconciliation.

### 16.3.3 Example 3

#### 16.3.3.1 Example 3 Assumptions

Example 3A illustrates how to deal with Voluntary Diversions to Lee County when less than 1,000,000 Tons are delivered by the City in both the prior and current Contract Years. Example 3B illustrates how to deal with Forced Diversions to Lee County when less than 1,000,000 Tons are delivered by the City in both the prior and current Contract Years. For this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation. Therefore, only the Annual Reconciliation is shown. For this example it is assumed that:

- The City delivered and the Company accepted 40,416 Containers, and the City delivered 743,654.00 Tons of DSNY-managed Waste to the MTSs during the current Contract Year;
- Less than one million Tons of DSNY-managed Waste was delivered by the City to the MTSs in the prior Contract Year;
- The Company delivered 20,078 Containers, or approximately 49.68 % of the Containers, during the Contract Year to the Niagara Resource Recovery Facility;
- The Company delivered 20,016 Containers, or approximately 49.52% of the Containers, during the Contract Year to the Delaware Valley Resource Recovery Facility;
- The Company delivered 322 Containers, or approximately 0.80% of the Containers, to the Lee County Landfill in November of the current Contract Year;
- The Company did not deliver any Containers to any other Authorized Disposal Site; and
- There were no Fixed or Variable Uncontrollable Circumstance Costs.

#### 16.3.3.2 Example 3 Annual Reconciliation

##### 16.3.3.2.1 Example 3A Annual Reconciliation

Initially assume there were no Forced Diversions during the Contract Year.

The Reconciliation Worksheet below was used to calculate the annual reconciliation amount for Example 3A.

#### Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

For this example the Step 1 Table is Table 3A in Exhibit A. The All-in Variable Costs for the Designated Waste Allocation for the Contract Year is equal to:

$$\$20,580,714.32 + \$20,584,836.25 = \$41,165,550.57,$$

which is the sum of the annual All-in Variable Costs to Niagara and Delaware, respectively.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

Because the actual tonnage delivered during the Contract Year of 743,654.00 is less than 1,000,000 Tons, the adjusted Designated Waste Allocation is the same as the unadjusted Designated Waste Allocation (i.e., 50% of Containers and Tons going to Niagara and 50% of Containers and Tons going to Delaware) and the Step 2 Table is the same as the Step 1 Table and the All-in Variable Cost for Step 2 is the same as the Step 1 value, i.e., \$41,165,550.57.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$41,165,550.57 - \$41,165,550.57 = \$0.00.$$

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 3B in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$20,429,721.42 + \$20,419,587.40 + 374,613.61 = \$41,223,922.43,$$

which is the sum of the annual All-in Variable Costs of Containers and Tons actually delivered to Niagara, Delaware and Lee, respectively.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 2, as the minuend, and (b) the All-in Variable Costs calculated in Step 4, as the subtrahend is:

$$\$41,165,550.57 - \$41,223,922.43 = -\$58,371.86.$$

This amount is entered in Column A of Line 5 of the Worksheet.

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the -\$58,371.86) entered in Line 5, Column A of the Worksheet is less than zero, enter zero (i.e., \$0.00) in Column B of Line 6 of the Worksheet.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

Since, in this example, there are no Forced Diversions, skip to Step 13.

Example 3A Annual Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$41,165,550.57	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$41,165,550.57	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$0.00
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$41,223,922.43	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$58,371.86)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.		
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.		
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.		
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	\$0.00	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$0.00	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		\$0.00
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		\$0.00
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		\$0.00

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

This Step is skipped in this example.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

This Step is skipped in this example.

Step 10: Calculate the Incremental Cost of the Forced Diversions

This Step is skipped in this example.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

This Step is skipped in this example.

Step 12: Determine the Forced Diversion Adjustment

This Step is skipped in this example.

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$0.00 + \$0.00 + \$0.00 = \$0.00.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

The Semiannual Reconciliation amount is \$0.00, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Amount

The Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$\$0.00 - \$0.00 = \$0.00.$$

This amount is entered on Line 15, Column B of the Worksheet.

16.3.3.2.2 Example 3B Annual Reconciliation

The Reconciliation Worksheet below was used to calculate the Annual Reconciliation amount for Example 3B.

Example 3B is the same as Example 3A except it's assumed that the 322 Containers sent to Lee County in November resulted from a Forced Diversion.

In this case Steps 1 – 6 are unchanged. Steps 7 through 15 are as follows:

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

In this example there are Forced Diversions and the absolute value  $-\$58,371.86$  (i.e.,  $-\$58,371.86$  times  $-1$ ) is equal to  $\$58,371.86$ . This value is entered in Column A of Line 7 of the Worksheet.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

For this step, a separate table was prepared to calculate the All-in Variable Costs of the adjusted Designated Waste Allocation of the Forced Diversions. This reflects the amount paid by the City for these diverted Containers that is included in the Step 2 adjusted Designated Waste Allocation. The All-in Variable Cost for the Forced Diversions based on the adjusted Designated Waste Allocation of 50% to Niagara and 50% to Delaware is shown in Table 3C in Exhibit A.

As shown in Table 3C, the All-in Variable Costs for the adjusted Designated Waste Allocation for the Contract Year is equal to  $\$317,766.42$ , which is entered in Column A of Line 8 of the Worksheet.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

For this step, a separate table was prepared to calculate the All-in Variable Costs of the Forced Diversions based on the actual deliveries. The All-in Variable Cost for the Forced Diversions based on all the Diverted Containers being delivered to Lee County is shown in Table 3D in Exhibit A.

As shown in Table 3D, the All-in Variable Costs for the actual deliveries for the Contract Year is equal to  $\$374,613.61$ , which is entered in Column A of Line 9 of the Worksheet.

Step 10: Calculate the Incremental Cost of the Forced Diversions

The difference between (a) the All-in Variable Cost for the Forced Diversions based on 50% of the 322 diverted Containers going to Niagara and 50% going to Delaware, as the minuend, and (b) the All-in Variable Cost for all 322 Containers going to Lee County, as the subtrahend is:

$$\$317,766.42 - \$374,613.61 = -\$56,847.19.$$

This value was entered in Column A of Line 10 of the Worksheet.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

The absolute value  $-\$56,847.19$  (i.e.,  $-\$56,847.19$  times  $-1$ ) is equal to  $\$56,847.19$ . This value is entered in Column A of Line 11 of the Worksheet.

Example 3B Annual Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$41,165,550.57	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$41,165,550.57	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$0.00
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$41,223,922.43	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$58,371.86)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.	\$58,371.86	
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.	\$317,766.42	
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$374,613.61	
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	(\$56,847.19)	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$56,847.19	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		(\$56,847.19)
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		(\$56,847.19)
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		(\$56,847.19)

Step 12: Determine the Forced Diversion Adjustment

The smaller of the \$58,371.86 calculated in Step 7 and \$56,847.19 calculated in Step 11 is \$56,847.19. This value multiplied by -1, or -\$56,847.19 is entered in Column B of Line 12 of the Worksheet.



In this example, the City only pays for the full incremental cost of the Forced Diversions rather than the difference between the All-in Variable Cost based on the adjusted Designated Waste Allocation and the All-in Variable Cost based on the actual waste deliveries (as shown in Column A, Line 5 of the Worksheet) because the Company had voluntarily sent more waste to more expensive site(s).

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$0.00 + \$0.00 - \$56,847.19 = -\$56,847.19.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since in this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation, the Semiannual Reconciliation amount is \$0.00, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Payment Amount

The Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$-\$56,847.19 - \$0.00 = -\$56,847.19.$$

This amount is entered on Line 15, Column B of the Worksheet.

In this example, the incremental All-in Variable Cost of the Forced Diversions was \$58,371.86. This cost was partially offset because the Company had voluntarily diverted waste to less expensive sites during the Contract Year. The difference between the \$56,847.19 incremental All-in Variable Cost of the Forced Diversions calculated in Step 11 and \$58,371.86 value calculated in Step 7 (i.e., \$1,524.67) reflects the net savings from the Voluntary Diversions.

#### 16.3.4 Example 4

##### 16.3.4.1 Example 4 Assumptions

This example is an illustration of how to conduct the Annual Reconciliation when less than one million Tons was delivered in the prior Contract Year and more than one million Tons was delivered in the current Contract Year. For this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation. Therefore, only the Annual Reconciliation is shown. For this example it is assumed that:

- The City delivered and the Company accepted 54,078 Containers, and the City delivered 1,059,928.80 Tons of DSNY-managed Waste to the MTSSs, during current Contract Year;
- Less than one million Tons of DSNY-managed Waste was delivered to the MTSSs in the prior Contract Year;

- The Company delivered 23,451 Containers, or approximately 43.37% of the Containers, during the Contract Year to the Niagara Resource Recovery Facility;
- The Company delivered 26,489 Containers, or approximately 48.98% of the Containers, during the Contract Year to the Delaware Valley Resource Recovery Facility;
- The Company delivered 4,138 Containers, or approximately 7.65% of the Containers, during the Contract Year to the Lee County Landfill;
- The Company did not deliver any Containers to any other Authorized Disposal Site;
- There were no Fixed or Variable Uncontrollable Circumstance Costs; and
- There were no Forced Diversions.

#### 16.3.4.2 Example 4 Annual Reconciliation

The Reconciliation Worksheet below was used to calculate the Annual Reconciliation amount for Example 4.

##### Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

For this example the Step 1 Table is Table 4A in Exhibit A. The All-in Variable Costs for the Designated Waste Allocation for the Contract Year is equal to:

$$\$28,423,932.14 + \$28,429,337.71 = \$56,853,269.85,$$

which is the sum of the annual All-in Variable Costs to Niagara and Delaware, respectively.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

##### Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

Since in this example it is assumed that the prior Contract Year had less than 1,000,000 Tons and the current Contract Year had more than 1,000,000 Tons, the Designated Waste Allocation needs to be recalculated. The annual tonnage accepted in the current Contract Year is assumed to be 1,059,928.80 Tons.

Therefore, for the current Contact Year adjusted Designated Waste Allocation for Niagara and Delaware is:

$$500,000/1,059,928.80 = 0.4717297992, \text{ or } 47.17297992\%.$$

This value is rounded to ten decimal places.

Lee County adjusted Designated Waste Allocation is equal to:

$$[1 - (0.4717297992) \times 2] = 0.0565404016, \text{ or } 5.65404016\%.$$

This value is rounded to ten decimal places.

For this example the Step 2 Table is Table 4B in Exhibit A. The All-In-Variable Cost is equal to:

$$\$26,816,831.46 + \$26,821,931.38 + \$3,754,386.06 = \$57,393,148.90,$$

which is the sum of the annual All-in-Variable Costs to Niagara, Delaware, and Lee County, respectively assuming conformity with the adjusted Designated Waste Allocation.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

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Example 4 Annual Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$56,853,269.85	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$57,393,148.90	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		(\$539,879.05)
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$57,586,450.90	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$193,302.00)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.		
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.		
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.		
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	\$0.00	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$0.00	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		\$0.00
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		(\$539,879.05)
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		(\$539,879.05)

*Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs*

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$56,853,269.85 - \$57,393,148.90 = -\$539,879.05.$$

This amount represents an amount by which the City has underpaid the Company for purposes of the Annual Reconciliation.

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 4C in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$24,666,010.86 + \$27,863,888.73 + \$5,056,551.31 = \$57,586,450.90,$$

which is the sum of the annual All-in-Variable Costs of Containers and Tons actually delivered to Niagara, Delaware, and Lee County, respectively.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Cost from Step 2 Table (i.e., Table 4B in Exhibit A, as the minuend, and (b) the All-in Variable Cost from the Step 4 Table (i.e., Table 4C in Exhibit A), as the subtrahend is:

$$\$57,393,148.90 - \$57,586,450.90 = -\$193,302.00.$$

This amount is entered in Column A of Line 5 of the Worksheet.

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the -\$193,302.00) entered in Line 5, Column A of the Worksheet is less than zero, enter zero (i.e., \$0.00) in Column B of Line 6 of the Worksheet.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

Since, in this example, there are no Forced Diversions, skip to Step 13.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

This Step is skipped in this example.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

This Step is skipped in this example.

Step 10: Calculate the Incremental Cost of the Forced Diversions

This Step is skipped in this example.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

This Step is skipped in this example.

Step 12: Determine the Forced Diversion Adjustment

This Step is skipped in this example.

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$-\$539,879.05 + \$0.00 + \$0.00 = -\$539,879.05.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since in this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation, the Semiannual Reconciliation amount is \$0.00, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Amount

Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$-\$539,879.05 - \$0.00 = -\$539,879.05.$$

This amount is entered on Line 15, Column B of the Worksheet.

Since this is a negative number, this reconciliation amount is paid by the City to the Company.

16.3.5 Example 5

16.3.5.1 Example 5 Assumptions

This is an illustration of how to conduct the Annual Reconciliation when more than one million Tons were delivered in both the prior and current Contract Years but the total tonnage differed in each year. For this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation. Therefore, only the Annual Reconciliation is shown. For this example it is assumed that:

- The City delivered and the Company Accepted 54,078 Containers, containing 1,059,928.80 Tons of DSNY-managed Waste, during current Contract Year;
- 1,115,037.70 Tons of DSNY-managed Waste were delivered to the MTSs in the prior Contract Year;

- The Company delivered 26,864 Containers, or approximately 49.68% of the Containers, during the Contract Year to the Niagara Resource Recovery Facility;
- The Company delivered 26,489 Containers, or approximately 48.98% of the Containers, during the Contract Year to the Delaware Valley Resource Recovery Facility;
- The Company delivered 725 Containers, or approximately 1.34% of the Containers, during the Contract Year to the Lee County Landfill;
- The Company did not deliver any Containers to any other Authorized Disposal Sites;
- There were no Fixed or Variable Uncontrollable Circumstance Costs; and
- There were no Forced Diversions.

#### 16.3.5.2 Example 5 Annual Reconciliation

The Reconciliation Worksheet below was used to calculate the Annual Reconciliation amount for Example 5.

##### Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

Since in this example it is assumed that the prior Contract Year the City delivered 1,115,037.70 Tons, the unadjusted Designated Waste Allocation for Niagara and Delaware:

$$500,000/1,115,037.70 = 0.4484153316 \text{ (or 44.84153316\%).}$$

This value is rounded to ten decimal places.

Lee County unadjusted Designated Waste Allocation is equal to:

$$[1 - (0.4484153316) \times 2] = 0.1031693368, \text{ or } 10.31693368\%.$$

This value is rounded to ten decimal places.

For this example the Step 1 Table is Table 5A in Exhibit A. The All-in Variable Cost is equal to:

$$\$25,491,453.87 + \$25,496,301.78 + \$6,850,632.35 = \$57,838,388.00,$$

which is the sum of the annual All-in Variable Costs to Niagara, Delaware, and Lee County, respectively based on the unadjusted Designated Waste Allocation.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

##### Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

Since in this example it is assumed that the prior Contract Year had more than 1,000,000 Tons and the current Contract Year had more than 1,000,000 Tons, the Designated Waste Allocation needs to be recalculated. The annual tonnage accepted in the current Contract Year is assumed to be 1,059,928.80 Tons. Therefore, the current Contract Year Niagara and Delaware adjusted Designated Waste Allocation is:

$$500,000/1,059,928.80 = 0.4717297992, \text{ or } 47.17297992\%.$$

This value is rounded to ten decimal places.

Lee County adjusted Designated Waste Allocation is equal to:

$$[1 - (0.4717297992) \times 2] = 0.0565404016, \text{ or } 5.65404016\%.$$

This value is rounded to ten decimal places.

For this example the Step 2 Table is Table 5B in Exhibit A. The All-In-Variable Cost is equal to:

$$\$26,816,831.46 + \$26,821,931.38 + \$3,754,386.06 = \$57,393,148.90,$$

which is the sum of the annual All-in-Variable Costs to Niagara, Delaware, and Lee County, respectively assuming conformity with the Designated Waste Allocation.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$57,838,388.00 - \$57,393,148.90 = \$445,239.10.$$

This amount represents an amount by which the City has overpaid the Company for purposes of the Annual Reconciliation.

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 5C in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$28,229,652.03 + \$27,863,888.73 + \$890,396.20 = \$56,983,936.96,$$

which is the sum of the annual All-in-Variable Costs of Containers and Tons actually delivered to Niagara, Delaware, and Lee County, respectively.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Cost from Step 2 Table (i.e., Table 5B in Exhibit A, as the minuend, and (b) the All-in Variable Cost from the Step 4 Table (i.e., Table 5C in Exhibit A), as the subtrahend is:

$$\$57,393,148.90 - \$56,983,936.96 = \$409,211.94.$$



This amount is entered in Column A of Line 5 of the Worksheet.

Example 5 Annual Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$57,838,388.00	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$57,393,148.90	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$445,239.10
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$56,983,936.96	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	\$409,211.94	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$409,211.94
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.		
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.		
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.		
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	\$0.00	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$0.00	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		\$0.00
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		\$854,451.04
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		\$854,451.04

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the \$409,211.94) is a positive number, it was entered in Column B of Line 6 of the Worksheet.

This represent an overpayment made by the City to the Company.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

Since, in this example, there are no Forced Diversions, skip to Step 13.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

This Step is skipped in this example.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

This Step is skipped in this example.

Step 10: Calculate the Incremental Cost of the Forced Diversions

This Step is skipped in this example.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

This Step is skipped in this example.

Step 12: Determine the Forced Diversion Adjustment

This Step is skipped in this example.

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$445,239.10 + \$409,211.94 + \$0.00 = \$854,451.04.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since in this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation, the Semiannual Reconciliation amount is \$0.00, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Amount

Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$\$854,451.04 - \$0.00 = \$854,451.04.$$

This amount is entered on Line 15, Column B of the Worksheet.

Since this is a positive number, it will be included as a credit in the next Monthly Billing Statement in accordance with subsection 11.27(C) of the Service Contract.

### 16.3.6 Example 6

#### 16.3.6.1 Example 6 Assumptions

This is another example that illustrates how to conduct the Annual Reconciliation when more than one million Tons was delivered in both the prior and current Contract Years but the total tonnage differed in each year. In this example, however, the Company had Voluntary Diversions from Niagara and Delaware to Lee County, a more expensive option. For this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation. Therefore, only the Annual Reconciliation is shown. For this example it is assumed that:

- The City delivered and the Company Accepted 54,078 Containers, and the City delivered 1,059,928.80 Tons of DSNY-managed Waste to the MTSs during the current Contract Year;
- 1,115,037.70 Tons of DSNY-managed Waste was delivered to the MTSs in the prior Contract Year;
- The Company delivered 23,451 Containers, or approximately 43.37% of the Containers, during the Contract Year to the Niagara Resource Recovery Facility;
- The Company delivered 26,490 Containers, or approximately 48.98% of the Containers, during the Contract Year to the Delaware Valley Resource Recovery Facility;
- The Company delivered 4,137 Containers, or approximately 7.65% of the Containers, during the Contract Year to the Lee County Landfill;
- The Company did not deliver any Containers to any other Authorized Disposal Sites; and
- There were no Fixed or Variable Uncontrollable Circumstance Costs; and
- There were no Forced Diversions.

#### 16.3.6.2 Example 6 Annual Reconciliation

The Reconciliation Worksheet below was used to calculate the Annual Reconciliation amount for Example 6.

##### *Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation*

Since in this example it is assumed that the prior Contract Year the City delivered 1,115,037.70 Tons, the unadjusted Designated Waste Allocation for Niagara and Delaware:

$$500,000/1,115,037.70 = 0.4484153316, \text{ or } 44.84153316\%.$$

This value is rounded to ten decimal places.

Lee County unadjusted Designated Waste Allocation is equal to:

$$[1 - (0.4484153316) \times 2] = 0.1031693368, \text{ or } 10.31693368\%.$$

This value is rounded to ten decimal places.

For this example the Step 1 Table is Table 6A in Exhibit A. The All-in Variable Cost is equal to:

$$\$25,491,453.87 + \$25,496,301.78 + \$6,850,632.35 = \$57,838,388.00,$$

which is the sum of the annual All-in Variable Costs to Niagara, Delaware, and Lee County, respectively based on the unadjusted Designated Waste Allocation.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

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Example 6 Annual Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$57,838,388.00	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$57,393,148.90	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$445,239.10
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$57,586,257.71	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$193,108.81)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.		
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.		
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.		
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	\$0.00	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$0.00	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		\$0.00
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		\$445,239.10
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		\$445,239.10

Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

The annual tonnage accepted in the current Contract Year is assumed to be 1,059,928.80 Tons. Therefore, the current Contact Year Niagara and Delaware adjusted Designated Waste Allocation is:

$$500,000/1,059,928.80 = 0.4717297992, \text{ or } 47.17297992\%.$$

This value is rounded to ten decimal places.

Lee County adjusted Designated Waste Allocation is equal to:

$$[1 - (0.4717297992) \times 2] = 0.0565404016 \text{ (or } 5.65404016\%).$$

This value is rounded to ten decimal places.

For this example the Step 2 Table is Table 6B in Exhibit A. The All-In-Variable Cost is equal to:

$$\$26,816,831.46 + \$26,821,931.38 + \$3,754,386.06 = \$57,393,148.90,$$

which is the sum of the annual All-in-Variable Costs to Niagara, Delaware, and Lee County, respectively assuming conformity with the Designated Waste Allocation.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$57,838,388.00 - \$57,393,148.90 = \$445,239.10.$$

This amount represents an amount by which the City has overpaid the Company for purposes of the Annual Reconciliation.

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 6C in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$24,666,010.86 + \$27,864,934.33 + \$5,055,312.52 = \$57,586,257.71,$$

which is the sum of the annual All-in-Variable Costs of Containers and Tons actually delivered to Niagara, Delaware, and Lee County, respectively.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Cost from Step 2 Table (i.e., Table 6B in Exhibit A, as the minuend, and (b) the All-in Variable Cost from the Step 4 Table (i.e., Table 6C in Exhibit A), as the subtrahend is:

$$\$57,393,148.90 - \$57,586,257.71 = -\$193,108.81.$$

This amount is entered in Column A of Line 5 of the Worksheet.

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the -\$193,108.81) entered in Line 5, Column A of the Worksheet is less than zero, enter zero (i.e., \$0.00) in Column B of Line 6 of the Worksheet.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

Since, in this example, there are no Forced Diversions, skip to Step 13.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

This Step is skipped in this example.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

This Step is skipped in this example.

Step 10: Calculate the Incremental Cost of the Forced Diversions

This Step is skipped in this example.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

This Step is skipped in this example.

Step 12: Determine the Forced Diversion Adjustment

This Step is skipped in this example.

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$445,239.10 + \$0.00 + \$0.00 = \$445,239.10.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since in this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation, the Semiannual Reconciliation amount is \$0.00, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Amount

Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$\$445,239.10 - \$0.00 = \$445,239.10.$$

This amount is entered on Line 15, Column B of the Worksheet.

Since this is a positive number, it will be included as a credit in the next Monthly Billing Statement in accordance with subsection 11.27(C) of the Service Contract.

### 16.3.7 Example 7

#### 16.3.7.1 Example 7 Assumptions

This example is the same as Example 6, except some deliveries of the Containers delivered to Lee County were due to Forced Diversions. Both the Semiannual Reconciliation and Annual Reconciliation is shown for this example. For this example it is assumed that:

- The City delivered and the Company Accepted 54,078 Containers, and the City delivered 1,059,928.80 Tons of DSNY-managed Waste to the MTSs during the current Contract Year;
- 1,115,037.70 Tons of DSNY-managed Waste was delivered to the MTSs in the prior Contract Year;
- The Company delivered 11,935 Containers, approximately 43.08% of the Containers, during the First Semiannual Period to the Niagara Resource Recovery Facility. The Company delivered 23,451 Containers, or approximately 43.37% of the Containers, during the Contract Year to the Niagara Resource Recovery Facility;
- The Company delivered 13,853 Containers, approximately 50.01% of the Containers, during the First Semiannual Period to the Delaware Valley Resource Recovery Facility. The Company delivered 26,490 Containers, or approximately 48.98% of the Containers, during the Contract Year to the Delaware Valley Resource Recovery Facility;
- The Company delivered 1,914 Containers, approximately 6.91% of the Containers, during the First Semiannual Period to the Lee County Landfill. The Company delivered 4,137 Containers, or approximately 7.65% of the Containers, during the Contract Year to the Lee County Landfill;
- The Company did not deliver any Containers to any other Authorized Disposal Sites;
- There were no Fixed or Variable Uncontrollable Circumstance Costs; and
- 800 Containers in November and 1,250 Containers in March sent to Lee County were a result of Forced Diversions.

#### 16.3.7.2 Example 7 Semiannual Reconciliation

The Reconciliation Worksheet below was used to calculate the Semiannual Reconciliation amount for Example 7.

This example also illustrates a situation where there are Forced Diversions to a more expensive site (i.e., the diversions to Lee County that occurred in November) coupled with Voluntary Diversions to less expensive sites that more than offset this incremental cost of the



Forced Diversions. In this case a separate analysis of the Forced Diversions is not necessary and the City receives a credit at the end of the First Semiannual Period.

Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

Since in this example it is assumed that the prior Contract Year the City delivered 1,115,037.70 Tons, the unadjusted Designated Waste Allocation for Niagara and Delaware:

$$500,000/1,115,037.70 = 0.4484153316 \text{ (or } 44.84153316\%).$$

This value is rounded to ten decimal places.

Lee County unadjusted Designated Waste Allocation is equal to:

$$[1 - (0.4484153316) \times 2] = 0.1031693368 \text{ (or } 10.31693368\%).$$

This value is rounded to ten decimal places.

For this example the Step 1 Table is Table 7A in Exhibit A. The All-in Variable Cost is equal to:

$$\$13,099,953.74 + \$13,103,603.25 + \$3,518,851.46 = \$29,722,408.45,$$

which is the sum of the annual All-in Variable Costs to Niagara, Delaware, and Lee respectively.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

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Example 7 Semiannual Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$29,722,408.45	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$29,630,081.01	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$92,327.44
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$29,556,106.94	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	\$73,974.07	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$73,974.07
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.		
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.		
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.		
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	\$0.00	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$0.00	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		\$0.00
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		\$166,301.51
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		NA
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		NA

Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

During the First Semiannual Period the annual tonnage accepted is assumed to be 546,022.46 Tons, which is greater than 500,000 Tons Therefore, the current Contact Year First Semiannual Period Niagara and Delaware adjusted Designated Waste Allocation is:

$$500,000 / (546,022.46 \times 2) = 500,000 / (1,092,044.92) = 0.4578566237 \text{ (or } 45.78566237\%)$$

This value is rounded to ten decimal places.

Lee County adjusted Designated Waste Allocation is equal to:

$$[1 - (0.4578566237) \times 2] = 0.0842867526 \text{ (or } 8.42867526\%).$$

This value is rounded to ten decimal places.

For this example the Step 2 Table is Table 7B in Exhibit A. The All-In-Variable Cost is equal to:

$$\$13,375,770.58 + \$13,379,496.92 + \$2,874,813.51 = \$29,630,081.01,$$

which is the sum of the First Semiannual Period All-in-Variable Costs to Niagara, Delaware, and Lee County, respectively for the adjusted Designated Waste Allocation.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$29,722,408.45 - \$29,630,081.01 = \$92,327.44.$$

This amount represents an amount by which the City has overpaid the Company for purposes of the First Semiannual Reconciliation.

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 7C in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$12,580,690.71 + \$14,604,353.98 + \$2,371,062.25 = \$29,556,106.94,$$

which is the sum of the annual All-in-Variable Costs of Containers and Tons actually delivered to Niagara, Delaware, and Lee County, respectively.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Cost from Step 2 Table (i.e., Table 7B in Exhibit A, as the minuend, and (b) the All-in Variable Cost from the Step 4 Table (i.e., Table 7C in Exhibit A), as the subtrahend is:

$$\$29,630,081.01 - \$29,556,106.94 = \$73,974.07.$$

This amount is entered in Column A of Line 5 of the Worksheet.

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the \$73,974.07) is a positive number, it was entered in Column B of Line 6 of the Worksheet.

This represent an overpayment made by the City to the Company.

Since the value in Step 5 is greater than or equal to zero skip to Step 13.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

This Step is skipped in this example.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

This Step is skipped in this example.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

This Step is skipped in this example.

Step 10: Calculate the Incremental Cost of the Forced Diversions

This Step is skipped in this example.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

This Step is skipped in this example.

Step 12: Determine the Forced Diversion Adjustment

This Step is skipped in this example.

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$92,327.44 + \$73,974.07 + \$0.00 = \$166,301.51.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since this is an example of a Semiannual Reconciliation, Step 14 is not applicable.

Step 15: Calculate the Net Semiannual Reconciliation Amount

Since this is an example of a Semiannual Reconciliation, Step 14 is not applicable.

16.3.7.3 Example 7 Annual Reconciliation

The Reconciliation Worksheet below was used to calculate the Annual Reconciliation amount for Example 7.

Example 7 Annual Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$57,838,388.00	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$57,393,148.90	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$445,239.10
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$57,586,257.71	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$193,108.81)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.	\$193,108.81	
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.	\$2,157,472.45	
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$2,500,402.10	
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	(\$342,929.65)	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$342,929.65	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		(\$193,108.81)
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		\$252,130.29
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$166,301.51
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		\$85,828.78

Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

Since in this example it is assumed that the prior Contract Year the City delivered 1,115,037.70 Tons, the unadjusted Designated Waste Allocation for Niagara and Delaware:

$$500,000/1,115,037.70 = 0.4484153316 \text{ (or } 44.84153316\%).$$

This value is rounded to ten decimal places.

Lee County unadjusted Designated Waste Allocation is equal to:

$$[1 - (0.4484153316) \times 2] = 0.1031693368 \text{ (or } 10.31693368\%).$$

This value is rounded to ten decimal places.

For this example the Step 1 Table is Table 7D in Exhibit A. The All-in Variable Cost is equal to:

$$\$25,491,453.87 + \$25,496,301.78 + \$6,850,632.35 = \$57,838,388.00,$$

which is the sum of the annual All-in Variable Costs to Niagara, Delaware, and Lee County, respectively based on the unadjusted Designated Waste Allocation.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

The annual tonnage accepted in the current Contract Year is assumed to be 1,059,928.80 Tons. Therefore, the current Contract Year Niagara and Delaware adjusted Designated Waste Allocation is:

$$500,000/1,059,928.80 = 0.4717297992 \text{ (or } 47.17297992\%).$$

This value is rounded to ten decimal places.

Lee County adjusted Designated Waste Allocation is equal to:

$$[1 - (0.4717297992) \times 2] = 0.0565404016 \text{ (or } 5.65404016\%).$$

This value is rounded to ten decimal places.

For this example the Step 2 Table is Table 7E in Exhibit A. The All-In-Variable Cost is equal to:

$$\$26,816,831.46 + \$26,821,931.38 + \$3,754,386.06 = \$57,393,148.90,$$

which is the sum of the annual All-in-Variable Costs to Niagara, Delaware, and Lee County, respectively assuming conformity with the Designated Waste Allocation.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$57,838,388.00 - \$57,393,148.90 = \$445,239.10.$$

This amount represents an amount by which the City has overpaid the Company for purposes of the Annual Reconciliation.

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 7F in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$24,666,010.86 + \$27,864,934.33 + \$5,055,312.52 = \$57,586,257.71,$$

which is the sum of the annual All-in-Variable Costs of Containers and Tons actually delivered to Niagara, Delaware, and Lee County, respectively.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Cost from Step 2 Table (i.e., Table 7E in Exhibit A, as the minuend, and (b) the All-in Variable Cost from the Step 4 Table (i.e., Table 7F in Exhibit A), as the subtrahend is:

$$\$57,393,148.90 - \$57,586,257.71 = -\$193,108.81.$$

This amount is entered in Column A of Line 5 of the Worksheet.

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the -\$193,108.81) entered in Line 5, Column A of the Worksheet is less than zero, enter zero (i.e., \$0.00) in Column B of Line 6 of the Worksheet.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

In this example there are Forced Diversions and the absolute value -\$193,108.81 (i.e., the number without regard to sign) is equal to \$193,108.81. This value is entered in Column A of Line 7 of the Worksheet.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

For this step, a separate table was prepared to calculate the All-in Variable Costs of the adjusted Designated Waste Allocation of the Forced Diversions. This reflects the amount paid by the City for these diverted Containers that is included in the Step 2 adjusted Designated Waste Allocation. The All-in Variable Cost for the Forced Diversions based on the adjusted

Designated Waste Allocation of 47.17297992% to Niagara, 47.17297992% to Delaware and 5.65404016% to Lee is shown in Table 7G in Exhibit A.

As shown in Table 7G, the All-in Variable Costs for the adjusted Designated Waste Allocation for the Contract Year is equal to \$2,157,472.45, which is entered in Column A of Line 8 of the Worksheet.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

For this step, a separate table was prepared to calculate the All-in Variable Costs of the Forced Diversions based on the actual deliveries. The All-in Variable Cost for the Forced Diversions based on all the Diverted Containers being delivered to Lee County is shown in Table 7H in Exhibit A.

As shown in Table 7H, the All-in Variable Costs for the actual deliveries for the Contract Year is equal to \$2,500,402.10, which is entered in Column A of Line 9 of the Worksheet.

Step 10: Calculate the Incremental Cost of the Forced Diversions

The difference between (a) the All-in Variable Cost for the Forced Diversions based on 50% of the 322 diverted Containers going to Niagara and 50% going to Delaware, as the minuend, and (b) the All-in Variable Cost for all 322 Containers going to Lee County, as the subtrahend is:

$$\$2,157,472.45 - \$2,500,402.10 = -\$342,929.65.$$

This value was entered in Column A of Line 10 of the Worksheet.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

The absolute value of -\$342,929.65 is equal to \$342,929.65. This value is entered in Column A of Line 11 of the Worksheet.

Step 12: Determine the Forced Diversion Adjustment

The smaller of the \$193,108.81 calculated in Step 7 and \$342,929.65 calculated in Step 11 is \$193,108.81. This value multiplied by -1, or -\$193,108.81 is entered in Column B of Line 12 of the Worksheet.

In this example, the City only pays a portion of the incremental cost of the Forced Diversions because the difference between the All-in Variable Cost based on the adjusted Designated Waste Allocation and the All-in Variable Cost based on the actual waste deliveries (as shown in Column A, Line 5 of the Worksheet) is less than the incremental cost of the Forced Diversions. This occurred because the Company had voluntarily sent more waste to less expensive site(s) during the Contract Year that partially offset the incremental cost of the Forced Diversions.

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,



$$\$445,239.10 + \$0.00 - \$193,108.81 = \$252,130.29.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

The Semiannual Reconciliation amount is \$166,301.51, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Payment Amount

Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$\$252,130.29 - \$166,301.51 = \$85,828.78.$$

This amount is entered on Line 15, Column B of the Worksheet.

Since this is a positive number, it will be included as a credit in the next Monthly Billing Statement in accordance with subsection 11.27(C) of the Service Contract.

16.8.9 Example 8

16.3.8.1 Example 8 Assumptions

This is an example in which there is a Forced Diversion to an Authorized Disposal Site other than Niagara, Delaware or Lee whose All-in Variable Cost is less than the All-in Variable Cost for the adjusted Designated Waste Allocation. In addition, during the Contract Year the Company made voluntary diversions to Lee County, the more expensive site. For this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation. Therefore, only the Annual Reconciliation is shown. For this example it is assumed that:

- The City delivered and the Company Accepted 54,078 Containers and the City delivered to the MTSs 1,059,928.80 Tons of DSNY-managed Waste during current Contract Year;
- 1,115,037.70 Tons of DSNY-managed Waste were delivered to the MTSs in the prior Contract Year;
- The Company delivered 21,515 Containers, or approximately 39.79% of the Containers, during the Contract Year to the Niagara Resource Recovery Facility;
- The Company delivered 24,054 Containers, or approximately 44.48% of the Containers, during the Contract Year to the Delaware Valley Resource Recovery Facility;
- The Company delivered 3,723 Containers, or approximately 6.88% of the Containers, during the Contract Year to the Lee County Landfill;
- There were no Fixed or Variable Uncontrollable Circumstance Costs.

- The Company delivered 4,786 Container to an Authorized Disposal Site other than Niagara, Delaware or Lee.

16.3.8.2      Example 8 Annual Reconciliation

START

The Reconciliation Worksheet below was used to calculate the Annual Reconciliation amount for Example 8.

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Example 8 Annual Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$57,838,388.00	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$57,393,148.90	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$445,239.10
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$57,486,798.72	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$93,649.82)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13,		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.	\$93,649.82	
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.	\$5,131,727.56	
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$5,055,064.13	
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	\$76,663.43	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$0.00	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		\$0.00
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		\$445,239.10
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		\$445,239.10

Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

Since in this example it is assumed that the prior Contract Year the City delivered 1,115,037.70 Tons, the unadjusted Designated Waste Allocation for Niagara and Delaware:

$$500,000/1,115,037.70 = 0.4484153316, \text{ or } 44.84153316\%.$$

This value is rounded to ten decimal places.

Lee County unadjusted Designated Waste Allocation is equal to:

$$[1 - (0.4484153316) \times 2] = 0.1031693368, \text{ or } 10.31693368\%.$$

This value is rounded to ten decimal places.

For this example the Step 1 Table is Table 8A in Exhibit A. The All-in Variable Cost is equal to:

$$\$25,491,453.87 + \$25,496,301.78 + \$6,850,632.35 = \$57,838,388.00,$$

which is the sum of the annual All-in Variable Costs to Niagara, Delaware, and Lee County, respectively based on the unadjusted Designated Waste Allocation.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

The annual tonnage accepted in the current Contract Year is assumed to be 1,059,928.80 Tons. Therefore, the current Contact Year Niagara and Delaware adjusted Designated Waste Allocation is:

$$500,000 / 1,059,928.80 = 0.4717297992, \text{ or } 47.17297992\%.$$

This value is rounded to ten decimal places.

Lee County adjusted Designated Waste Allocation is equal to:

$$[1 - (0.4717297992) \times 2] = 0.0565404016, \text{ or } 5.65404016\%.$$

This value is rounded to ten decimal places.

For this example the Step 2 Table is Table 8B in Exhibit A. The All-In-Variable Cost is equal to:

$$\$26,816,831.46 + \$26,821,931.38 + \$3,754,386.06 = \$57,393,148.90,$$

which is the sum of the annual All-in-Variable Costs to Niagara, Delaware, and Lee County, respectively assuming conformity with the Designated Waste Allocation.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$57,838,388.00 - \$57,393,148.90 = \$445,239.10.$$

This amount represents an amount by which the City has overpaid the Company for purposes of the Annual Reconciliation.

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 8C in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$22,625,122.45 + \$25,311,126.87 + \$4,495,485.27 + \$5,055,064.13 = \$57,486,798.72,$$

which is the sum of the annual All-in-Variable Costs of Containers and Tons actually delivered to Niagara, Delaware, Lee County and another Authorized Disposal Site, respectively.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Cost from Step 2 Table (i.e., Table 7E in Exhibit A, as the minuend, and (b) the All-in Variable Cost from the Step 4 Table (i.e., Table 7F in Exhibit A), as the subtrahend is:

$$\$57,393,148.90 - \$57,486,798.72 = -\$93,649.82.$$

This amount is entered in Column A of Line 5 of the Worksheet.

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., -\$93,649.82) is less than zero, enter zero (i.e., \$0.00) in Column B of Line 6 of the Worksheet.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

In this example there are Forced Diversions and the absolute value -\$93,649.82 (i.e., the number without regard to sign) is equal to \$93,649.82, which is entered in Column A of Line 7 of the Worksheet.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

For this step, a separate table was prepared to calculate the All-in Variable Costs of the adjusted Designated Waste Allocation of the Forced Diversions. This reflects the amount paid by the City for these diverted Containers that is included in the Step 2 adjusted Designated Waste Allocation. The All-in Variable Cost for the Forced Diversions based on the adjusted Designated Waste Allocation of 47.17297992% to Niagara, 47.17297992% to Delaware and 5.65404016% to Lee is shown in Table 8D in Exhibit A.

As shown in Table 8D, the All-in Variable Costs for the adjusted Designated Waste Allocation for the Contract Year is equal to \$5,131,727.56, which is entered in Column A of Line 8 of the Worksheet.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

For this step, a separate table was prepared to calculate the All-in Variable Costs of the Forced Diversions base on the actual deliveries. The All-in Variable Cost for the Forced Diversions based on all the Diverted Containers being delivered to Lee County is shown in Table 8E in Exhibit A.

As shown in Table 8E, the All-in Variable Costs for the actual deliveries for the Contract Year is equal to \$5,055,064.13, which is entered in Column A of Line 9 of the Worksheet.

Step 10: Calculate the Incremental Cost of the Forced Diversions

The difference between (a) the All-in Variable Cost for the Forced Diversions based on 47.17297992% of the 4,786 diverted Containers going to Niagara, 47.17297992% going to Delaware and 5.65404016% to Lee, as the minuend, and (b) the All-in Variable Cost for all 4,786 Containers going to another Authorized Disposal Site, as the subtrahend is:

$$\$5,131,727.56 - \$5,055,064.13 = \$76,663.43.$$

This value was entered in Column A of Line 10 of the Worksheet.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

Since the value calculated in Step 10 is a positive number a zero (\$0.00) is entered in Column A of Line 11 of the Worksheet.

Step 12: Determine the Forced Diversion Adjustment

The smaller of the \$93,649.82 calculated in Step 7 and \$0.00 calculated in Step 11 is \$0.00. This value multiplied by -1, or \$0.00 is entered in Column B of Line 12 of the Worksheet.

In this example, the All-in Variable Cost for the other Authorized Disposal Site where the Forced Diversions were sent was less than the All-in Variable Cost based on the adjusted Designated Waste Allocation. Therefore, there is an incremental cost decrease (rather than an incremental cost increase) of the Forced Diversions. In this case the Company, and not the City, receives this benefit. This benefit may partially offset any increased cost to the Company because during the Contract Year the Company voluntarily sent more waste to more expensive sites (see Column A, Line 5 of the Worksheet).

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$445,239.10 + \$0.00 + \$0.00 = \$445,239.10.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since in this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation, the Semiannual Reconciliation amount is \$0.00, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Amount

Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$\$445,239.10 - \$0.00 = \$445,239.10.$$

This amount is entered on Line 15, Column B of the Worksheet.

Since this is a positive number, it will be included as a credit in the next Monthly Billing Statement in accordance with subsection 11.27(C) of the Service Contract.

16.3.9 Example 9

16.3.9.1 Example 9 Assumptions

This example is an illustration of how to conduct the Annual Reconciliation when more than one million Tons was delivered in the prior Contract Year and less than one million Tons was delivered in the current Contract Year. For this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation. Therefore, only the Annual Reconciliation is shown. For this example it is assumed that:

- The City delivered and the Company accepted 48,500 Containers, containing 902,100 Tons of DSNY-managed Waste, during current Contract Year;
- 1,115,037.70 Tons of DSNY-managed Waste was delivered to the MTSs in the prior Contract Year;
- The Company delivered 24,094 Containers, or approximately 49.68% of the Containers, during the Contract Year to the Niagara Resource Recovery Facility;
- The Company delivered 24,406 Containers, or approximately 50.32% of the Containers, during the Contract Year to the Delaware Valley Resource Recovery Facility;
- The Company did not delivered any Containers during the Contract Year to the Lee County Landfill;
- There were no Fixed Uncontrollable Circumstance Costs;
- There was a change-in-law that resulted in an increase in the exported tonnage fee charged by the Commonwealth of Pennsylvania of \$5.00/Ton at the Delaware Facility and the City and Company agreed as part of the mitigation of this change-in-law not to change the Designated Waste Allocation; and
- There were no Forced Diversions.

16.3.9.2 Example 9 Annual Reconciliation

The Reconciliation Worksheet below was used to calculate the Annual Reconciliation amount for Example 9.

Example 9 Annual Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$52,571,181.31	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$51,920,359.41	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$650,821.90
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$51,937,645.07	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$17,285.66)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13,		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.		
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.		
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.		
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	\$0.00	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$0.00	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		\$0.00
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		\$650,821.90
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		\$650,821.90



Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

Since in this example it is assumed that the prior Contract Year the City delivered 1,115,037.70 Tons, the unadjusted Designated Waste Allocation for Niagara and Delaware:

$$500,000/1,115,037.70 = 0.4484153316 \text{ (or } 44.84153316\%).$$

This value is rounded to ten decimal places.

Lee County unadjusted Designated Waste Allocation is equal to:

$$[1 - 0.4484153316 \times 2] = 0.1031693368, \text{ or } 10.31693368\%.$$

This value is rounded to ten decimal places.

For this example the Step 1 Table is Table 9A in Exhibit A. The All-in Variable Cost is equal to:

$$\$22,268,377.75 + \$24,295,392.15 + \$6,007,411.41 = \$52,571,181.31,$$

which is the sum of the annual All-in Variable Costs to Niagara, Delaware, and Lee County, respectively based on the unadjusted Designated Waste Allocation.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

The annual tonnage accepted in the current Contract Year is assumed to be 902,100.00 Tons, which is less than 1,000,000 Tons. Therefore, the current Contract Year Niagara and Delaware adjusted Designated Waste Allocation is 50% to Niagara and 50% to Delaware.

For this example the Step 2 Table is Table 9B in Exhibit A. The All-In-Variable Cost is equal to:

$$\$24,830,080.94 + \$27,090,278.47 = \$51,920,359.41,$$

which is the sum of the annual All-in-Variable Costs to Niagara and Delaware, respectively assuming conformity with the adjusted Designated Waste Allocation.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$52,571,181.31 - \$51,920,359.41 = \$650,821.90.$$

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 9C in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$24,652,636.99 + \$27,285,008.08 = \$51,937,645.07,$$

which is the sum of the annual All-in-Variable Costs of Containers and Tons actually delivered to Niagara and Delaware, respectively.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Cost from Step 2 Table (i.e., Table 9B in Exhibit A, as the minuend, and (b) the All-in Variable Cost from the Step 4 Table (i.e., Table 9C in Exhibit A), as the subtrahend is:

$$\$51,920,359.41 - \$51,937,645.07 = -\$17,285.66.$$

This amount is entered in Column A of Line 5 of the Worksheet.

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the -\$17,285.66) is less than zero, zero (i.e., \$0.00) was entered in Column B of Line 6 of the Worksheet.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

Since, in this example, there are no Forced Diversions, skip to Step 13.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

This Step is skipped in this example.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

This Step is skipped in this example.

Step 10: Calculate the Incremental Cost of the Forced Diversions

This Step is skipped in this example.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

This Step is skipped in this example.

Step 12: Determine the Forced Diversion Adjustment

This Step is skipped in this example.

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$650,821.90 + \$0.00 + \$0.00 = \$650,821.90.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since in this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation, the Semiannual Reconciliation amount is \$0.00, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Amount

Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$\$650,821.90 - \$0.00 = \$650,821.90.$$

This amount is entered on Line 15, Column B of the Worksheet.

Since this is a positive number, it will be included as a credit in the next Monthly Billing Statement in accordance with subsection 11.27(C) of the Service Contract.

16.3.10 Example 10

Example 10 illustrates how the Annual Reconciliation is performed when less than 1,000,000 Tons were delivered by the City in both the prior and current Contract Years and deliveries to Niagara and Delaware vary from the 50/50 split with more, on average, going to the more expensive site for the entire Contract Year. This example also illustrates how to reconcile the situation when during a Period of Reduced Container Deliveries the Rail Transport VOC is based on the merchant rate to a Designated Disposal Site. For this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation. Therefore, only the Annual Reconciliation is shown.

16.3.10.1 Example 10A Assumptions

For this example it is assumed that:

- The City delivered and the Company accepted 40,416 Containers, and the City delivered 743,654.00 Tons of DSNY-managed Waste to the MTSs during the current Contract Year;
- Less than one million Tons of DSNY-managed Waste was delivered by the City to the MTSs in the prior Contract Year;
- The Company delivered 22,457 Containers (approximately 55.56%) during the Contract Year to the Niagara Resource Recovery Facility;

- The Company delivered 17,959.0 Containers (approximately 44.44%) during the Contract Year to the Delaware Valley Resource Recovery Facility;
- The Company did not deliver any Containers to the Lee County Landfill;
- The Company did not deliver any Containers to any other Authorized Disposal Site;
- There were no Fixed or Variable Uncontrollable Circumstance Costs;
- During a Period of Reduced Container Deliveries in October there was a Forced Diversion of 500 Containers to the Delaware Facility that were sent by merchant service rather than on unit trains; and
- The Company only claimed a Forced Diversion during the Period of Reduced Container Deliveries. That is, for the three weeks prior to the Period of Reduced Container Deliveries the Company did not claim any Forced Diversions.

#### 16.3.10.2 Example 10A Annual Reconciliation

The Reconciliation Worksheet below was used to calculate the Annual Reconciliation amount for Example 10A.

##### Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

For this example the Step 1 Table is Table 10A in Exhibit A. The All-in Variable Costs for the Designated Waste Allocation for the Contract Year is equal to:

$$\$20,580,714.32 + \$20,584,836.25 = \$41,165,550.57,$$

which is the sum of the annual All-in Variable Costs to Niagara and Delaware, respectively.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

##### Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

Because the actual tonnage delivered during the Contract Year of 743,654.00 is less than 1,000,000 Tons, the adjusted Designated Waste Allocation is the same as the unadjusted Designated Waste Allocation (i.e., 50% of Containers and Tons going to Niagara and 50% of Containers and Tons going to Delaware) and the Step 2 Table is the same as the Step 1 Table and the All-in Variable Cost for Step 2 is the same as the Step 1 value, i.e., \$41,165,550.57.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

##### Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$41,165,550.57 - \$41,165,550.57 = \$0.00.$$

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 10B in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$22,872,447.51 + \$18,313,286.86 = \$41,185,734.37,$$

which is the sum of the annual All-in Variable Costs of Containers and Tons actually delivered to Niagara and All-in Variable Costs of Containers and Tons actually delivered to Delaware.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

**Example 10A Annual Reconciliation Worksheet with Merchant Train to Delaware**

Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$41,165,550.57	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$41,165,550.57	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$0.00
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$41,185,734.37	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$20,183.80)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.	\$20,183.80	
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.	\$503,277.27	
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$522,907.85	
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	(\$19,630.58)	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$19,630.58	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		(\$19,630.58)
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		(\$19,630.58)
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		(\$19,630.58)

*Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs*

The difference between (a) the All-in Variable Costs calculated in Step 2, as the minuend, and (b) the All-in Variable Costs calculated in Step 4, as the subtrahend is:

$$\$41,165,550.57 - \$41,185,734.37 = -\$20,183.80.$$

This amount is entered in Column A of Line 5 of the Worksheet.

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the -\$20,183.80) entered in Line 5, Column A of the Worksheet is less than zero, enter zero (i.e., \$0.00) in Column B of Line 6 of the Worksheet.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

In this example, 500 Containers delivered in October to the Delaware Facility during the Period of Reduced Container Deliveries was also claimed by the Company as a Forced Diversions. The absolute value -\$20,183.80 (i.e., the number without regard to sign) is equal to \$20,183.80, which is entered in Column A of Line 7 of the Worksheet.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

For this step, a separate table was prepared to calculate the All-in Variable Costs of the adjusted Designated Waste Allocation of the 500 Containers. This reflects the amount paid by the City for these diverted Containers that is included in the Step 2 adjusted Designated Waste Allocation. The All-in Variable Cost for the Forced Diversions based on the adjusted Designated Waste Allocation of 50.0% to Niagara and 50.0% to Delaware is shown in Table 10C in Exhibit A.

As shown in Table 10C, the All-in Variable Costs for the adjusted Designated Waste Allocation for the Contract Year is equal to \$503,277.27, which is entered in Column A of Line 8 of the Worksheet.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

For this step, a separate table was prepared to calculate the All-in Variable Costs of the Forced Diversions base on the actual deliveries. The All-in Variable Cost for the 500 Containers based on all the Containers being delivered to the Delaware Facility on merchant service trains is shown in Table 10D in Exhibit A.

As shown in Table 10D, the All-in Variable Costs for the actual deliveries for the Contract Year is equal to \$522,907.85, which is entered in Column A of Line 9 of the Worksheet.

Step 10: Calculate the Incremental Cost of the Forced Diversions

The difference between (a) the All-in Variable Cost for the Container treated as Forced Diversions during the Period of Reduced Container Deliveries based on 50.0% of the 500 diverted Containers going to Niagara and 50.0% going to Delaware, as the minuend, and (b) the All-in Variable Cost for all 500 Containers going to the Delaware Facility on merchant service trains, as the subtrahend is:

$$\$503,277.27 - \$522,907.85 = -\$19,630.58.$$

This value was entered in Column A of Line 10 of the Worksheet.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

The absolute value of -\$19,630.58 is equal to \$19,630.58. This value is entered in Column A of Line 11 of the Worksheet.

Step 12: Determine the Forced Diversion Adjustment

The smaller of the \$20,183.80 calculated in Step 7 and \$19,630.58 calculated in Step 11 is \$19,630.58. This value multiplied by -1, or -\$19,630.58 is entered in Column B of Line 12 of the Worksheet.

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$0.00 + \$0.00 + \text{\$-19,630.58} = \text{\$-19,630.58}.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since in this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation, the Semiannual Reconciliation amount is \$0.00, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Amount

The Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$\text{\$-19,630.58} - \$0.00 = \text{\$-19,630.58}.$$

This amount is entered on Line 15, Column B of the Worksheet.

Since this is a negative number the amount is treated as an underpayment by the City for purposes of the Annual Reconciliation.

16.3.10.3 Example 10B Assumptions

The assumption for this example are the same as Example 10A except its assumed that 500 Container delivered to the Niagara Facility, rather than the Delaware Facility, in October were sent by merchant service rather than on unit trains due to Reduced Container Deliveries.

16.3.10.3 Example 10B Annual Reconciliation

The Reconciliation Worksheet below was used to calculate the Annual Reconciliation amount for Example 10B.



Example 10B: Period of Reduced Container Deliveries with MerchantTrain to Nigara			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of Fucc applicable to each Designated Waste Disposal Site.)	\$41,165,550.57	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of Fucc applicable to each Designated Waste Disposal Site).	\$41,165,550.57	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$0.00
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$41,195,709.37	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$30,158.80)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.	\$30,158.80	
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.	\$503,277.27	
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$532,951.68	
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	(\$29,674.41)	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$29,674.41	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		(\$29,674.41)
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		(\$29,674.41)
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		(\$29,674.41)

Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

For this example the Step 1 Table is Table 10E in Exhibit A. The All-in Variable Costs for the Designated Waste Allocation for the Contract Year is equal to:

$$\$20,580,714.32 + \$20,584,836.25 = \$41,165,550.57,$$

which is the sum of the annual All-in Variable Costs to Niagara and Delaware, respectively.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

Because the actual tonnage delivered during the Contract Year of 743,654.00 is less than 1,000,000 Tons, the adjusted Designated Waste Allocation is the same as the unadjusted Designated Waste Allocation (i.e., 50% of Containers and Tons going to Niagara and 50% of Containers and Tons going to Delaware) and the Step 2 Table is the same as the Step 1 Table and the All-in Variable Cost for Step 2 is the same as the Step 1 value, i.e., \$41,165,550.57.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$41,165,550.57 - \$41,165,550.57 = \$0.00.$$

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 10F in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$22,902,087.51 + \$18,293,621.86 = \$41,195,709.37,$$

which is the sum of the annual All-in Variable Costs of Containers and Tons actually delivered to Niagara and All-in Variable Costs of Containers and Tons actually delivered to Delaware.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 2, as the minuend, and (b) the All-in Variable Costs calculated in Step 4, as the subtrahend is:

$$\$41,165,550.57 - \$41,195,709.37 = -\$30,158.80.$$

This amount is entered in Column A of Line 5 of the Worksheet.

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the -\$30,158.80) entered in Line 5, Column A of the Worksheet is less than zero, enter zero (i.e., \$0.00) in Column B of Line 6 of the Worksheet.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

In this example, 500 Containers delivered in October to the Niagara Facility during the Period of Reduced Container Deliveries was also claimed by the Company as a Forced Diversions. The absolute value -\$30,158.80 (i.e., the number without regard to sign) is equal to \$30,158.80, which is entered in Column A of Line 7 of the Worksheet.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

For this step, a separate table was prepared to calculate the All-in Variable Costs of the adjusted Designated Waste Allocation of the 500 Containers. This reflects the amount paid by the City for these diverted Containers that is included in the Step 2 adjusted Designated Waste Allocation. The All-in Variable Cost for the Forced Diversions based on the adjusted Designated Waste Allocation of 50.0 to Niagara and 50.0% to Delaware is shown in Table 10G in Exhibit A.

As shown in Table 10G, the All-in Variable Costs for the adjusted Designated Waste Allocation for the Contract Year is equal to \$503,277.27, which is entered in Column A of Line 8 of the Worksheet.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

For this step, a separate table was prepared to calculate the All-in Variable Costs of the Forced Diversions base on the actual deliveries. The All-in Variable Cost for the 500 Containers based on all the Containers being delivered to the Niagara Facility on merchant service trains is shown in Table 10H in Exhibit A.

As shown in Table 10H, the All-in Variable Costs for the actual deliveries for the Contract Year is equal to \$532,951.68, which is entered in Column A of Line 9 of the Worksheet.

Step 10: Calculate the Incremental Cost of the Forced Diversions

The difference between (a) the All-in Variable Cost for the Container treated as Forced Diversions during the Period of Reduced Container Deliveries based on 50.0% of the 500 diverted Containers going to Niagara and 50.0% going to Delaware, as the minuend, and (b) the All-in Variable Cost for all 500 Containers going to the Niagara Facility on merchant service trains, as the subtrahend is:

$$\$503,277.27 - \$532,951.68 = -\$29,674.41.$$

This value was entered in Column A of Line 10 of the Worksheet.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

The absolute value of -\$29,674.41 is equal to \$29,674.41. This value is entered in Column A of Line 11 of the Worksheet.

Step 12: Determine the Forced Diversion Adjustment

The smaller of the \$30,158.80 calculated in Step 7 and \$29,674.41 calculated in Step 11 is \$29,674.41. This value multiplied by -1, or -\$29,674.41 is entered in Column B of Line 12 of the Worksheet.

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$0.00 + \$0.00 + \$29,674.41 = \$29,674.41.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since in this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation, the Semiannual Reconciliation amount is \$0.00, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Amount

The Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$\$29,674.41 - \$0.00 = \$29,674.41.$$

This amount is entered on Line 15, Column B of the Worksheet.

Since this is a negative number the amount is treated as an underpayment by the City for purposes of the Annual Reconciliation. \$29,674.41

16.3.11 Example 11

Example 11 illustrates how the Annual Reconciliation is performed when less than 1,000,000 Tons were delivered by the City in both the prior and current Contract Years and deliveries to Niagara and Delaware vary from the 50/50 split with more, on average, going to the less expensive site for the entire Contract Year. This example also illustrates how to reconcile the situation when during a Period of Reduced Container Deliveries the Rail Transport VOC is based on the merchant rate to a Designated Disposal Site. For this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation. Therefore, only the Annual Reconciliation is shown.

16.3.11.1 Example 11 Assumptions

For this example it is assumed that:

- The City delivered and the Company accepted 40,416 Containers, and the City delivered 743,654.00 Tons of DSNY-managed Waste to the MTSs during the current Contract Year;

- Less than one million Tons of DSNY-managed Waste was delivered by the City to the MTSs in the prior Contract Year;
- The Company delivered 22,363 Containers (approximately 55.33%) during the Contract Year to the Niagara Resource Recovery Facility;
- The Company delivered 18,053 Containers (approximately 44.67%) during the Contract Year to the Delaware Valley Resource Recovery Facility;
- The Company did not deliver any Containers to the Lee County Landfill;
- The Company did not deliver any Containers to any other Authorized Disposal Site;
- There were no Fixed or Variable Uncontrollable Circumstance Costs;
- During a Period of Reduced Container Deliveries in October there was a Forced Diversion of 500 Containers to the Delaware Facility that were sent by merchant service rather than on unit trains; and
- The Company only claimed a Forced Diversion during the Period of Reduced Container Deliveries. That is, for the three weeks prior to the Period of Reduced Container Deliveries the Company did not claim any Forced Diversions.

#### 16.3.11.2 Example 11 Annual Reconciliation

The Reconciliation Worksheet below was used to calculate the Annual Reconciliation amount for Example 11.

##### Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

For this example the Step 1 Table is Table 11A in Exhibit A. The All-in Variable Costs for the Designated Waste Allocation for the Contract Year is equal to:

$$\$20,580,714.32 + \$20,584,836.25 = \$41,165,550.57,$$

which is the sum of the annual All-in Variable Costs to Niagara and Delaware, respectively.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

##### Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

Because the actual tonnage delivered during the Contract Year of 743,654.00 is less than 1,000,000 Tons, the adjusted Designated Waste Allocation is the same as the unadjusted Designated Waste Allocation (i.e., 50% of Containers and Tons going to Niagara and 50% of Containers and Tons going to Delaware) and the Step 2 Table is the same as the Step 1 Table and the All-in Variable Cost for Step 2 is the same as the Step 1 value, i.e., \$41,165,550.57.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$41,165,550.57 - \$41,165,550.57 = \$0.00.$$

This difference is entered in Column B of Line 3 of the Worksheet.

Example 11 Annual Reconciliation Worksheet			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$41,165,550.57	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$41,165,550.57	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$0.00
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$41,179,236.41	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$13,685.84)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.	\$13,685.84	
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.	\$503,277.27	
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$522,907.85	
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	(\$19,630.58)	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$19,630.58	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		(\$13,685.84)
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		(\$13,685.84)
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		(\$13,685.84)

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 11B in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$22,810,906.16 + \$18,368,330.25 = \$41,179,236.41,$$

which is the sum of the annual All-in Variable Costs of Containers and Tons actually delivered to Niagara and All-in Variable Costs of Containers and Tons actually delivered to Delaware.

This All-in Variable Cost for the actual waste deliveries calculated in Step 4 is entered in Column A of this Line 4 of the Worksheet.

Step 5: Calculate the Difference Between the Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 2, as the minuend, and (b) the All-in Variable Costs calculated in Step 4, as the subtrahend is:

$$\$41,165,550.57 - \$41,179,236.41 = -\$13,685.84.$$

This amount is entered in Column A of Line 5 of the Worksheet.

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the -\$13,685.84) entered in Line 5, Column A of the Worksheet is less than zero, enter zero (i.e., \$0.00) in Column B of Line 6 of the Worksheet.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

In this example, 500 Containers delivered in October to the Delaware Facility during the Period of Reduced Container Deliveries was also claimed by the Company as a Forced Diversions. The absolute value -\$13,685.84 (i.e., the number without regard to sign) is equal to \$13,685.84, which is entered in Column A of Line 7 of the Worksheet.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

For this step, a separate table was prepared to calculate the All-in Variable Costs of the adjusted Designated Waste Allocation of the 500 Containers. This reflects the amount paid by the City for these diverted Containers that is included in the Step 2 adjusted Designated Waste Allocation. The All-in Variable Cost for the Forced Diversions based on the adjusted Designated Waste Allocation of 50.0 to Niagara and 50.0% to Delaware is shown in Table 11C in Exhibit A.

As shown in Table 11C, the All-in Variable Costs for the adjusted Designated Waste Allocation for the Contract Year is equal to \$503,277.27, which is entered in Column A of Line 8 of the Worksheet.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

For this step, a separate table was prepared to calculate the All-in Variable Costs of the 500 Containers based on all the Containers being delivered to the Delaware Facility on merchant service trains is shown in Table 11D in Exhibit A.

As shown in Table 11D, the All-in Variable Costs for the actual deliveries for the Contract Year is equal to \$522,907.85, which is entered in Column A of Line 9 of the Worksheet.



Step 10: Calculate the Incremental Cost of the Forced Diversions

The difference between (a) the All-in Variable Cost for the Container treated as Forced Diversions during the Period of Reduced Container Deliveries based on 50.0% of the 500 diverted Containers going to Niagara and 50.0% going to Delaware, as the minuend, and (b) the All-in Variable Cost for all 500 Containers going to the Delaware Facility on merchant service trains, as the subtrahend is:

$$\$503,277.27 - \$522,907.85 = -\$19,630.58.$$

This value was entered in Column A of Line 10 of the Worksheet.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

The absolute value of  $-\$19,630.58$  is equal to  $\$19,630.58$ . This value is entered in Column A of Line 11 of the Worksheet.

Step 12: Determine the Forced Diversion Adjustment

The smaller of the  $\$13,685.84$  calculated in Step 7 and  $\$19,630.58$  calculated in Step 11 is  $\$13,685.84$ . This value multiplied by -1, or  $-\$13,685.84$  is entered in Column B of Line 12 of the Worksheet.

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$0.00 + \$0.00 + -\$13,685.84 = -\$13,685.84.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since in this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation, the Semiannual Reconciliation amount is  $\$0.00$ , which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Amount

The Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$-\$13,685.84 - \$0.00 = -\$13,685.84.$$

This amount is entered on Line 15, Column B of the Worksheet.

Since this is a negative number the amount is treated as an underpayment by the City for purposes of the Annual Reconciliation.

16.3.12 Example 12

Example 12 illustrates how the Annual Reconciliation is performed when less than 1,000,000 Tons were delivered by the City in both the prior and current Contract Years and deliveries to Niagara and Delaware vary from the 50/50 split with more, on average, going to the more expensive site in the for the entire Contract Year. This example also illustrates how to treat fixed UCC costs in the reconciliation process.

16.3.12.1 Example 12 Assumptions

For this example it is assumed that:

The City delivered and the Company accepted 40,416 Containers, and the City delivered 743,654.00 Tons of DSNY-managed Waste to the MTSs during the current Contract Year;

Less than one million Tons of DSNY-managed Waste was delivered by the City to the MTSs in the prior Contract Year;

The Company did not deliver any Containers to the Lee County Landfill;

The Company did not deliver any Containers to any other Authorized Disposal Site;

There were no Variable Uncontrollable Circumstance Costs;

There is a \$40,534.63/month Fixed Uncontrollable Circumstance Costs at the Niagara Resource Recovery Facility allocated to the City. The entire 100% fixed UCC cost at the Niagara Resource Recovery Facility is \$84,876.84/month; and

There were no Forced Diversions.

16.3.12.2 Example 12A Annual Reconciliation

The Reconciliation Worksheet below was used to calculate the Annual Reconciliation amount for Example 12A.

Step 1: Calculate the All-in Variable Cost for the Unadjusted Waste Designation

For this example the Step 1 Table is Table 12 in Exhibit A. The All-in Variable Costs for the Designated Waste Allocation for the Contract Year is equal to:

$$\$21,067,129.88 + \$20,584,836.25 = \$41,651,966.13,$$

which is the sum of the annual All-in Variable Costs to Niagara and Delaware, respectively.

This example assumed that there is a \$40,534.63/month Fixed Uncontrollable Circumstance Costs at the Niagara Resource Recovery Facility allocated to the City. The Step 1 Table includes this fixed UCC cost in the All-in Variable Cost calculation as shown in Table 12A.

This All-in-Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 is entered in Column A of this Line 1 of the Worksheet.

Example 12A Annual Reconciliation Worksheet (with Fixed UCC Costs)			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$41,651,966.13	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$41,651,966.13	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$0.00
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$41,704,468.82	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$52,502.69)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.		
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.		
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.		
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.		
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.		
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		\$0.00
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		\$0.00
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		\$0.00

Step 2: Calculate the All-in Variable Cost for the Adjusted Designated Waste Allocation

Because the actual tonnage delivered during the Contract Year of 743,654.00 is less than 1,000,000 Tons, the adjusted Designated Waste Allocation is the same as the unadjusted Designated Waste Allocation (i.e., 50% of Containers and Tons going to Niagara and 50% of Containers and Tons going to Delaware) and the Step 2 Table is the same as the Step 1 Table and the All-in Variable Cost for Step 2 is the same as the Step 1 value, i.e., \$41,651,966.13.

This All-in-Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 is entered in Column A of this Line 2 of the Worksheet.

Step 3: Calculate the Difference Between Step 1 and Step 2 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 1 Table, as the minuend, and (b) the All-in Variable Costs calculated in Step 2, as the subtrahend is:

$$\$41,651,966.13 - \$41,651,966.13 = \$0.00.$$

This difference is entered in Column B of Line 3 of the Worksheet.

Step 4: Calculate the All-in Variable Costs for the Actual Waste Deliveries

For this example the Step 4 Table is Table 12B in Exhibit A. The All-in Variable Cost of the actual waste deliveries is equal to:

$$\$23,410,848.96 + \$18,293,621.86 = \$41,704,468.82,$$

which is the sum of the annual All-in Variable Costs of Containers and Tons actually delivered to Niagara and All-in Variable Costs of Containers and Tons actually delivered to Delaware.

This example assumed that there is a \$40,534.63/month Fixed Uncontrollable Circumstance Cost at the Niagara Resource Recovery Facility allocated to the City. This cost is used to calculate the monthly per-Container Fixed UCC cost at the Niagara Resource Recovery Facility. For example, the per-Container fixed UCC cost for July is calculated as follows:

$$(\$40,534.63/1,764.5) = \$22.97230376877300/\text{Container}.$$

When making this calculation the per-Container cost is rounded to 14 decimal places.

In this calculation the \$40,534.63 is the monthly fixed UCC cost allocated to the City and 1,764.5 is the number of Containers allocated to the Niagara (see Table 12A).

The \$40,615.03 fixed UCC cost for the 1,768.0 actual Containers delivered to Niagara in July (see Table 12B) is calculated as follows:

$$\$22.97230376877300 \times 1,768.0 = \$40,615.03.$$

Since \$40,534.63 is less than the entire 100% fixed UCC cost at the Niagara Resource Recovery Facility of \$84,876.84/month, the fixed UCC cost in Table 12B for July is \$40,534.63.

For March the per-Container fixed UCC cost is calculated as follows:

$$(\$40,534.63/1,843.5) = \$21.98786547328450/\text{Container}.$$

The fixed UCC cost for the 2,323.0 actual Containers delivered to Niagara in March (see Table 12B) is calculated as follows:

$$\$21.98786547328450 \times 2,323.0 = \$51,077.81.$$

Since \$51,077.81 is less than the entire 100% fixed UCC cost at the Niagara Resource Recovery Facility of \$84,876.84/month, the fixed UCC cost in Table 12B is \$51,077.81.

The Step 4 Table includes this fixed UCC cost in the All-in Variable Cost calculation as shown in Table 12B.

Step 5: Calculate the Difference Between Step 2 and Step 4 All-in Variable Costs

The difference between (a) the All-in Variable Costs calculated in Step 2, as the minuend, and (b) the All-in Variable Costs calculated in Step 4, as the subtrahend is:

$$\$41,651,966.13 - \$41,704,468.82 = -\$52,502.69.$$

This amount is entered in Column A of Line 5 of the Worksheet.

Step 6: Determine if Forced Diversions May Need to be Analyzed

Since the value calculated in Step 5 (i.e., the -\$52,502.69) entered in Line 5, Column A of the Worksheet is less than zero, enter zero (i.e., \$0.00) in Column B of Line 6 of the Worksheet.

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

Since, in this example, there are no Forced Diversions, skip to Step 13.

Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation

This Step is skipped in this example.

Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries

This Step is skipped in this example.

Step 10: Calculate the Incremental Cost of the Forced Diversions

This Step is skipped in this example.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

This Step is skipped in this example.

Step 12: Determine the Forced Diversion Adjustment

This Step is skipped in this example.

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$0.00 + \$0.00 + \$0.00 = \$0.00.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since in this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation, the Semiannual Reconciliation amount is \$0.00, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Amount

The Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$\$0.00 - \$0.00 = \$0.00.$$

This amount is entered on Line 15, Column B of the Worksheet.

Since this is equal to zero neither party owes the other any amount.

16.3.12.3 Example 12B Annual Reconciliation

Example 12B is the same as Example 12, except it is also assumed that 2,323 Containers in March and 2,254 Containers in April were Forced Diversion to the Niagara Resource Recovery Facility.

The Reconciliation Worksheet below was used to calculate the Annual Reconciliation amount for Example 12A.

For Example 12.B Steps 1 through 6 are the same as Example 12A. Steps 7 through 15 are as follows:

Step 7: Calculate the Absolute Value of the Line 6, Column A of the Worksheet

In this example there are Forced Diversions and the absolute value -\$52,502.69 (i.e., --- -\$52,502.69 times -1) is equal to \$52,502.69. This value is entered in Column A of Line 7 of the Worksheet.

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Example 12B Annual Reconciliation Worksheet (with Fixed UCC Costs)			
Line	Entry	A	B
1	Enter the All-in Variable Cost for the unadjusted Designated Waste Allocation calculated in Step 1 in Column A of this Line 1. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site.)	\$41,651,966.13	
2	Enter the All-in Variable Cost for the adjusted Designated Waste Allocation calculated in Step 2 in Column A of this Line 2. Include the monthly fixed Uncontrollable Circumstance cost, if any, that is allocated to the City for each Designated Waste Disposal Site (i.e., the portion of FUCC applicable to each Designated Waste Disposal Site).	\$41,651,966.13	
3	Subtract Line 2, Column A from Line 1, Column A and enter this amount in Column B of this Line 3. This amount may be positive or negative value.		\$0.00
4	Enter the All-in Variable Cost for the actual waste deliveries calculated in Step 4 in Column A of this Line 4. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC cost for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site, the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$41,704,468.82	
5	Subtract Line 4, Column A from Line 2, Column A and enter the result in Column A of this Line 5.	(\$52,502.69)	
6	If the value in Line 5, Column A is less than zero (i.e., it's a negative number) enter zero in Column B of this Line 6 and then skip to Line 7. If the value in Line 5, Column A is greater than or equal to zero (i.e., its zero or a positive number), then enter it in Column B of this Line 6 and then skip to Line 13.		\$0.00
7	If there were no Forced Diversions during the period skip to Line 13. If the value in Line 5, Column A is less than zero (i.e., it's a negative number) multiply it by negative one (-1) and enter the amount in Column A of this Line 7.	\$52,502.69	
8	Enter what the All-in Variable Costs for all Forced Diversions that would have been if the Forced Diversions been delivered based on the Adjusted Designated Waste Allocation in Column A of this Line 8. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.	\$4,658,776.83	
9	Enter the All-in Variable Costs for all the Forced Diversions based on the actual waste delivered in Column A of this Line 9. Include the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4. For a Designated Disposal Site the fixed UCC cost for any month calculated in this step cannot be greater than 100% of the entire monthly fixed UCC cost at that Designated Disposal Site.	\$4,713,831.26	
10	Subtract Line 9, Column A from Line 8, Column A and enter the value in Column A of this Line 10. This is the incremental savings (if the number is positive) or cost (if the number is negative) of the Forced Diversions.	(\$55,054.43)	
11	If Line 10 is greater than or equal to zero, then enter zero in Column A of this Line 11. If Line 10, Column A is less than zero then multiply it by negative one (-1) and enter the value in Column A of this Line 11.	\$55,054.43	
12	Multiply the smaller of Line 7, Column A and Line 11, Column A by negative one (-1) and enter the results in Column B of this Line 12.		(\$52,502.69)
13	Sum Lines 3, 6, 12 of Column B and enter the result in Column B of this Line 13. This is the reconciliation amount for this period that may be a positive or negative number. This is the last step for the Semiannual Reconciliation. For the Annual Reconciliation proceed to Line 14.		(\$52,502.69)
14	This step is not applicable for the Semiannual Reconciliation. For the Annual Reconciliation, enter the reconciliation amount for the First Semi-Annual Period in Column B of this Line 14.		\$0.00
15	This step is not applicable to the Semiannual Reconciliation. For the Annual Reconciliation subtract Line 14 from Line 13 of Column B and enter this amount in Column B of this Line 15. This is may be positive or negative number. A positive number represents an amount owed by the Company to the City. A negative number represents an amount owed by the City to the Company.		(\$52,502.69)

*Step 8: Calculate the All-in Variable Costs of All the Forced Diversions based on the Adjusted Designated Waste Allocation*

For this step, a separate table was prepared to calculate the All-in Variable Costs of the adjusted Designated Waste Allocation of the Forced Diversions. This reflects the amount paid by the City for these diverted Containers that is included in the Step 2 adjusted Designated Waste Allocation. The All-in Variable Cost for the Forced Diversions based on the adjusted Designated Waste Allocation of 50% to Niagara and 50% to Delaware is shown in Table 12C in Exhibit A.

As shown in Table 12C, the All-in Variable Costs for the adjusted Designated Waste Allocation for the Contract Year is equal to \$4,658,776.83, which is entered in Column A of Line 8 of the Worksheet.

Table 12C includes the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.

For March the per-Container fixed UCC cost is calculated as follows:

$$(\$40,534.63/1,843.5) = \$21.98786547328450/\text{Container.}$$

The fixed UCC cost for the 1,161.5 allocated Containers to Niagara in March based on the Designated Waste Allocation (see Table 12C) is calculated as follows:

$$\$21.98786547328450 \times 1,161.5 = \$25,538.91.$$

The 1,161.5 Container in this equation is equal to 50% of the assumed 2,323 Forced Diversions.

For May the per-Container fixed UCC cost is calculated as follows:

$$(\$40,534.63/1,734.0) = \$23.37637254901960/\text{Container.}$$

The fixed UCC cost for the 1,127.0 allocated Containers to Niagara in April based on the Designated Waste Allocation (see Table 12C) is calculated as follows:

$$\$23.37637254901960 \times 1,127.0 = \$26,345.17.$$

The 1,127.0 Container in this equation is equal to 50% of the assumed 2,254 Forced Diverted Diversions.

*Step 9: Calculate the All-in Variable Costs of All the Forced Diversions based on the Actual Waste Deliveries*

For this step, a separate table was prepared to calculate the All-in Variable Costs of the Forced Diversions based on the actual deliveries. The All-in Variable Cost for the Forced Diversions based on all the Forced Diverted Containers being delivered to Niagara is shown in Table 12D in Exhibit A.

As shown in Table 12D, the All-in Variable Costs for the actual deliveries for the Contract Year is equal to \$4,713,831.26, which is entered in Column A of Line 9 of the Worksheet.

Table 12D includes the fixed UCC cost, if any, at each Designated Disposal Site based on the monthly per-Container fixed UCC costs for each Designated Disposal Site as described in Step 4.

For March the per-Container fixed UCC cost is calculated as follows:

$$(\$40,534.63/1,843.5) = \$21.98786547328450/\text{Container.}$$

The fixed UCC cost for the 2,323 diverted Containers to Niagara in March (see Table 12D) is calculated as follows:



$$\$21.98786547328450 \times 2,323 = \$51,077.81.$$

For May the per-Container fixed UCC cost is calculated as follows:

$$(\$40,534.63/1,734.0) = \$23.37637254901960/\text{Container}.$$

The fixed UCC cost for the 2,254, diverted Containers to Niagara in April (see Table 12D) is calculated as follows:

$$\$23.37637254901960 \times 2,254 = \$52,630.34.$$

Step 10: Calculate the Incremental Cost of the Forced Diversions

The difference between (a) the All-in Variable Cost for the Forced Diversions based on Designated Waste Allocation, as the minuend, and (b) the All-in Variable Cost for all Containers going that were force to be diverted to Niagara, as the subtrahend is:

$$\$4,658,776.83 - \$4,713,831.26 = -\$55,054.43.$$

This value was entered in Column A of Line 10 of the Worksheet.

Step 11: Calculate the Absolute Value of any Negative Incremental Cost of Forced Diversions, If Applicable

The absolute value -\$55,054.43 (i.e., --\$55,054.43 times -1) is equal to \$55,054.43. This value is entered in Column A of Line 11 of the Worksheet.

Step 12: Determine the Forced Diversion Adjustment

The smaller of the \$52,502.69 calculated in Step 7 and \$55,054.43 calculated in Step 11 is \$52,502.69. This value multiplied by -1, or -\$52,502.69 is entered in Column B of Line 12 of the Worksheet.

In this example, the City only pays for the full incremental cost of the Forced Diversions rather than the difference between the All-in Variable Cost based on the adjusted Designated Waste Allocation and the All-in Variable Cost based on the actual waste deliveries (as shown in Column A, Line 5 of the Worksheet) because the Company had voluntarily sent more waste to more expensive site(s).

Step 13: Calculate the Reconciliation Amount

The Annual Reconciliation amount is equal to the sum of the Line 3, Line 6, and Line 12 of Column B of the Worksheet i.e.,

$$\$0.00 + \$0.00 - \$52,502.69 = -\$52,502.69.$$

This amount is entered on Line 13, Column B of the Worksheet.

Step 14: Enter the Semiannual Reconciliation Amount

Since in this example, it is assumed that the City and Company agreed to waive the Semiannual Reconciliation, the Semiannual Reconciliation amount is \$0.00, which is entered in Line 14, Column B of the Worksheet.

Step 15: Calculate the Net Annual Reconciliation Payment Amount

The Net Reconciliation Amount equals the difference between (a) the value calculated in Step 13, as the minuend, and (b) the value calculated in Step 14, as the subtrahend. In this example this is equal to:

$$-\$52,502.69 - \$0.00 = -\$52,502.69.$$

This amount is entered on Line 15, Column B of the Worksheet.

**EXHIBIT A – TABLES**

**EXAMPLE 1**

**TABLE 1A - STEPS 1 & 2: DESIGNATED WASTE ALLOCATION**

<b>Variable Service Fee Components</b>	<b>Semi-Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	20,673.0	3,529.0	3,394.0	3,436.0	3,399.0	3,572.0	3,343.0
Tons accepted for the month	376,662.73	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.22	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	10,336.5	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Niagara RTT Basic Rail Transport VOC	4,122,713.04	703,770.83	676,848.45	685,224.30	677,845.58	712,346.10	666,677.78
Niagara RTT Rail Fuel Surcharge VOC	644,935.79	118,420.01	108,098.90	107,482.38	104,391.79	107,673.48	98,869.23
Niagara RTT Truck Fuel VOC	566,850.47	100,474.61	93,911.52	94,396.65	92,308.61	96,420.38	89,338.70
Niagara Resource Recovery Facility DVC	5,145,212.89	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	10,479,712.19	1,787,001.54	1,745,829.02	1,780,760.20	1,710,756.40	1,762,519.60	1,692,845.43
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	10,336.5	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Delaware RRS Basic Rail Transport VOC	3,351,816.87	572,174.42	550,286.19	557,095.86	551,096.87	579,146.22	542,017.31
Delaware RRS Rail Fuel Surcharge VOC	151,666.23	27,848.22	25,421.06	25,276.08	24,549.28	25,321.02	23,250.57
Delaware RRS Truck Fuel VOC	1,834,053.01	325,087.07	303,852.09	305,421.75	298,665.88	311,969.55	289,056.67
Delaware Valley Resource Recovery Facility DVC	5,145,212.89	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	10,482,749.00	1,789,445.80	1,746,529.49	1,781,450.56	1,710,522.45	1,762,516.43	1,692,284.27
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	<b>\$20,962,461.19</b>						

TABLE 1B - STEP 4: ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Semi-Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	20,673.0	3,529.0	3,394.0	3,436.0	3,399.0	3,572.0	3,343.0
Tons accepted for the month	376,662.73	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.22	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	52.47%	50.1%	55.0%	53.0%	47.0%	51.0%	59.0%
Delaware	47.53%	49.9%	45.0%	47.0%	53.0%	49.0%	41.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	10,848.0	1,768.0	1,867.0	1,821.0	1,598.0	1,822.0	1,972.0
Niagara RTT Basic Rail Transport VOC	4,326,724.80	705,166.80	744,652.95	726,305.85	637,362.30	726,704.70	786,532.20
Niagara RTT Rail Fuel Surcharge VOC	676,153.89	118,654.90	118,927.90	113,926.31	98,157.15	109,843.83	116,643.80
Niagara RTT Truck Fuel VOC	594,608.64	100,673.90	103,319.27	100,056.05	86,795.63	98,363.90	105,399.89
Niagara Resource Recovery Facility DVC	5,405,115.56	866,050.56	953,820.43	947,234.67	786,269.05	863,133.87	988,606.98
Subtotal	11,002,602.89	1,790,546.16	1,920,720.55	1,887,522.88	1,608,584.13	1,798,046.30	1,997,182.87
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	9,825.0	1,761.0	1,527.0	1,615.0	1,801.0	1,750.0	1,371.0
Delaware RRS Basic Rail Transport VOC	3,185,952.75	571,039.47	495,160.29	523,696.05	584,010.27	567,472.50	444,574.17
Delaware RRS Rail Fuel Surcharge VOC	144,324.82	27,792.98	22,874.46	23,760.69	26,015.45	24,810.63	19,070.61
Delaware RRS Truck Fuel VOC	1,744,241.02	324,442.24	273,413.17	287,110.66	316,503.24	305,681.25	237,090.46
Delaware Valley Resource Recovery Facility DVC	4,885,310.21	862,621.62	780,119.87	840,079.07	886,151.79	829,025.40	687,312.46
Subtotal	9,959,828.80	1,785,896.31	1,571,567.79	1,674,646.47	1,812,680.75	1,726,989.78	1,388,047.70
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$20,962,431.69						

**EXAMPLE 1**

**TABLE 1C - STEPS 1 & 2: DESIGNAED WASTE ALLOCATION**

<b>Variable Service Fee Components</b>	<b>Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.0	3,529.0	3,394.0	3,436.0	3,399.0	3,572.0	3,343.0
Tons accepted for the month	743,654.00	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Niagara RTT Basic Rail Transport VOC	8,059,960.830	703,770.83	676,848.45	685,224.30	677,845.58	712,346.10	666,677.78
Niagara RTT Rail Fuel Surcharge VOC	1,256,718.560	118,420.01	108,098.90	107,482.38	104,391.79	107,673.48	98,869.23
Niagara RTT Truck Fuel VOC	1,105,972.21	100,474.61	93,911.52	94,396.65	92,308.61	96,420.38	89,338.70
Niagara Resource Recovery Facility DVC	10,158,062.720	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	20,580,714.32	1,787,001.54	1,745,829.02	1,780,760.20	1,710,756.40	1,762,519.60	1,692,845.43
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Delaware RRS Basic Rail Transport VOC	6,552,848.19	572,174.42	550,286.19	557,095.86	551,096.87	579,146.22	542,017.31
Delaware RRS Rail Fuel Surcharge VOC	295,536.02	27,848.22	25,421.06	25,276.08	24,549.28	25,321.02	23,250.57
Delaware RRS Truck Fuel VOC	3,578,389.32	325,087.07	303,852.09	305,421.75	298,665.88	311,969.55	289,056.67
Delaware Valley Resource Recovery Facility DVC	10,158,062.72	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	20,584,836.25	1,789,445.80	1,746,529.49	1,781,450.56	1,710,522.45	1,762,516.43	1,692,284.27
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	<b>\$41,165,550.57</b>						

TABLE 1C (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.0	2,352.0	3,687.0	3,468.0	3,483.0	3,768.0
Tons accepted for the month	56,565.75	42,594.72	70,016.13	60,828.72	67,221.90	69,764.05
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.510
<b>Waste Allocation</b>						
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Niagara RTT Basic Rail Transport VOC	595,283.63	469,047.60	735,279.98	691,605.90	694,597.28	751,433.40
Niagara RTT Rail Fuel Surcharge VOC	96,769.97	72,235.80	92,267.18	98,621.25	116,876.42	135,012.15
Niagara RTT Truck Fuel VOC	83,202.29	63,890.08	90,952.42	90,515.41	99,050.56	111,510.98
Niagara Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Subtotal	1,547,944.04	1,187,017.36	1,874,919.92	1,711,662.88	1,828,775.41	1,950,682.52
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Delaware RRS Basic Rail Transport VOC	483,972.98	381,341.52	597,791.75	562,284.18	564,716.21	610,924.68
Delaware RRS Rail Fuel Surcharge VOC	22,756.89	16,987.32	21,698.00	23,192.25	27,485.22	31,750.11
Delaware RRS Truck Fuel VOC	269,202.23	206,717.28	294,277.91	292,863.93	320,479.54	360,795.42
Delaware Valley Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Subtotal	1,548,620.25	1,186,890.00	1,870,188.00	1,709,260.68	1,830,932.12	1,956,196.20
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						

TABLE 1D - STEP 4: ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.0	3,529.0	3,394.0	3,436.0	3,399.0	3,572.0	3,343.0
Tons accepted for the month	743,654.00	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	55.56%	50.1%	55.0%	53.0%	47.0%	51.0%	59.0%
Delaware	44.44%	49.9%	45.0%	47.0%	53.0%	49.0%	41.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	22,457.0	1,768.0	1,867.0	1,821.0	1,598.0	1,822.0	1,972.0
Niagara RTT Basic Rail Transport VOC	8,956,974.45	705,166.80	744,652.95	726,305.85	637,362.30	726,704.70	786,532.20
Niagara RTT Rail Fuel Surcharge VOC	1,392,411.48	118,654.90	118,927.90	113,926.31	98,157.15	109,843.83	116,643.80
Niagara RTT Truck Fuel VOC	1,227,194.50	100,673.90	103,319.27	100,056.05	86,795.63	98,363.90	105,399.89
Niagara Resource Recovery Facility DVC	11,295,867.08	866,050.56	953,820.43	947,234.67	786,269.05	863,133.87	988,606.98
Subtotal	22,872,447.51	1,790,546.16	1,920,720.55	1,887,522.88	1,608,584.13	1,798,046.30	1,997,182.87
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	17,959.0	1,761.0	1,527.0	1,615.0	1,801.0	1,750.0	1,371.0
Delaware RRS Basic Rail Transport VOC	5,823,564.93	571,039.47	495,160.29	523,696.05	584,010.27	567,472.50	444,574.17
Delaware RRS Rail Fuel Surcharge VOC	263,625.82	27,792.98	22,874.46	23,760.69	26,015.45	24,810.63	19,070.61
Delaware RRS Truck Fuel VOC	3,186,172.78	324,442.24	273,413.17	287,110.66	316,503.24	305,681.25	237,090.46
Delaware Valley Resource Recovery Facility DVC	9,020,258.33	862,621.62	780,119.87	840,079.07	886,151.79	829,025.40	687,312.46
Subtotal	18,293,621.86	1,785,896.31	1,571,567.79	1,674,646.47	1,812,680.75	1,726,989.78	1,388,047.70
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$41,166,069.37						



TABLE 1D (Continued)

<b>Variable Service Fee Components</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.0	2,352.0	3,687.0	3,468.0	3,483.0	3,768.0
Tons accepted for the month	56,565.75	42,594.72	70,016.13	60,828.72	67,221.90	69,764.05
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.51
<b>Waste Allocation</b>						
Niagara	59.0%	48.0%	63.0%	65.0%	54.0%	60.0%
Delaware	41.0%	52.0%	37.0%	35.0%	46.0%	40.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,761.0	1,129.0	2,323.0	2,254.0	1,881.0	2,261.0
Niagara RTT Basic Rail Transport VOC	702,374.85	450,301.65	926,528.55	899,007.90	750,236.85	901,799.85
Niagara RTT Rail Fuel Surcharge VOC	114,178.84	69,348.83	116,266.15	128,196.25	126,238.61	162,028.91
Niagara RTT Truck Fuel VOC	98,170.34	61,336.65	114,609.43	117,659.59	106,984.84	133,825.01
Niagara Resource Recovery Facility DVC	911,694.35	558,589.91	1,205,188.20	1,080,100.57	991,806.16	1,143,372.33
Subtotal	1,826,418.38	1,139,577.04	2,362,592.33	2,224,964.31	1,975,266.46	2,341,026.10
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,224.0	1,223.0	1,364.0	1,214.0	1,602.0	1,507.0
Delaware RRS Basic Rail Transport VOC	396,906.48	396,582.21	442,304.28	393,663.78	519,480.54	488,674.89
Delaware RRS Rail Fuel Surcharge VOC	18,662.94	17,666.24	16,054.28	16,237.25	25,283.57	25,396.72
Delaware RRS Truck Fuel VOC	220,772.88	214,978.94	217,735.32	205,038.53	294,808.05	288,598.04
Delaware Valley Resource Recovery Facility DVC	633,681.94	605,097.84	707,652.48	581,740.06	844,696.15	762,079.65
Subtotal	1,270,024.24	1,234,325.23	1,383,746.36	1,196,679.62	1,684,268.31	1,564,749.30
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>						

**EXAMPLE 2**

**TABLE 2A - STEP 1 & 2: DESIGNATED WASTE ALLOCATION**

<b>Variable Service Fee Components</b>	<b>Semi-Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	20,673.00	3,529.00	3,394.00	3,436.00	3,399.00	3,572.00	3,343.00
Tons accepted for the month	376,662.73	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.22	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	10,336.5	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Niagara RTT Basic Rail Transport VOC	4,122,713.04	703,770.83	676,848.45	685,224.30	677,845.58	712,346.10	666,677.78
Niagara RTT Rail Fuel Surcharge VOC	644,935.79	118,420.01	108,098.90	107,482.38	104,391.79	107,673.48	98,869.23
Niagara RTT Truck Fuel VOC	566,850.47	100,474.61	93,911.52	94,396.65	92,308.61	96,420.38	89,338.70
Niagara Resource Recovery Facility DVC	5,145,212.89	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	10,479,712.19	1,787,001.54	1,745,829.02	1,780,760.20	1,710,756.40	1,762,519.60	1,692,845.43
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	10,336.5	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Delaware RRS Basic Rail Transport VOC	3,351,816.87	572,174.42	550,286.19	557,095.86	551,096.87	579,146.22	542,017.31
Delaware RRS Rail Fuel Surcharge VOC	151,666.23	27,848.22	25,421.06	25,276.08	24,549.28	25,321.02	23,250.57
Delaware RRS Truck Fuel VOC	1,834,053.01	325,087.07	303,852.09	305,421.75	298,665.88	311,969.55	289,056.67
Delaware Valley Resource Recovery Facility DVC	5,145,212.89	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	10,482,749.00	1,789,445.80	1,746,529.49	1,781,450.56	1,710,522.45	1,762,516.43	1,692,284.27
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>All-In Variable Costs</b>	\$20,962,461.19						

TABLE 2B - STEP 4: ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Semi-Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	20,673.00	3,529.00	3,394.00	3,436.00	3,399.00	3,572.00	3,343.00
Tons accepted for the month	376,662.73	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.22	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	46.90%	45.0%	51.0%	53.0%	55.0%	20.0%	59.0%
Delaware	53.10%	55.0%	49.0%	47.0%	45.0%	80.0%	41.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	9,695.0	1,588.0	1,731.0	1,821.0	1,869.0	714.0	1,972.0
Niagara RTT Basic Rail Transport VOC	3,866,850.75	633,373.80	690,409.35	726,305.85	745,450.65	284,778.90	786,532.20
Niagara RTT Rail Fuel Surcharge VOC	605,258.07	106,574.65	110,264.70	113,926.31	114,803.33	43,045.28	116,643.80
Niagara RTT Truck Fuel VOC	531,734.90	90,424.30	95,793.07	100,056.05	101,515.03	38,546.56	105,399.89
Niagara Resource Recovery Facility DVC	4,855,912.25	777,877.99	884,340.20	947,234.67	919,610.05	338,242.36	988,606.98
Subtotal	9,859,755.97	1,608,250.74	1,780,807.32	1,887,522.88	1,881,379.06	704,613.10	1,997,182.87
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	10,978.0	1,941.0	1,663.0	1,615.0	1,530.0	2,858.0	1,371.0
Delaware RRS Basic Rail Transport VOC	3,559,836.06	629,408.07	539,261.01	523,696.05	496,133.10	926,763.66	444,574.17
Delaware RRS Rail Fuel Surcharge VOC	160,997.02	30,633.83	24,911.74	23,760.69	22,100.85	40,519.30	19,070.61
Delaware RRS Truck Fuel VOC	1,947,669.95	357,604.99	297,764.31	287,110.66	268,878.38	499,221.15	237,090.46
Delaware Valley Resource Recovery Facility DVC	5,434,513.52	950,794.19	849,600.09	840,079.07	752,810.80	1,353,916.91	687,312.46
Subtotal	11,103,016.55	1,968,441.08	1,711,537.15	1,674,646.47	1,539,923.13	2,820,421.02	1,388,047.70
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$20,962,772.52						

TABLE 2C - STEP 1 & 2: DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.00	3,529.00	3,394.00	3,436.00	3,399.00	3,572.00	3,343.00
Tons accepted for the month	743,654.00	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Niagara RTT Basic Rail Transport VOC	8,059,960.83	703,770.83	676,848.45	685,224.30	677,845.58	712,346.10	666,677.78
Niagara RTT Rail Fuel Surcharge VOC	1,256,718.56	118,420.01	108,098.90	107,482.38	104,391.79	107,673.48	98,869.23
Niagara RTT Truck Fuel VOC	1,105,972.21	100,474.61	93,911.52	94,396.65	92,308.61	96,420.38	89,338.70
Niagara Resource Recovery Facility DVC	10,158,062.72	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	20,580,714.32	1,787,001.54	1,745,829.02	1,780,760.20	1,710,756.40	1,762,519.60	1,692,845.43
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Delaware RRS Basic Rail Transport VOC	6,552,848.19	572,174.42	550,286.19	557,095.86	551,096.87	579,146.22	542,017.31
Delaware RRS Rail Fuel Surcharge VOC	295,536.02	27,848.22	25,421.06	25,276.08	24,549.28	25,321.02	23,250.57
Delaware RRS Truck Fuel VOC	3,578,389.32	325,087.07	303,852.09	305,421.75	298,665.88	311,969.55	289,056.67
Delaware Valley Resource Recovery Facility DVC	10,158,062.72	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	20,584,836.25	1,789,445.80	1,746,529.49	1,781,450.56	1,710,522.45	1,762,516.43	1,692,284.27
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>All-In Variable Costs</b>	\$41,165,550.57						

TABLE 2C (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.00	2,352.00	3,687.00	3,468.00	3,483.00	3,768.00
Tons accepted for the month	56,565.75	42,594.72	70,016.13	60,828.72	67,221.90	69,764.05
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.510
<b>Waste Allocation</b>						
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Niagara RTT Basic Rail Transport VOC	595,283.63	469,047.60	735,279.98	691,605.90	694,597.28	751,433.40
Niagara RTT Rail Fuel Surcharge VOC	96,769.97	72,235.80	92,267.18	98,621.25	116,876.42	135,012.15
Niagara RTT Truck Fuel VOC	83,202.29	63,890.08	90,952.42	90,515.41	99,050.56	111,510.98
Niagara Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Subtotal	1,547,944.04	1,187,017.36	1,874,919.92	1,711,662.88	1,828,775.41	1,950,682.52
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Delaware RRS Basic Rail Transport VOC	483,972.98	381,341.52	597,791.75	562,284.18	564,716.21	610,924.68
Delaware RRS Rail Fuel Surcharge VOC	22,756.89	16,987.32	21,698.00	23,192.25	27,485.22	31,750.11
Delaware RRS Truck Fuel VOC	269,202.23	206,717.28	294,277.91	292,863.93	320,479.54	360,795.42
Delaware Valley Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Subtotal	1,548,620.25	1,186,890.00	1,870,188.00	1,709,260.68	1,830,932.12	1,956,196.20
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00
<b>All-In Variable Costs</b>						

TABLE 2D - STEP 4: ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.0	3,529.0	3,394.0	3,436.0	3,399.0	3,572.0	3,343.0
Tons accepted for the month	743,654.0	63,275.0	63,467.8	65,421.4	61,216.0	61,938.5	61,344.1
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	45.45%	45.0%	51.0%	53.0%	55.0%	20.0%	59.0%
Delaware	54.55%	55.0%	49.0%	47.0%	45.0%	80.0%	41.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	18,369.0	1,588.0	1,731.0	1,821.0	1,869.0	714.0	1,972.0
Niagara RTT Basic Rail Transport VOC	7,326,475.65	633,373.80	690,409.35	726,305.85	745,450.65	284,778.90	786,532.20
Niagara RTT Rail Fuel Surcharge VOC	1,146,518.11	106,574.65	110,264.70	113,926.31	114,803.33	43,045.28	116,643.80
Niagara RTT Truck Fuel VOC	1,007,019.24	90,424.30	95,793.07	100,056.05	101,515.03	38,546.56	105,399.89
Niagara Resource Recovery Facility DVC	9,261,032.76	777,877.99	884,340.20	947,234.67	919,610.05	338,242.36	988,606.98
Subtotal	18,741,045.76	1,608,250.74	1,780,807.32	1,887,522.88	1,881,379.06	704,613.10	1,997,182.87
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	22,047.0	1,941.0	1,663.0	1,615.0	1,530.0	2,858.0	1,371.0
Delaware RRS Basic Rail Transport VOC	7,149,180.69	629,408.07	539,261.01	523,696.05	496,133.10	926,763.66	444,574.17
Delaware RRS Rail Fuel Surcharge VOC	321,451.29	30,633.83	24,911.74	23,760.69	22,100.85	40,519.30	19,070.61
Delaware RRS Truck Fuel VOC	3,898,553.07	357,604.99	297,764.31	287,110.66	268,878.38	499,221.15	237,090.46
Delaware Valley Resource Recovery Facility DVC	11,055,092.64	950,794.19	849,600.09	840,079.07	752,810.80	1,353,916.91	687,312.46
Subtotal	22,424,277.69	1,968,441.08	1,711,537.15	1,674,646.47	1,539,923.13	2,820,421.02	1,388,047.70
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$41,165,323.45						

TABLE 2D (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.0	2,352.0	3,687.0	3,468.0	3,483.0	3,768.0
Tons accepted for the month	56,565.8	42,594.7	70,016.1	60,828.7	67,221.9	69,764.1
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.51
<b>Waste Allocation</b>						
Niagara	45.0%	42.0%	35.0%	48.0%	54.0%	40.0%
Delaware	55.0%	58.0%	65.0%	52.0%	46.0%	60.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,343.0	988.0	1,290.0	1,665.0	1,881.0	1,507.0
Niagara RTT Basic Rail Transport VOC	535,655.55	394,063.80	514,516.50	664,085.25	750,236.85	601,066.95
Niagara RTT Rail Fuel Surcharge VOC	87,076.76	60,687.90	64,564.50	94,696.88	126,238.61	107,995.39
Niagara RTT Truck Fuel VOC	74,868.12	53,676.36	63,644.49	86,913.58	106,984.84	89,196.95
Niagara Resource Recovery Facility DVC	695,289.90	488,828.02	669,260.77	797,856.01	991,806.16	762,079.65
Subtotal	1,392,890.33	997,256.08	1,311,986.26	1,643,551.72	1,975,266.46	1,560,338.94
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,642.0	1,364.0	2,397.0	1,803.0	1,602.0	2,261.0
Delaware RRS Basic Rail Transport VOC	532,451.34	442,304.28	777,275.19	584,658.81	519,480.54	733,174.47
Delaware RRS Rail Fuel Surcharge VOC	25,036.40	19,702.98	28,212.69	24,115.13	25,283.57	38,103.50
Delaware RRS Truck Fuel VOC	296,167.54	239,763.92	382,633.11	304,517.69	294,808.05	432,992.81
Delaware Valley Resource Recovery Facility DVC	850,086.39	674,859.73	1,243,579.90	863,984.62	844,696.15	1,143,372.33
Subtotal	1,703,741.67	1,376,630.91	2,431,700.89	1,777,276.25	1,684,268.31	2,347,643.11
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>						

**EXAMPLE 3**

**TABLE 3A - STEP 1 & 2: DESINGATED WASTE ALLOCATION**

<b>Variable Service Fee Components</b>	<b>Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.0	3,529.00	3,394.00	3,436.00	3,399.00	3,572.00	3,343.00
Tons accepted for the month	743,654.00	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Niagara RTT Basic Rail Transport VOC	8,059,960.83	703,770.83	676,848.45	685,224.30	677,845.58	712,346.10	666,677.78
Niagara RTT Rail Fuel Surcharge VOC	1,256,718.56	118,420.01	108,098.90	107,482.38	104,391.79	107,673.48	98,869.23
Niagara RTT Truck Fuel VOC	1,105,972.21	100,474.61	93,911.52	94,396.65	92,308.61	96,420.38	89,338.70
Niagara Resource Recovery Facility DVC	10,158,062.72	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	20,580,714.32	1,787,001.54	1,745,829.02	1,780,760.20	1,710,756.40	1,762,519.60	1,692,845.43
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Delaware RRS Basic Rail Transport VOC	6,552,848.19	572,174.42	550,286.19	557,095.86	551,096.87	579,146.22	542,017.31
Delaware RRS Rail Fuel Surcharge VOC	295,536.02	27,848.22	25,421.06	25,276.08	24,549.28	25,321.02	23,250.57
Delaware RRS Truck Fuel VOC	3,578,389.32	325,087.07	303,852.09	305,421.75	298,665.88	311,969.55	289,056.67
Delaware Valley Resource Recovery Facility DVC	10,158,062.72	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	20,584,836.25	1,789,445.80	1,746,529.49	1,781,450.56	1,710,522.45	1,762,516.43	1,692,284.27
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	<b>\$41,165,550.57</b>						



TABLE 3A (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.00	2,352.00	3,687.00	3,468.00	3,483.00	3,768.00
Tons accepted for the month	56,565.75	42,594.72	70,016.13	60,828.72	67,221.90	69,764.05
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.51
<b>Waste Allocation</b>						
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Niagara RTT Basic Rail Transport VOC	595,283.63	469,047.60	735,279.98	691,605.90	694,597.28	751,433.40
Niagara RTT Rail Fuel Surcharge VOC	96,769.97	72,235.80	92,267.18	98,621.25	116,876.42	135,012.15
Niagara RTT Truck Fuel VOC	83,202.29	63,890.08	90,952.42	90,515.41	99,050.56	111,510.98
Niagara Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Subtotal	1,547,944.04	1,187,017.36	1,874,919.92	1,711,662.88	1,828,775.41	1,950,682.52
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Delaware RRS Basic Rail Transport VOC	483,972.98	381,341.52	597,791.75	562,284.18	564,716.21	610,924.68
Delaware RRS Rail Fuel Surcharge VOC	22,756.89	16,987.32	21,698.00	23,192.25	27,485.22	31,750.11
Delaware RRS Truck Fuel VOC	269,202.23	206,717.28	294,277.91	292,863.93	320,479.54	360,795.42
Delaware Valley Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Subtotal	1,548,620.25	1,186,890.00	1,870,188.00	1,709,260.68	1,830,932.12	1,956,196.20
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						

**EXAMPLE 3**

**TABLE 3B - STEP 4: ACTUAL WASTE DELIVERIES**

<b>Variable Service Fee Components</b>	<b>Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.00	3,529.00	3,394.00	3,436.00	3,399.00	3,572.00	3,343.00
Tons accepted for the month	743,654.00	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	49.68%	45.0%	49.0%	47.0%	47.0%	60.0%	41.0%
Delaware	49.52%	55.0%	51.0%	53.0%	53.0%	31.0%	59.0%
Lee County	0.80%	0.0%	0.0%	0.0%	0.0%	9.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.00%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	20,078.0	1,588.0	1,663.0	1,615.0	1,598.0	2,143.0	1,371.0
Niagara RTT Basic Rail Transport VOC	8,008,110.30	633,373.80	663,287.55	644,142.75	637,362.30	854,735.55	546,823.35
Niagara RTT Rail Fuel Surcharge VOC	1,241,351.49	106,574.65	105,933.10	101,038.44	98,157.15	129,196.11	81,094.65
Niagara RTT Truck Fuel VOC	1,095,695.79	90,424.30	92,029.97	88,737.25	86,795.63	115,693.66	73,277.51
Niagara Resource Recovery Facility DVC	10,084,563.84	777,877.99	849,600.09	840,079.07	786,269.05	1,015,200.82	687,312.46
Subtotal	20,429,721.42	1,608,250.74	1,710,850.71	1,673,997.51	1,608,584.13	2,114,826.14	1,388,507.97
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	20,016.0	1,941.0	1,731.0	1,821.0	1,801.0	1,107.0	1,972.0
Delaware RRS Basic Rail Transport VOC	6,490,588.32	629,408.07	561,311.37	590,495.67	584,010.27	358,966.89	639,460.44
Delaware RRS Rail Fuel Surcharge VOC	294,584.65	30,633.83	25,930.38	26,791.46	26,015.45	15,694.49	27,430.52
Delaware RRS Truck Fuel VOC	3,555,393.54	357,604.99	309,939.88	323,732.83	316,503.24	193,365.23	341,022.89
Delaware Valley Resource Recovery Facility DVC	10,079,020.89	950,794.19	884,340.20	947,234.67	886,151.79	524,417.78	988,606.98
Subtotal	20,419,587.40	1,968,441.08	1,781,521.83	1,888,254.63	1,812,680.75	1,092,444.39	1,996,520.83
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	322.0	0.0	0.0	0.0	0.0	322.0	0.0
Lee Basic Rail Transport VOC	193,786.04	0.00	0.00	0.00	0.00	193,786.04	0.00
Lee Rail Fuel Surcharge VOC	28,286.90	0.00	0.00	0.00	0.00	28,286.90	0.00
Lee County Landfill DVC	152,540.67	0.00	0.00	0.00	0.00	152,540.67	0.00
Subtotal	\$374,613.61	\$0.00	\$0.00	\$0.00	\$0.00	\$374,613.61	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$41,223,922.43						

TABLE 3B (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.00	2,352.00	3,687.00	3,468.00	3,483.00	3,768.00
Tons accepted for the month	56,565.75	42,594.72	70,016.13	60,828.72	67,221.90	69,764.05
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.51
<b>Waste Allocation</b>						
Niagara	41.0%	58.0%	63.0%	48.0%	46.0%	51.0%
Delaware	59.0%	42.0%	37.0%	52.0%	54.0%	49.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,224.0	1,364.0	2,323.0	1,665.0	1,602.0	1,922.0
Niagara RTT Basic Rail Transport VOC	488,192.40	544,031.40	926,528.55	664,085.25	638,957.70	766,589.70
Niagara RTT Rail Fuel Surcharge VOC	79,361.10	83,783.70	116,266.15	94,696.88	107,514.23	137,735.33
Niagara RTT Truck Fuel VOC	68,234.24	74,103.80	114,609.43	86,913.58	91,116.28	113,760.14
Niagara Resource Recovery Facility DVC	633,681.94	674,859.73	1,205,188.20	797,856.01	844,696.15	971,942.33
Subtotal	1,269,469.68	1,376,778.63	2,362,592.33	1,643,551.72	1,682,284.36	1,990,027.50
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,761.0	988.0	1,364.0	1,803.0	1,881.0	1,846.0
Delaware RRS Basic Rail Transport VOC	571,039.47	320,378.76	442,304.28	584,658.81	609,951.87	598,602.42
Delaware RRS Rail Fuel Surcharge VOC	26,850.85	14,271.66	16,054.28	24,115.13	29,686.88	31,109.72
Delaware RRS Truck Fuel VOC	317,631.57	173,670.64	217,735.32	304,517.69	346,151.03	353,518.23
Delaware Valley Resource Recovery Facility DVC	911,694.35	488,828.02	707,652.48	863,984.62	991,806.16	933,509.65
Subtotal	1,827,216.24	997,149.08	1,383,746.36	1,777,276.25	1,977,595.94	1,916,740.02
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>						

TABLE 3C - STEP 8: DESIGNATED WASTE ALLOCATION - DIVERSIONS TO LEE COUNTY

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	322.0					322.0	
Tons accepted for the month	5,583.48					5,583.48	
Average Container Density	17.34					17.34	
<b>Waste Allocation</b>							
Niagara	50.0%					50.0%	
Delaware	50.0%					50.0%	
Lee County	0.0%					0.0%	
Other Authorized Disposal Site - Forced Diversions	0.0%					0.0%	
Total	100.0%					100.0%	
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	161.0					161.0	
Niagara RTT Basic Rail Transport VOC	64,214.85					64,214.85	
Niagara RTT Rail Fuel Surcharge VOC	9,706.29					9,706.29	
Niagara RTT Truck Fuel VOC	8,691.87					8,691.87	
Niagara Resource Recovery Facility DVC	76,270.34					76,270.34	
Subtotal	158,883.35					158,883.35	
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	161.0					161.0	
Delaware RRS Basic Rail Transport VOC	52,207.47					52,207.47	
Delaware RRS Rail Fuel Surcharge VOC	2,282.58					2,282.58	
Delaware RRS Truck Fuel VOC	28,122.68					28,122.68	
Delaware Valley Resource Recovery Facility DVC	76,270.34					76,270.34	
Subtotal	158,883.07					158,883.07	
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0						
Lee Basic Rail Transport VOC	0.00						
Lee Rail Fuel Surcharge VOC	0.00						
Lee County Landfill DVC	0.00						
Subtotal	\$0.00						
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0						
Other Basic Transport VOC	0						
Other Fuel Surcharge VOC	0						
Other Disposal Facility DVC	0						
Subtotal	\$0						
<b>All-In Variable Costs</b>	\$317,766.42						

TABLE 3C (Continued)

<b>Variable Service Fee Components</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
<b>Tonnage/Containers</b>						
Containers accepted for the month						
Tons accepted for the month						
Average Container Density						
<b>Waste Allocation</b>						
Niagara						
Delaware						
Lee County						
Other Authorized Disposal Site - Forced Diversions						
Total						
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers						
Niagara RTT Basic Rail Transport VOC						
Niagara RTT Rail Fuel Surcharge VOC						
Niagara RTT Truck Fuel VOC						
Niagara Resource Recovery Facility DVC						
Subtotal						
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers						
Delaware RRS Basic Rail Transport VOC						
Delaware RRS Rail Fuel Surcharge VOC						
Delaware RRS Truck Fuel VOC						
Delaware Valley Resource Recovery Facility DVC						
Subtotal						
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers						
Lee Basic Rail Transport VOC						
Lee Rail Fuel Surcharge VOC						
Lee County Landfill DVC						
Subtotal						
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
<b>All-In Variable Costs</b>						

TABLE 3D - STEP 9: ACTUAL DELIVERIES - DIVERSIONS TO LEE COUNTY

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	322.0					322.0	
Tons accepted for the month	5,583.48					5,583.48	
Average Container Density	17.34					17.34	
<b>Waste Allocation</b>							
Niagara	0.00%					0.0%	
Delaware	0.00%					0.0%	
Lee County	100.00%					100.0%	
Other Authorized Disposal Site - Forced Diversions	0.00%					0.0%	
Total	100.0%					100.0%	
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	0.0						
Niagara RTT Basic Rail Transport VOC	0.00						
Niagara RTT Rail Fuel Surcharge VOC	0.00						
Niagara RTT Truck Fuel VOC	0.00						
Niagara Resource Recovery Facility DVC	0.00						
Subtotal	0.00						
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	0.0						
Delaware RRS Basic Rail Transport VOC	0.00						
Delaware RRS Rail Fuel Surcharge VOC	0.00						
Delaware RRS Truck Fuel VOC	0.00						
Delaware Valley Resource Recovery Facility DVC	0.00						
Subtotal	0.00						
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	322.0					322.0	
Lee Basic Rail Transport VOC	193,786.04					193,786.04	
Lee Rail Fuel Surcharge VOC	28,286.90					28,286.90	
Lee County Landfill DVC	152,540.67					152,540.67	
Subtotal	\$374,613.61					\$374,613.61	
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0						
Other Basic Transport VOC	0.00						
Other Fuel Surcharge VOC	0.00						
Other Disposal Facility DVC	0.00						
Subtotal	\$0.00						
<b>All-In Variable Costs</b>	\$374,613.61						

TABLE 3D (Continued)

<b>Variable Service Fee Components</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
<b>Tonnage/Containers</b>						
Containers accepted for the month						
Tons accepted for the month						
Average Container Density						
<b>Waste Allocation</b>						
Niagara						
Delaware						
Lee County						
Other Authorized Disposal Site - Forced Diversions						
Total						
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers						
Niagara RTT Basic Rail Transport VOC						
Niagara RTT Rail Fuel Surcharge VOC						
Niagara RTT Truck Fuel VOC						
Niagara Resource Recovery Facility DVC						
Subtotal						
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers						
Delaware RRS Basic Rail Transport VOC						
Delaware RRS Rail Fuel Surcharge VOC						
Delaware RRS Truck Fuel VOC						
Delaware Valley Resource Recovery Facility DVC						
Subtotal						
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers						
Lee Basic Rail Transport VOC						
Lee Rail Fuel Surcharge VOC						
Lee County Landfill DVC						
Subtotal						
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
<b>All-In Variable Costs</b>						

TABLE 4A - STEP 1: UNADJUSTED DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.80	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Delaware	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Lee County	0.00%	0.00%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	27,039.0	2,364.5	2,274.0	2,302.0	2,277.5	2,393.0	2,240.0
Niagara RTT Basic Rail Transport VOC	10,784,505.18	943,080.83	906,984.90	918,152.70	908,380.88	954,448.05	893,424.00
Niagara RTT Rail Fuel Surcharge VOC	1,681,150.51	158,687.51	144,853.80	144,018.88	139,895.44	144,267.99	132,496.00
Niagara RTT Truck Fuel VOC	1,479,649.04	134,639.96	125,842.54	126,484.92	123,702.78	129,190.35	119,724.01
Niagara Resource Recovery Facility DVC	14,478,627.41	1,291,962.80	1,236,301.03	1,197,437.79	1,213,315.35	1,314,072.88	1,205,576.96
Subtotal	28,423,932.14	2,528,371.10	2,413,982.27	2,386,094.29	2,385,294.45	2,541,979.27	2,351,220.97
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	27,039.0	2,364.5	2,274.0	2,302.0	2,277.5	2,393.0	2,240.0
Delaware RRS Basic Rail Transport VOC	8,767,936.56	766,736.42	737,389.98	746,469.54	738,524.93	775,978.11	726,364.80
Delaware RRS Rail Fuel Surcharge VOC	395,347.49	37,317.72	34,064.52	33,868.18	32,898.49	33,926.76	31,158.40
Delaware RRS Truck Fuel VOC	4,787,426.25	435,629.57	407,165.39	409,243.81	400,242.16	417,997.28	387,368.80
Delaware Valley Resource Recovery Facility DVC	14,478,627.41	1,291,962.80	1,236,301.03	1,197,437.79	1,213,315.35	1,314,072.88	1,205,576.96
Subtotal	28,429,337.71	2,531,646.51	2,414,920.92	2,387,019.32	2,384,980.93	2,541,975.03	2,350,468.96
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$56,853,269.85						



TABLE 4A (Continued)

<b>Variable Service Fee Components</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.00	63,040.00	96,349.50	92,475.30	89,139.70	93,301.84
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.77678
<b>Waste Allocation</b>						
Niagara	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Delaware	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	2,000.0	1,576.0	2,470.5	2,323.5	2,333.5	2,484.5
Niagara RTT Basic Rail Transport VOC	797,700.00	628,587.60	985,358.93	926,727.98	930,716.48	990,942.83
Niagara RTT Rail Fuel Surcharge VOC	129,675.00	96,805.80	123,648.53	132,149.06	156,607.02	178,045.48
Niagara RTT Truck Fuel VOC	111,493.85	85,621.39	121,886.61	121,287.51	132,721.49	147,053.63
Niagara Resource Recovery Facility DVC	1,087,336.00	861,126.40	1,316,134.17	1,263,212.60	1,217,648.30	1,274,503.13
Subtotal	2,126,204.85	1,672,141.19	2,547,028.24	2,443,377.15	2,437,693.29	2,590,545.07
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	2,000.0	1,576.0	2,470.5	2,323.5	2,333.5	2,484.5
Delaware RRS Basic Rail Transport VOC	648,540.00	511,049.52	801,109.04	753,441.35	756,684.05	805,648.82
Delaware RRS Rail Fuel Surcharge VOC	30,495.00	22,765.32	29,077.79	31,076.81	36,828.46	41,870.04
Delaware RRS Truck Fuel VOC	360,740.00	277,029.28	394,365.92	392,427.53	429,422.34	475,794.17
Delaware Valley Resource Recovery Facility DVC	1,087,336.00	861,126.40	1,316,134.17	1,263,212.60	1,217,648.30	1,274,503.13
Subtotal	2,127,111.00	1,671,970.52	2,540,686.92	2,440,158.29	2,440,583.15	2,597,816.16
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						

TABLE 4B - STEP 2: ADJUSTED DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.80	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Delaware	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Lee County	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	25,510.2	2,230.8	2,145.4	2,171.8	2,148.7	2,257.7	2,113.3
Niagara RTT Basic Rail Transport VOC	10,174,744.86	889,758.65	855,703.60	866,239.98	857,020.64	900,483.17	842,909.45
Niagara RTT Rail Fuel Surcharge VOC	1,586,097.57	149,715.25	136,663.71	135,875.99	131,985.69	136,111.02	125,004.62
Niagara RTT Truck Fuel VOC	1,395,989.09	127,027.36	118,727.35	119,333.41	116,708.57	121,885.87	112,954.77
Niagara Resource Recovery Facility DVC	13,659,999.94	1,218,914.69	1,166,400.06	1,129,734.17	1,144,713.99	1,239,774.66	1,137,413.15
Subtotal	26,816,831.46	2,385,415.95	2,277,494.72	2,251,183.55	2,250,428.89	2,398,254.72	2,218,281.99
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	25,510.2	2,230.8	2,145.4	2,171.8	2,148.7	2,257.7	2,113.3
Delaware RRS Basic Rail Transport VOC	8,272,193.86	723,384.82	695,697.65	704,263.85	696,768.42	732,103.99	685,295.84
Delaware RRS Rail Fuel Surcharge VOC	372,994.36	35,207.76	32,138.50	31,953.25	31,038.39	32,008.52	29,396.69
Delaware RRS Truck Fuel VOC	4,516,743.22	410,998.89	384,144.09	386,105.00	377,612.30	394,363.54	365,466.81
Delaware Valley Resource Recovery Facility DVC	13,659,999.94	1,218,914.69	1,166,400.06	1,129,734.17	1,144,713.99	1,239,774.66	1,137,413.15
Subtotal	26,821,931.38	2,388,506.16	2,278,380.30	2,252,056.27	2,250,133.10	2,398,250.71	2,217,572.49
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	3,057.6	267.4	257.1	260.3	257.5	270.6	253.3
Lee Basic Rail Transport VOC	1,840,119.91	160,914.39	154,755.43	156,660.97	154,993.63	162,853.94	152,441.61
Lee Rail Fuel Surcharge VOC	277,011.36	26,147.72	23,868.26	23,730.69	23,051.25	23,771.74	21,832.01
Lee County Landfill DVC	1,637,254.79	146,096.21	139,801.89	135,407.22	137,202.66	148,596.44	136,327.61
Subtotal	\$3,754,386.06	\$333,158.32	\$318,425.58	\$315,798.88	\$315,247.54	\$335,222.12	\$310,601.23
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$57,393,148.90						

TABLE 4B (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.00	63,040.00	96,349.50	92,475.30	89,139.70	93,301.84
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.78
<b>Waste Allocation</b>						
Niagara	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Delaware	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Lee County	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,886.9	1,486.9	2,330.8	2,192.1	2,201.6	2,344.0
Niagara RTT Basic Rail Transport VOC	752,597.72	593,046.99	929,646.32	874,330.41	878,093.40	934,914.53
Niagara RTT Rail Fuel Surcharge VOC	122,343.12	91,332.36	116,657.39	124,677.30	147,752.40	167,978.72
Niagara RTT Truck Fuel VOC	105,189.95	80,780.32	114,995.09	114,429.87	125,217.37	138,739.16
Niagara Resource Recovery Facility DVC	1,025,857.59	812,437.95	1,241,719.40	1,191,790.06	1,148,801.99	1,202,442.23
Subtotal	2,005,988.38	1,577,597.62	2,403,018.20	2,305,227.64	2,299,865.16	2,444,074.64
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,886.9	1,486.9	2,330.8	2,192.1	2,201.6	2,344.0
Delaware RRS Basic Rail Transport VOC	611,871.29	482,154.57	755,814.00	710,841.48	713,900.83	760,097.12
Delaware RRS Rail Fuel Surcharge VOC	28,770.80	21,478.16	27,433.71	29,319.72	34,746.17	39,502.69
Delaware RRS Truck Fuel VOC	340,343.62	261,365.93	372,068.30	370,239.53	405,142.63	448,892.58
Delaware Valley Resource Recovery Facility DVC	1,025,857.59	812,437.95	1,241,719.40	1,191,790.06	1,148,801.99	1,202,442.23
Subtotal	2,006,843.30	1,577,436.61	2,397,035.41	2,302,190.79	2,302,591.62	2,450,934.62
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	226.2	178.2	279.4	262.7	263.9	280.9
Lee Basic Rail Transport VOC	136,108.57	107,253.53	168,128.11	158,124.11	158,804.71	169,080.91
Lee Rail Fuel Surcharge VOC	21,367.18	15,951.16	20,374.17	21,774.84	25,804.91	29,337.43
Lee County Landfill DVC	122,956.82	97,376.84	148,829.50	142,845.07	137,692.67	144,121.86
Subtotal	\$280,432.57	\$220,581.53	\$337,331.78	\$322,744.02	\$322,302.29	\$342,540.20
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						

**EXAMPLE 4**

**TABLE 4C - STEP 4: ACTUAL WASTE DELIVERIES**

<b>Variable Service Fee Components</b>	<b>Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.8	94,580.0	90,505.2	87,660.2	88,822.5	96,198.6	88,256.0
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	43.37%	45.0%	49.0%	47.0%	47.0%	30.0%	41.0%
Delaware	48.98%	55.0%	51.0%	53.0%	53.0%	30.0%	59.0%
Lee County	7.65%	0.0%	0.0%	0.0%	0.0%	40.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	23,451.0	2,128.0	2,229.0	2,164.0	2,141.0	1,436.0	1,837.0
Niagara RTT Basic Rail Transport VOC	9,353,431.35	848,752.80	889,036.65	863,111.40	853,937.85	572,748.60	732,687.45
Niagara RTT Rail Fuel Surcharge VOC	1,474,976.93	142,815.40	141,987.30	135,385.25	131,510.93	86,572.85	108,658.55
Niagara RTT Truck Fuel VOC	1,290,766.07	121,173.12	123,352.25	118,902.41	116,288.76	77,525.01	98,184.38
Niagara Resource Recovery Facility DVC	12,546,836.51	1,162,739.20	1,211,835.97	1,125,653.94	1,140,596.34	788,553.55	988,680.75
Subtotal	24,666,010.86	2,275,480.52	2,366,212.17	2,243,053.00	2,242,333.88	1,525,400.01	1,928,211.13
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	26,489.0	2,601.0	2,319.0	2,440.0	2,414.0	1,436.0	2,643.0
Delaware RRS Basic Rail Transport VOC	8,589,588.03	843,426.27	751,982.13	791,218.80	782,787.78	465,651.72	857,045.61
Delaware RRS Rail Fuel Surcharge VOC	390,520.04	41,050.28	34,738.62	35,898.50	34,870.23	20,358.89	36,764.13
Delaware RRS Truck Fuel VOC	4,709,214.77	479,201.74	415,222.75	433,777.10	424,230.33	250,833.30	457,060.60
Delaware Valley Resource Recovery Facility DVC	14,174,565.89	1,421,186.40	1,260,766.09	1,269,221.63	1,286,034.36	788,553.55	1,422,473.17
Subtotal	27,863,888.73	2,784,864.69	2,462,709.59	2,530,116.03	2,527,922.70	1,525,397.46	2,773,343.51
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	4,138.0	0.0	0.0	0.0	0.0	1,915.0	0.0
Lee Basic Rail Transport VOC	2,490,331.16	0.00	0.00	0.00	0.00	1,152,485.30	0.00
Lee Rail Fuel Surcharge VOC	330,351.35	0.00	0.00	0.00	0.00	168,227.96	0.00
Lee County Landfill DVC	2,235,868.80	0.00	0.00	0.00	0.00	1,051,587.78	0.00
Subtotal	\$5,056,551.31	\$0.00	\$0.00	\$0.00	\$0.00	\$2,372,301.04	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$57,586,450.90						

TABLE 4C (Continued)

<b>Variable Service Fee Components</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.0	63,040.0	96,349.5	92,475.3	89,139.7	93,301.8
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.78
<b>Waste Allocation</b>						
Niagara	41.0%	58.0%	23.0%	48.0%	46.0%	51.0%
Delaware	59.0%	42.0%	32.0%	52.0%	54.0%	49.0%
Lee County	0.0%	0.0%	45.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,640.0	1,828.0	1,136.0	2,231.0	2,147.0	2,534.0
Niagara RTT Basic Rail Transport VOC	654,114.00	729,097.80	453,093.60	889,834.35	856,330.95	1,010,685.90
Niagara RTT Rail Fuel Surcharge VOC	106,333.50	112,284.90	56,856.80	126,888.13	144,090.54	181,592.78
Niagara RTT Truck Fuel VOC	91,424.96	99,312.12	56,046.62	116,458.98	122,114.01	149,983.45
Niagara Resource Recovery Facility DVC	891,615.52	998,819.20	605,192.64	1,212,923.31	1,120,330.36	1,299,895.73
Subtotal	1,743,487.98	1,939,514.02	1,171,189.66	2,346,104.77	2,242,865.86	2,642,157.86
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	2,360.0	1,324.0	1,581.0	2,416.0	2,520.0	2,435.0
Delaware RRS Basic Rail Transport VOC	765,277.20	429,333.48	512,670.87	783,436.32	817,160.40	789,597.45
Delaware RRS Rail Fuel Surcharge VOC	35,984.10	19,125.18	18,608.37	32,314.00	39,771.90	41,035.84
Delaware RRS Truck Fuel VOC	425,673.20	232,732.72	252,375.03	408,050.32	463,743.00	466,314.68
Delaware Valley Resource Recovery Facility DVC	1,283,056.48	723,433.60	842,261.94	1,313,501.89	1,314,966.24	1,249,110.54
Subtotal	2,509,990.98	1,404,624.98	1,625,916.21	2,537,302.53	2,635,641.54	2,546,058.51
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	2,223.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	1,337,845.86	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	162,123.39	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	1,184,281.02	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$2,684,250.27	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>						

**EXAMPLE 5**

**TABLE 5A - STEP 1: UNADJUSTED DESINGATED WASTE ALLOCATION**

<b>Variable Service Fee Components</b>	<b>Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.80	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Delaware	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Lee County	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	24,249.4	2,120.6	2,039.4	2,064.5	2,042.5	2,146.1	2,008.9
Niagara RTT Basic Rail Transport VOC	9,671,874.91	845,783.80	813,411.86	823,427.50	814,663.81	855,978.29	801,250.04
Niagara RTT Rail Fuel Surcharge VOC	1,507,707.32	142,315.82	129,909.33	129,160.54	125,462.52	129,383.96	118,826.48
Niagara RTT Truck Fuel VOC	1,326,994.62	120,749.24	112,859.45	113,435.55	110,940.44	115,861.87	107,372.16
Niagara Resource Recovery Facility DVC	12,984,877.02	1,158,671.85	1,108,752.66	1,073,898.93	1,088,138.39	1,178,500.86	1,081,198.39
Subtotal	25,491,453.87	2,267,520.71	2,164,933.30	2,139,922.52	2,139,205.16	2,279,724.98	2,108,647.07
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	24,249.4	2,120.6	2,039.4	2,064.5	2,042.5	2,146.1	2,008.9
Delaware RRS Basic Rail Transport VOC	7,863,354.35	687,632.73	661,313.94	669,456.78	662,331.79	695,920.97	651,426.23
Delaware RRS Rail Fuel Surcharge VOC	354,559.76	33,467.68	30,550.11	30,374.02	29,504.37	30,426.56	27,943.81
Delaware RRS Truck Fuel VOC	4,293,510.65	390,685.95	365,158.40	367,022.40	358,949.43	374,872.78	347,404.22
Delaware Valley Resource Recovery Facility DVC	12,984,877.02	1,158,671.85	1,108,752.66	1,073,898.93	1,088,138.39	1,178,500.86	1,081,198.39
Subtotal	25,496,301.78	2,270,458.21	2,165,775.11	2,140,752.13	2,138,923.98	2,279,721.17	2,107,972.65
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	5,579.2	487.9	469.2	475.0	469.9	493.8	462.2
Lee Basic Rail Transport VOC	3,357,668.78	293,620.64	282,382.43	285,859.44	282,817.06	297,159.70	278,160.36
Lee Rail Fuel Surcharge VOC	505,462.96	47,711.77	43,552.45	43,301.42	42,061.65	43,376.32	39,836.90
Lee County Landfill DVC	2,987,500.61	266,581.89	255,096.69	247,077.71	250,353.86	271,144.03	248,757.14
Subtotal	\$6,850,632.35	\$607,914.30	\$581,031.57	\$576,238.57	\$575,232.57	\$611,680.05	\$566,754.40
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	<b>\$57,838,388.00</b>						

TABLE 5A (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.00	63,040.00	96,349.50	92,475.30	89,139.70	93,301.84
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.77678
<b>Waste Allocation</b>						
Niagara	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Delaware	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Lee County	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,793.7	1,413.4	2,215.6	2,083.8	2,092.8	2,228.2
Niagara RTT Basic Rail Transport VOC	715,401.81	563,736.62	883,700.12	831,118.05	834,695.09	888,707.92
Niagara RTT Rail Fuel Surcharge VOC	116,296.51	86,818.41	110,891.79	118,515.33	140,449.98	159,676.65
Niagara RTT Truck Fuel VOC	99,991.10	76,787.89	109,311.65	108,774.36	119,028.71	131,882.20
Niagara Resource Recovery Facility DVC	975,156.25	772,284.55	1,180,349.51	1,132,887.77	1,092,024.36	1,143,013.50
Subtotal	1,906,845.67	1,499,627.47	2,284,253.07	2,191,295.51	2,186,198.14	2,323,280.27
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,793.7	1,413.4	2,215.6	2,083.8	2,092.8	2,228.2
Delaware RRS Basic Rail Transport VOC	581,630.55	458,324.87	718,459.16	675,709.29	678,617.47	722,530.57
Delaware RRS Rail Fuel Surcharge VOC	27,348.85	20,416.64	26,077.85	27,870.64	33,028.90	37,550.33
Delaware RRS Truck Fuel VOC	323,522.69	248,448.35	353,679.45	351,941.04	385,119.13	426,706.81
Delaware Valley Resource Recovery Facility DVC	975,156.25	772,284.55	1,180,349.51	1,132,887.77	1,092,024.36	1,143,013.50
Subtotal	1,907,658.34	1,499,474.41	2,278,565.97	2,188,408.74	2,188,789.86	2,329,801.21
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	412.7	325.2	509.8	479.4	481.5	512.6
Lee Basic Rail Transport VOC	248,357.45	195,705.67	306,783.58	288,529.30	289,771.09	308,522.06
Lee Rail Fuel Surcharge VOC	38,988.72	29,106.10	37,176.77	39,732.59	47,086.24	53,532.03
Lee County Landfill DVC	224,359.44	177,683.65	271,569.38	260,649.61	251,247.94	262,979.27
Subtotal	\$511,705.61	\$402,495.42	\$615,529.73	\$588,911.50	\$588,105.27	\$625,033.36
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						

**EXAMPLE 5**

**TABLE 5B - STEP 2: ADJUSTED DESIGNATED WASTE ALLOCATION**

<b>Variable Service Fee Components</b>	<b>Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.8	94,580.0	90,505.2	87,660.2	88,822.5	96,198.6	88,256.0
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	47.172979920%	47.172979920%	47.172979920%	47.172979920%	47.172979920%	47.172979920%	47.172979920%
Delaware	47.172979920%	47.172979920%	47.172979920%	47.172979920%	47.172979920%	47.172979920%	47.172979920%
Lee County	5.654040160%	5.654040160%	5.654040160%	5.654040160%	5.654040160%	5.654040160%	5.654040160%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.000000000%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	25,510.2	2,230.8	2,145.4	2,171.8	2,148.7	2,257.7	2,113.3
Niagara RTT Basic Rail Transport VOC	10,174,744.86	889,758.65	855,703.60	866,239.98	857,020.64	900,483.17	842,909.45
Niagara RTT Rail Fuel Surcharge VOC	1,586,097.57	149,715.25	136,663.71	135,875.99	131,985.69	136,111.02	125,004.62
Niagara RTT Truck Fuel VOC	1,395,989.09	127,027.36	118,727.35	119,333.41	116,708.57	121,885.87	112,954.77
Niagara Resource Recovery Facility DVC	13,659,999.94	1,218,914.69	1,166,400.06	1,129,734.17	1,144,713.99	1,239,774.66	1,137,413.15
Subtotal	26,816,831.46	2,385,415.95	2,277,494.72	2,251,183.55	2,250,428.89	2,398,254.72	2,218,281.99
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	25,510.2	2,230.8	2,145.4	2,171.8	2,148.7	2,257.7	2,113.3
Delaware RRS Basic Rail Transport VOC	8,272,193.86	723,384.82	695,697.65	704,263.85	696,768.42	732,103.99	685,295.84
Delaware RRS Rail Fuel Surcharge VOC	372,994.36	35,207.76	32,138.50	31,953.25	31,038.39	32,008.52	29,396.69
Delaware RRS Truck Fuel VOC	4,516,743.22	410,998.89	384,144.09	386,105.00	377,612.30	394,363.54	365,466.81
Delaware Valley Resource Recovery Facility DVC	13,659,999.94	1,218,914.69	1,166,400.06	1,129,734.17	1,144,713.99	1,239,774.66	1,137,413.15
Subtotal	26,821,931.38	2,388,506.16	2,278,380.30	2,252,056.27	2,250,133.10	2,398,250.71	2,217,572.49
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	3,057.6	267.4	257.1	260.3	257.5	270.6	253.3
Lee Basic Rail Transport VOC	1,840,119.91	160,914.39	154,755.43	156,660.97	154,993.63	162,853.94	152,441.61
Lee Rail Fuel Surcharge VOC	277,011.36	26,147.72	23,868.26	23,730.69	23,051.25	23,771.74	21,832.01
Lee County Landfill DVC	1,637,254.79	146,096.21	139,801.89	135,407.22	137,202.66	148,596.44	136,327.61
Subtotal	\$3,754,386.06	\$333,158.32	\$318,425.58	\$315,798.88	\$315,247.54	\$335,222.12	\$310,601.23
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$57,393,148.90						



TABLE 5B (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.0	63,040.0	96,349.5	92,475.3	89,139.7	93,301.8
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.78
<b>Waste Allocation</b>						
Niagara	47.172979920%	47.172979920%	47.172979920%	47.172979920%	47.172979920%	47.172979920%
Delaware	47.172979920%	47.172979920%	47.172979920%	47.172979920%	47.172979920%	47.172979920%
Lee County	5.654040160%	5.654040160%	5.654040160%	5.654040160%	5.654040160%	5.654040160%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,886.9	1,486.9	2,330.8	2,192.1	2,201.6	2,344.0
Niagara RTT Basic Rail Transport VOC	752,597.72	593,046.99	929,646.32	874,330.41	878,093.40	934,914.53
Niagara RTT Rail Fuel Surcharge VOC	122,343.12	91,332.36	116,657.39	124,677.30	147,752.40	167,978.72
Niagara RTT Truck Fuel VOC	105,189.95	80,780.32	114,995.09	114,429.87	125,217.37	138,739.16
Niagara Resource Recovery Facility DVC	1,025,857.59	812,437.95	1,241,719.40	1,191,790.06	1,148,801.99	1,202,442.23
Subtotal	2,005,988.38	1,577,597.62	2,403,018.20	2,305,227.64	2,299,865.16	2,444,074.64
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,886.9	1,486.9	2,330.8	2,192.1	2,201.6	2,344.0
Delaware RRS Basic Rail Transport VOC	611,871.29	482,154.57	755,814.00	710,841.48	713,900.83	760,097.12
Delaware RRS Rail Fuel Surcharge VOC	28,770.80	21,478.16	27,433.71	29,319.72	34,746.17	39,502.69
Delaware RRS Truck Fuel VOC	340,343.62	261,365.93	372,068.30	370,239.53	405,142.63	448,892.58
Delaware Valley Resource Recovery Facility DVC	1,025,857.59	812,437.95	1,241,719.40	1,191,790.06	1,148,801.99	1,202,442.23
Subtotal	2,006,843.30	1,577,436.61	2,397,035.41	2,302,190.79	2,302,591.62	2,450,934.62
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	226.2	178.2	279.4	262.7	263.9	280.9
Lee Basic Rail Transport VOC	136,108.57	107,253.53	168,128.11	158,124.11	158,804.71	169,080.91
Lee Rail Fuel Surcharge VOC	21,367.18	15,951.16	20,374.17	21,774.84	25,804.91	29,337.43
Lee County Landfill DVC	122,956.82	97,376.84	148,829.50	142,845.07	137,692.67	144,121.86
Subtotal	\$280,432.57	\$220,581.53	\$337,331.78	\$322,744.02	\$322,302.29	\$342,540.20
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						

**EXAMPLE 5**

**TABLE 5C - STEP 4: ACTUAL WASTE DELIVERIES**

<b>Variable Service Fee Components</b>	<b>Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.80	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	49.68%	45.0%	49.0%	47.0%	47.0%	60.0%	41.0%
Delaware	48.98%	55.0%	51.0%	53.0%	53.0%	30.0%	59.0%
Lee County	1.34%	0.0%	0.0%	0.0%	0.0%	10.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	26,864.0	2,128.0	2,229.0	2,164.0	2,141.0	2,872.0	1,837.0
Niagara RTT Basic Rail Transport VOC	10,714,706.40	848,752.80	889,036.65	863,111.40	853,937.85	1,145,497.20	732,687.45
Niagara RTT Rail Fuel Surcharge VOC	1,660,498.63	142,815.40	141,987.30	135,385.25	131,510.93	173,145.70	108,658.55
Niagara RTT Truck Fuel VOC	1,465,829.96	121,173.12	123,352.25	118,902.41	116,288.76	155,050.01	98,184.38
Niagara Resource Recovery Facility DVC	14,388,617.04	1,162,739.20	1,211,835.97	1,125,653.94	1,140,596.34	1,577,107.10	988,680.75
Subtotal	28,229,652.03	2,275,480.52	2,366,212.17	2,243,053.00	2,242,333.88	3,050,800.01	1,928,211.13
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	26,489.0	2,601.0	2,319.0	2,440.0	2,414.0	1,436.0	2,643.0
Delaware RRS Basic Rail Transport VOC	8,589,588.03	843,426.27	751,982.13	791,218.80	782,787.78	465,651.72	857,045.61
Delaware RRS Rail Fuel Surcharge VOC	390,520.04	41,050.28	34,738.62	35,898.50	34,870.23	20,358.89	36,764.13
Delaware RRS Truck Fuel VOC	4,709,214.77	479,201.74	415,222.75	433,777.10	424,230.33	250,833.30	457,060.60
Delaware Valley Resource Recovery Facility DVC	14,174,565.89	1,421,186.40	1,260,766.09	1,269,221.63	1,286,034.36	788,553.55	1,422,473.17
Subtotal	27,863,888.73	2,784,864.69	2,462,709.59	2,530,116.03	2,527,922.70	1,525,397.46	2,773,343.51
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	725.0	0.0	0.0	0.0	0.0	478.0	0.0
Lee Basic Rail Transport VOC	436,319.50	0.00	0.00	0.00	0.00	287,669.96	0.00
Lee Rail Fuel Surcharge VOC	60,004.82	0.00	0.00	0.00	0.00	41,991.11	0.00
Lee County Landfill DVC	394,071.88	0.00	0.00	0.00	0.00	262,485.10	0.00
Subtotal	\$890,396.20	\$0.00	\$0.00	\$0.00	\$0.00	\$592,146.17	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$56,983,936.96						

TABLE 5C (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.00	63,040.00	96,349.50	92,475.30	89,139.70	93,301.84
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.78
<b>Waste Allocation</b>						
Niagara	41.0%	58.0%	63.0%	48.0%	46.0%	51.0%
Delaware	59.0%	42.0%	32.0%	52.0%	54.0%	49.0%
Lee County	0.0%	0.0%	5.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,640.0	1,828.0	3,113.0	2,231.0	2,147.0	2,534.0
Niagara RTT Basic Rail Transport VOC	654,114.00	729,097.80	1,241,620.05	889,834.35	856,330.95	1,010,685.90
Niagara RTT Rail Fuel Surcharge VOC	106,333.50	112,284.90	155,805.65	126,888.13	144,090.54	181,592.78
Niagara RTT Truck Fuel VOC	91,424.96	99,312.12	153,585.51	116,458.98	122,114.01	149,983.45
Niagara Resource Recovery Facility DVC	891,615.52	998,819.20	1,658,419.62	1,212,923.31	1,120,330.36	1,299,895.73
Subtotal	1,743,487.98	1,939,514.02	3,209,430.83	2,346,104.77	2,242,865.86	2,642,157.86
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	2,360.0	1,324.0	1,581.0	2,416.0	2,520.0	2,435.0
Delaware RRS Basic Rail Transport VOC	765,277.20	429,333.48	512,670.87	783,436.32	817,160.40	789,597.45
Delaware RRS Rail Fuel Surcharge VOC	35,984.10	19,125.18	18,608.37	32,314.00	39,771.90	41,035.84
Delaware RRS Truck Fuel VOC	425,673.20	232,732.72	252,375.03	408,050.32	463,743.00	466,314.68
Delaware Valley Resource Recovery Facility DVC	1,283,056.48	723,433.60	842,261.94	1,313,501.89	1,314,966.24	1,249,110.54
Subtotal	2,509,990.98	1,404,624.98	1,625,916.21	2,537,302.53	2,635,641.54	2,546,058.51
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	247.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	148,649.54	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	18,013.71	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	131,586.78	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$298,250.03	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>						

TABLE 6A - STEP 1: UNADJUSTED DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.00	4,729.00	4,548.00	4,604.00	4,555.00	4,786.00	4,480.00
Tons accepted for the month	1,059,928.80	94,580.0	90,505.2	87,660.2	88,822.5	96,198.6	88,256.0
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Delaware	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Lee County	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	24,249.4	2,120.6	2,039.4	2,064.5	2,042.5	2,146.1	2,008.9
Niagara RTT Basic Rail Transport VOC	9,671,874.91	845,783.80	813,411.86	823,427.50	814,663.81	855,978.29	801,250.04
Niagara RTT Rail Fuel Surcharge VOC	1,507,707.32	142,315.82	129,909.33	129,160.54	125,462.52	129,383.96	118,826.48
Niagara RTT Truck Fuel VOC	1,326,994.62	120,749.24	112,859.45	113,435.55	110,940.44	115,861.87	107,372.16
Niagara Resource Recovery Facility DVC	12,984,877.02	1,158,671.85	1,108,752.66	1,073,898.93	1,088,138.39	1,178,500.86	1,081,198.39
Subtotal	25,491,453.87	2,267,520.71	2,164,933.30	2,139,922.52	2,139,205.16	2,279,724.98	2,108,647.07
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	24,249.4	2,120.6	2,039.4	2,064.5	2,042.5	2,146.1	2,008.9
Delaware RRS Basic Rail Transport VOC	7,863,354.35	687,632.73	661,313.94	669,456.78	662,331.79	695,920.97	651,426.23
Delaware RRS Rail Fuel Surcharge VOC	354,559.76	33,467.68	30,550.11	30,374.02	29,504.37	30,426.56	27,943.81
Delaware RRS Truck Fuel VOC	4,293,510.65	390,685.95	365,158.40	367,022.40	358,949.43	374,872.78	347,404.22
Delaware Valley Resource Recovery Facility DVC	12,984,877.02	1,158,671.85	1,108,752.66	1,073,898.93	1,088,138.39	1,178,500.86	1,081,198.39
Subtotal	25,496,301.78	2,270,458.21	2,165,775.11	2,140,752.13	2,138,923.98	2,279,721.17	2,107,972.65
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	5,579.2	487.9	469.2	475.0	469.9	493.8	462.2
Lee Basic Rail Transport VOC	3,357,668.78	293,620.64	282,382.43	285,859.44	282,817.06	297,159.70	278,160.36
Lee Rail Fuel Surcharge VOC	505,462.96	47,711.77	43,552.45	43,301.42	42,061.65	43,376.32	39,836.90
Lee County Landfill DVC	2,987,500.61	266,581.89	255,096.69	247,077.71	250,353.86	271,144.03	248,757.14
Subtotal	\$6,850,632.35	\$607,914.30	\$581,031.57	\$576,238.57	\$575,232.57	\$611,680.05	\$566,754.40
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$57,838,388.00						

TABLE 6A (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.00	3,152.00	4,941.00	4,647.00	4,667.00	4,969.00
Tons accepted for the month	79,600.0	63,040.0	96,349.5	92,475.3	89,139.7	93,301.8
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.78
<b>Waste Allocation</b>						
Niagara	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Delaware	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Lee County	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,793.7	1,413.4	2,215.6	2,083.8	2,092.8	2,228.2
Niagara RTT Basic Rail Transport VOC	715,401.81	563,736.62	883,700.12	831,118.05	834,695.09	888,707.92
Niagara RTT Rail Fuel Surcharge VOC	116,296.51	86,818.41	110,891.79	118,515.33	140,449.98	159,676.65
Niagara RTT Truck Fuel VOC	99,991.10	76,787.89	109,311.65	108,774.36	119,028.71	131,882.20
Niagara Resource Recovery Facility DVC	975,156.25	772,284.55	1,180,349.51	1,132,887.77	1,092,024.36	1,143,013.50
Subtotal	1,906,845.67	1,499,627.47	2,284,253.07	2,191,295.51	2,186,198.14	2,323,280.27
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,793.7	1,413.4	2,215.6	2,083.8	2,092.8	2,228.2
Delaware RRS Basic Rail Transport VOC	581,630.55	458,324.87	718,459.16	675,709.29	678,617.47	722,530.57
Delaware RRS Rail Fuel Surcharge VOC	27,348.85	20,416.64	26,077.85	27,870.64	33,028.90	37,550.33
Delaware RRS Truck Fuel VOC	323,522.69	248,448.35	353,679.45	351,941.04	385,119.13	426,706.81
Delaware Valley Resource Recovery Facility DVC	975,156.25	772,284.55	1,180,349.51	1,132,887.77	1,092,024.36	1,143,013.50
Subtotal	1,907,658.34	1,499,474.41	2,278,565.97	2,188,408.74	2,188,789.86	2,329,801.21
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	412.7	325.2	509.8	479.4	481.5	512.6
Lee Basic Rail Transport VOC	248,357.45	195,705.67	306,783.58	288,529.30	289,771.09	308,522.06
Lee Rail Fuel Surcharge VOC	38,988.72	29,106.10	37,176.77	39,732.59	47,086.24	53,532.03
Lee County Landfill DVC	224,359.44	177,683.65	271,569.38	260,649.61	251,247.94	262,979.27
Subtotal	\$511,705.61	\$402,495.42	\$615,529.73	\$588,911.50	\$588,105.27	\$625,033.36
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						

TABLE 6B - STEP 2: ADJUSTED DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.80	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Delaware	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Lee County	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	25,510.2	2,230.8	2,145.4	2,171.8	2,148.7	2,257.7	2,113.3
Niagara RTT Basic Rail Transport VOC	10,174,744.86	889,758.65	855,703.60	866,239.98	857,020.64	900,483.17	842,909.45
Niagara RTT Rail Fuel Surcharge VOC	1,586,097.57	149,715.25	136,663.71	135,875.99	131,985.69	136,111.02	125,004.62
Niagara RTT Truck Fuel VOC	1,395,989.09	127,027.36	118,727.35	119,333.41	116,708.57	121,885.87	112,954.77
Niagara Resource Recovery Facility DVC	13,659,999.94	1,218,914.69	1,166,400.06	1,129,734.17	1,144,713.99	1,239,774.66	1,137,413.15
Subtotal	26,816,831.46	2,385,415.95	2,277,494.72	2,251,183.55	2,250,428.89	2,398,254.72	2,218,281.99
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	25,510.2	2,230.8	2,145.4	2,171.8	2,148.7	2,257.7	2,113.3
Delaware RRS Basic Rail Transport VOC	8,272,193.86	723,384.82	695,697.65	704,263.85	696,768.42	732,103.99	685,295.84
Delaware RRS Rail Fuel Surcharge VOC	372,994.36	35,207.76	32,138.50	31,953.25	31,038.39	32,008.52	29,396.69
Delaware RRS Truck Fuel VOC	4,516,743.22	410,998.89	384,144.09	386,105.00	377,612.30	394,363.54	365,466.81
Delaware Valley Resource Recovery Facility DVC	13,659,999.94	1,218,914.69	1,166,400.06	1,129,734.17	1,144,713.99	1,239,774.66	1,137,413.15
Subtotal	26,821,931.38	2,388,506.16	2,278,380.30	2,252,056.27	2,250,133.10	2,398,250.71	2,217,572.49
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	3,057.6	267.4	257.1	260.3	257.5	270.6	253.3
Lee Basic Rail Transport VOC	1,840,119.91	160,914.39	154,755.43	156,660.97	154,993.63	162,853.94	152,441.61
Lee Rail Fuel Surcharge VOC	277,011.36	26,147.72	23,868.26	23,730.69	23,051.25	23,771.74	21,832.01
Lee County Landfill DVC	1,637,254.79	146,096.21	139,801.89	135,407.22	137,202.66	148,596.44	136,327.61
Subtotal	\$3,754,386.06	\$333,158.32	\$318,425.58	\$315,798.88	\$315,247.54	\$335,222.12	\$310,601.23
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$57,393,148.90						

TABLE 6B (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.00	63,040.00	96,349.50	92,475.30	89,139.70	93,301.84
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.78
<b>Waste Allocation</b>						
Niagara	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Delaware	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Lee County	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,886.9	1,486.9	2,330.8	2,192.1	2,201.6	2,344.0
Niagara RTT Basic Rail Transport VOC	752,597.72	593,046.99	929,646.32	874,330.41	878,093.40	934,914.53
Niagara RTT Rail Fuel Surcharge VOC	122,343.12	91,332.36	116,657.39	124,677.30	147,752.40	167,978.72
Niagara RTT Truck Fuel VOC	105,189.95	80,780.32	114,995.09	114,429.87	125,217.37	138,739.16
Niagara Resource Recovery Facility DVC	1,025,857.59	812,437.95	1,241,719.40	1,191,790.06	1,148,801.99	1,202,442.23
Subtotal	2,005,988.38	1,577,597.62	2,403,018.20	2,305,227.64	2,299,865.16	2,444,074.64
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,886.9	1,486.9	2,330.8	2,192.1	2,201.6	2,344.0
Delaware RRS Basic Rail Transport VOC	611,871.29	482,154.57	755,814.00	710,841.48	713,900.83	760,097.12
Delaware RRS Rail Fuel Surcharge VOC	28,770.80	21,478.16	27,433.71	29,319.72	34,746.17	39,502.69
Delaware RRS Truck Fuel VOC	340,343.62	261,365.93	372,068.30	370,239.53	405,142.63	448,892.58
Delaware Valley Resource Recovery Facility DVC	1,025,857.59	812,437.95	1,241,719.40	1,191,790.06	1,148,801.99	1,202,442.23
Subtotal	2,006,843.30	1,577,436.61	2,397,035.41	2,302,190.79	2,302,591.62	2,450,934.62
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	226.2	178.2	279.4	262.7	263.9	280.9
Lee Basic Rail Transport VOC	136,108.57	107,253.53	168,128.11	158,124.11	158,804.71	169,080.91
Lee Rail Fuel Surcharge VOC	21,367.18	15,951.16	20,374.17	21,774.84	25,804.91	29,337.43
Lee County Landfill DVC	122,956.82	97,376.84	148,829.50	142,845.07	137,692.67	144,121.86
Subtotal	\$280,432.57	\$220,581.53	\$337,331.78	\$322,744.02	\$322,302.29	\$342,540.20
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						

TABLE 6C - STEP 4: ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.80	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	43.37%	45.0%	49.0%	47.0%	47.0%	30.0%	41.0%
Delaware	48.98%	55.0%	51.0%	53.0%	53.0%	30.0%	59.0%
Lee County	7.65%	0.0%	0.0%	0.0%	0.0%	40.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	23,451.0	2,128.0	2,229.0	2,164.0	2,141.0	1,436.0	1,837.0
Niagara RTT Basic Rail Transport VOC	9,353,431.35	848,752.80	889,036.65	863,111.40	853,937.85	572,748.60	732,687.45
Niagara RTT Rail Fuel Surcharge VOC	1,474,976.93	142,815.40	141,987.30	135,385.25	131,510.93	86,572.85	108,658.55
Niagara RTT Truck Fuel VOC	1,290,766.07	121,173.12	123,352.25	118,902.41	116,288.76	77,525.01	98,184.38
Niagara Resource Recovery Facility DVC	12,546,836.51	1,162,739.20	1,211,835.97	1,125,653.94	1,140,596.34	788,553.55	988,680.75
Subtotal	24,666,010.86	2,275,480.52	2,366,212.17	2,243,053.00	2,242,333.88	1,525,400.01	1,928,211.13
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	26,490.0	2,601.0	2,319.0	2,440.0	2,414.0	1,436.0	2,643.0
Delaware RRS Basic Rail Transport VOC	8,589,912.30	843,426.27	751,982.13	791,218.80	782,787.78	465,651.72	857,045.61
Delaware RRS Rail Fuel Surcharge VOC	390,536.89	41,050.28	34,738.62	35,898.50	34,870.23	20,358.89	36,764.13
Delaware RRS Truck Fuel VOC	4,709,406.27	479,201.74	415,222.75	433,777.10	424,230.33	250,833.30	457,060.60
Delaware Valley Resource Recovery Facility DVC	14,175,078.87	1,421,186.40	1,260,766.09	1,269,221.63	1,286,034.36	788,553.55	1,422,473.17
Subtotal	27,864,934.33	2,784,864.69	2,462,709.59	2,530,116.03	2,527,922.70	1,525,397.46	2,773,343.51
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	4,137.0	0.0	0.0	0.0	0.0	1,914.0	0.0
Lee Basic Rail Transport VOC	2,489,729.34	0.00	0.00	0.00	0.00	1,151,883.48	0.00
Lee Rail Fuel Surcharge VOC	330,263.51	0.00	0.00	0.00	0.00	168,140.12	0.00
Lee County Landfill DVC	2,235,319.67	0.00	0.00	0.00	0.00	1,051,038.65	0.00
Subtotal	\$5,055,312.52	\$0.00	\$0.00	\$0.00	\$0.00	\$2,371,062.25	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$57,586,257.71						



TABLE 6C (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.00	63,040.00	96,349.50	92,475.30	89,139.70	93,301.84
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.78
<b>Waste Allocation</b>						
Niagara	41.0%	58.0%	23.0%	48.0%	46.0%	51.0%
Delaware	59.0%	42.0%	32.0%	52.0%	54.0%	49.0%
Lee County	0.0%	0.0%	45.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,640.0	1,828.0	1,136.0	2,231.0	2,147.0	2,534.0
Niagara RTT Basic Rail Transport VOC	654,114.00	729,097.80	453,093.60	889,834.35	856,330.95	1,010,685.90
Niagara RTT Rail Fuel Surcharge VOC	106,333.50	112,284.90	56,856.80	126,888.13	144,090.54	181,592.78
Niagara RTT Truck Fuel VOC	91,424.96	99,312.12	56,046.62	116,458.98	122,114.01	149,983.45
Niagara Resource Recovery Facility DVC	891,615.52	998,819.20	605,192.64	1,212,923.31	1,120,330.36	1,299,895.73
Subtotal	1,743,487.98	1,939,514.02	1,171,189.66	2,346,104.77	2,242,865.86	2,642,157.86
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	2,360.0	1,324.0	1,581.0	2,416.0	2,520.0	2,436.0
Delaware RRS Basic Rail Transport VOC	765,277.20	429,333.48	512,670.87	783,436.32	817,160.40	789,921.72
Delaware RRS Rail Fuel Surcharge VOC	35,984.10	19,125.18	18,608.37	32,314.00	39,771.90	41,052.69
Delaware RRS Truck Fuel VOC	425,673.20	232,732.72	252,375.03	408,050.32	463,743.00	466,506.18
Delaware Valley Resource Recovery Facility DVC	1,283,056.48	723,433.60	842,261.94	1,313,501.89	1,314,966.24	1,249,623.52
Subtotal	2,509,990.98	1,404,624.98	1,625,916.21	2,537,302.53	2,635,641.54	2,547,104.11
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	2,223.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	1,337,845.86	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	162,123.39	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	1,184,281.02	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$2,684,250.27	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>						

TABLE 7A - STEP 1: UNADJUSTED DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Semi-Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	27,702.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	546,022.46	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.71	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Delaware	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Lee County	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	12,422.0	2,120.6	2,039.4	2,064.5	2,042.5	2,146.1	2,008.9
Niagara RTT Basic Rail Transport VOC	4,954,515.30	845,783.80	813,411.86	823,427.50	814,663.81	855,978.29	801,250.04
Niagara RTT Rail Fuel Surcharge VOC	775,058.65	142,315.82	129,909.33	129,160.54	125,462.52	129,383.96	118,826.48
Niagara RTT Truck Fuel VOC	681,218.71	120,749.24	112,859.45	113,435.55	110,940.44	115,861.87	107,372.16
Niagara Resource Recovery Facility DVC	6,689,161.08	1,158,671.85	1,108,752.66	1,073,898.93	1,088,138.39	1,178,500.86	1,081,198.39
Subtotal	13,099,953.74	2,267,520.71	2,164,933.30	2,139,922.52	2,139,205.16	2,279,724.98	2,108,647.07
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	12,422.0	2,120.6	2,039.4	2,064.5	2,042.5	2,146.1	2,008.9
Delaware RRS Basic Rail Transport VOC	4,028,082.44	687,632.73	661,313.94	669,456.78	662,331.79	695,920.97	651,426.23
Delaware RRS Rail Fuel Surcharge VOC	182,266.55	33,467.68	30,550.11	30,374.02	29,504.37	30,426.56	27,943.81
Delaware RRS Truck Fuel VOC	2,204,093.18	390,685.95	365,158.40	367,022.40	358,949.43	374,872.78	347,404.22
Delaware Valley Resource Recovery Facility DVC	6,689,161.08	1,158,671.85	1,108,752.66	1,073,898.93	1,088,138.39	1,178,500.86	1,081,198.39
Subtotal	13,103,603.25	2,270,458.21	2,165,775.11	2,140,752.13	2,138,923.98	2,279,721.17	2,107,972.65
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	2,858.0	487.9	469.2	475.0	469.9	493.8	462.2
Lee Basic Rail Transport VOC	1,719,999.63	293,620.64	282,382.43	285,859.44	282,817.06	297,159.70	278,160.36
Lee Rail Fuel Surcharge VOC	259,840.51	47,711.77	43,552.45	43,301.42	42,061.65	43,376.32	39,836.90
Lee County Landfill DVC	1,539,011.32	266,581.89	255,096.69	247,077.71	250,353.86	271,144.03	248,757.14
Subtotal	\$3,518,851.46	\$607,914.30	\$581,031.57	\$576,238.57	\$575,232.57	\$611,680.05	\$566,754.40
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$29,722,408.45						

TABLE 7B - STEP 2: ADJUSTED DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Semi-Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	27,702.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	546,022.46	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.71	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	45.78566237%	45.78566237%	45.78566237%	45.78566237%	45.78566237%	45.78566237%	45.78566237%
Delaware	45.78566237%	45.78566237%	45.78566237%	45.78566237%	45.78566237%	45.78566237%	45.78566237%
Lee County	8.42867526%	8.42867526%	8.42867526%	8.42867526%	8.42867526%	8.42867526%	8.42867526%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	12,683.5	2,165.2	2,082.3	2,108.0	2,085.5	2,191.3	2,051.2
Niagara RTT Basic Rail Transport VOC	5,058,831.60	863,591.62	830,538.08	840,764.59	831,816.39	874,000.72	818,120.20
Niagara RTT Rail Fuel Surcharge VOC	791,377.33	145,312.25	132,644.54	131,879.99	128,104.10	132,108.11	121,328.34
Niagara RTT Truck Fuel VOC	695,561.63	123,291.60	115,235.68	115,823.91	113,276.27	118,301.31	109,632.86
Niagara Resource Recovery Facility DVC	6,830,000.02	1,183,067.47	1,132,097.22	1,096,509.65	1,111,048.93	1,203,313.94	1,103,962.81
Subtotal	13,375,770.58	2,315,262.94	2,210,515.52	2,184,978.14	2,184,245.69	2,327,724.08	2,153,044.21
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	12,683.5	2,165.2	2,082.3	2,108.0	2,085.5	2,191.3	2,051.2
Delaware RRS Basic Rail Transport VOC	4,112,892.88	702,110.70	675,237.77	683,552.05	676,277.05	710,573.43	665,141.88
Delaware RRS Rail Fuel Surcharge VOC	186,104.12	34,172.33	31,193.33	31,013.54	30,125.58	31,067.18	28,532.16
Delaware RRS Truck Fuel VOC	2,250,499.90	398,911.77	372,846.73	374,749.97	366,507.04	382,765.64	354,718.75
Delaware Valley Resource Recovery Facility DVC	6,830,000.02	1,183,067.47	1,132,097.22	1,096,509.65	1,111,048.93	1,203,313.94	1,103,962.81
Subtotal	13,379,496.92	2,318,262.27	2,211,375.05	2,185,825.21	2,183,958.60	2,327,720.19	2,152,355.60
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	2,334.9	398.6	383.3	388.1	383.9	403.4	377.6
Lee Basic Rail Transport VOC	1,405,196.62	239,880.70	230,699.39	233,539.98	231,054.47	242,772.02	227,250.06
Lee Rail Fuel Surcharge VOC	212,283.19	38,979.32	35,581.27	35,376.17	34,363.31	35,437.37	32,545.75
Lee County Landfill DVC	1,257,333.70	217,790.72	208,407.63	201,856.28	204,532.84	221,517.87	203,228.36
Subtotal	\$2,874,813.51	\$496,650.74	\$474,688.29	\$470,772.43	\$469,950.62	\$499,727.26	\$463,024.17
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$29,630,081.01						

**EXAMPLE 7**

**TABLE 7C - STEP 4: ACTUAL WASTE DELIVERIES**

<b>Variable Service Fee Components</b>	<b>Semi-Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	27,702.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	546,022.46	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.71	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	43.08%	45.0%	49.0%	47.0%	47.0%	30.0%	41.0%
Delaware	50.01%	55.0%	51.0%	53.0%	53.0%	30.0%	59.0%
Lee County	6.91%	0.0%	0.0%	0.0%	0.0%	40.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	11,935.0	2,128.0	2,229.0	2,164.0	2,141.0	1,436.0	1,837.0
Niagara RTT Basic Rail Transport VOC	4,760,274.75	848,752.80	889,036.65	863,111.40	853,937.85	572,748.60	732,687.45
Niagara RTT Rail Fuel Surcharge VOC	746,930.28	142,815.40	141,987.30	135,385.25	131,510.93	86,572.85	108,658.55
Niagara RTT Truck Fuel VOC	655,425.93	121,173.12	123,352.25	118,902.41	116,288.76	77,525.01	98,184.38
Niagara Resource Recovery Facility DVC	6,418,059.75	1,162,739.20	1,211,835.97	1,125,653.94	1,140,596.34	788,553.55	988,680.75
Subtotal	12,580,690.71	2,275,480.52	2,366,212.17	2,243,053.00	2,242,333.88	1,525,400.01	1,928,211.13
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	13,853.0	2,601.0	2,319.0	2,440.0	2,414.0	1,436.0	2,643.0
Delaware RRS Basic Rail Transport VOC	4,492,112.31	843,426.27	751,982.13	791,218.80	782,787.78	465,651.72	857,045.61
Delaware RRS Rail Fuel Surcharge VOC	203,680.65	41,050.28	34,738.62	35,898.50	34,870.23	20,358.89	36,764.13
Delaware RRS Truck Fuel VOC	2,460,325.82	479,201.74	415,222.75	433,777.10	424,230.33	250,833.30	457,060.60
Delaware Valley Resource Recovery Facility DVC	7,448,235.20	1,421,186.40	1,260,766.09	1,269,221.63	1,286,034.36	788,553.55	1,422,473.17
Subtotal	14,604,353.98	2,784,864.69	2,462,709.59	2,530,116.03	2,527,922.70	1,525,397.46	2,773,343.51
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	1,914.0	0.0	0.0	0.0	0.0	1,914.0	0.0
Lee Basic Rail Transport VOC	1,151,883.48	0.00	0.00	0.00	0.00	1,151,883.48	0.00
Lee Rail Fuel Surcharge VOC	168,140.12	0.00	0.00	0.00	0.00	168,140.12	0.00
Lee County Landfill DVC	1,051,038.65	0.00	0.00	0.00	0.00	1,051,038.65	0.00
Subtotal	\$2,371,062.25	\$0.00	\$0.00	\$0.00	\$0.00	\$2,371,062.25	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$29,556,106.94						

TABLE 7D - STEP 1: UNADJUSTED DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.80	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Delaware	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Lee County	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	24,249.4	2,120.6	2,039.4	2,064.5	2,042.5	2,146.1	2,008.9
Niagara RTT Basic Rail Transport VOC	9,671,874.91	845,783.80	813,411.86	823,427.50	814,663.81	855,978.29	801,250.04
Niagara RTT Rail Fuel Surcharge VOC	1,507,707.32	142,315.82	129,909.33	129,160.54	125,462.52	129,383.96	118,826.48
Niagara RTT Truck Fuel VOC	1,326,994.62	120,749.24	112,859.45	113,435.55	110,940.44	115,861.87	107,372.16
Niagara Resource Recovery Facility DVC	12,984,877.02	1,158,671.85	1,108,752.66	1,073,898.93	1,088,138.39	1,178,500.86	1,081,198.39
Subtotal	25,491,453.87	2,267,520.71	2,164,933.30	2,139,922.52	2,139,205.16	2,279,724.98	2,108,647.07
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	24,249.4	2,120.6	2,039.4	2,064.5	2,042.5	2,146.1	2,008.9
Delaware RRS Basic Rail Transport VOC	7,863,354.35	687,632.73	661,313.94	669,456.78	662,331.79	695,920.97	651,426.23
Delaware RRS Rail Fuel Surcharge VOC	354,559.76	33,467.68	30,550.11	30,374.02	29,504.37	30,426.56	27,943.81
Delaware RRS Truck Fuel VOC	4,293,510.65	390,685.95	365,158.40	367,022.40	358,949.43	374,872.78	347,404.22
Delaware Valley Resource Recovery Facility DVC	12,984,877.02	1,158,671.85	1,108,752.66	1,073,898.93	1,088,138.39	1,178,500.86	1,081,198.39
Subtotal	25,496,301.78	2,270,458.21	2,165,775.11	2,140,752.13	2,138,923.98	2,279,721.17	2,107,972.65
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	5,579.2	487.9	469.2	475.0	469.9	493.8	462.2
Lee Basic Rail Transport VOC	3,357,668.78	293,620.64	282,382.43	285,859.44	282,817.06	297,159.70	278,160.36
Lee Rail Fuel Surcharge VOC	505,462.96	47,711.77	43,552.45	43,301.42	42,061.65	43,376.32	39,836.90
Lee County Landfill DVC	2,987,500.61	266,581.89	255,096.69	247,077.71	250,353.86	271,144.03	248,757.14
Subtotal	\$6,850,632.35	\$607,914.30	\$581,031.57	\$576,238.57	\$575,232.57	\$611,680.05	\$566,754.40
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$57,838,388.00						

TABLE 7D (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.00	63,040.00	96,349.50	92,475.30	89,139.70	93,301.84
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.77678
<b>Waste Allocation</b>						
Niagara	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Delaware	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Lee County	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,793.7	1,413.4	2,215.6	2,083.8	2,092.8	2,228.2
Niagara RTT Basic Rail Transport VOC	715,401.81	563,736.62	883,700.12	831,118.05	834,695.09	888,707.92
Niagara RTT Rail Fuel Surcharge VOC	116,296.51	86,818.41	110,891.79	118,515.33	140,449.98	159,676.65
Niagara RTT Truck Fuel VOC	99,991.10	76,787.89	109,311.65	108,774.36	119,028.71	131,882.20
Niagara Resource Recovery Facility DVC	975,156.25	772,284.55	1,180,349.51	1,132,887.77	1,092,024.36	1,143,013.50
Subtotal	1,906,845.67	1,499,627.47	2,284,253.07	2,191,295.51	2,186,198.14	2,323,280.27
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,793.7	1,413.4	2,215.6	2,083.8	2,092.8	2,228.2
Delaware RRS Basic Rail Transport VOC	581,630.55	458,324.87	718,459.16	675,709.29	678,617.47	722,530.57
Delaware RRS Rail Fuel Surcharge VOC	27,348.85	20,416.64	26,077.85	27,870.64	33,028.90	37,550.33
Delaware RRS Truck Fuel VOC	323,522.69	248,448.35	353,679.45	351,941.04	385,119.13	426,706.81
Delaware Valley Resource Recovery Facility DVC	975,156.25	772,284.55	1,180,349.51	1,132,887.77	1,092,024.36	1,143,013.50
Subtotal	1,907,658.34	1,499,474.41	2,278,565.97	2,188,408.74	2,188,789.86	2,329,801.21
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	412.7	325.2	509.8	479.4	481.5	512.6
Lee Basic Rail Transport VOC	248,357.45	195,705.67	306,783.58	288,529.30	289,771.09	308,522.06
Lee Rail Fuel Surcharge VOC	38,988.72	29,106.10	37,176.77	39,732.59	47,086.24	53,532.03
Lee County Landfill DVC	224,359.44	177,683.65	271,569.38	260,649.61	251,247.94	262,979.27
Subtotal	\$511,705.61	\$402,495.42	\$615,529.73	\$588,911.50	\$588,105.27	\$625,033.36
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						

TABLE 7E - STEP 2: ADJUSTED DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.80	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Delaware	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Lee County	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	25,510.2	2,230.8	2,145.4	2,171.8	2,148.7	2,257.7	2,113.3
Niagara RTT Basic Rail Transport VOC	10,174,744.86	889,758.65	855,703.60	866,239.98	857,020.64	900,483.17	842,909.45
Niagara RTT Rail Fuel Surcharge VOC	1,586,097.57	149,715.25	136,663.71	135,875.99	131,985.69	136,111.02	125,004.62
Niagara RTT Truck Fuel VOC	1,395,989.09	127,027.36	118,727.35	119,333.41	116,708.57	121,885.87	112,954.77
Niagara Resource Recovery Facility DVC	13,659,999.94	1,218,914.69	1,166,400.06	1,129,734.17	1,144,713.99	1,239,774.66	1,137,413.15
Subtotal	26,816,831.46	2,385,415.95	2,277,494.72	2,251,183.55	2,250,428.89	2,398,254.72	2,218,281.99
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	25,510.2	2,230.8	2,145.4	2,171.8	2,148.7	2,257.7	2,113.3
Delaware RRS Basic Rail Transport VOC	8,272,193.86	723,384.82	695,697.65	704,263.85	696,768.42	732,103.99	685,295.84
Delaware RRS Rail Fuel Surcharge VOC	372,994.36	35,207.76	32,138.50	31,953.25	31,038.39	32,008.52	29,396.69
Delaware RRS Truck Fuel VOC	4,516,743.22	410,998.89	384,144.09	386,105.00	377,612.30	394,363.54	365,466.81
Delaware Valley Resource Recovery Facility DVC	13,659,999.94	1,218,914.69	1,166,400.06	1,129,734.17	1,144,713.99	1,239,774.66	1,137,413.15
Subtotal	26,821,931.38	2,388,506.16	2,278,380.30	2,252,056.27	2,250,133.10	2,398,250.71	2,217,572.49
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	3,057.6	267.4	257.1	260.3	257.5	270.6	253.3
Lee Basic Rail Transport VOC	1,840,119.91	160,914.39	154,755.43	156,660.97	154,993.63	162,853.94	152,441.61
Lee Rail Fuel Surcharge VOC	277,011.36	26,147.72	23,868.26	23,730.69	23,051.25	23,771.74	21,832.01
Lee County Landfill DVC	1,637,254.79	146,096.21	139,801.89	135,407.22	137,202.66	148,596.44	136,327.61
Subtotal	\$3,754,386.06	\$333,158.32	\$318,425.58	\$315,798.88	\$315,247.54	\$335,222.12	\$310,601.23
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$57,393,148.90						

TABLE 7E (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.00	63,040.00	96,349.50	92,475.30	89,139.70	93,301.84
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.78
<b>Waste Allocation</b>						
Niagara	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Delaware	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Lee County	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,886.9	1,486.9	2,330.8	2,192.1	2,201.6	2,344.0
Niagara RTT Basic Rail Transport VOC	752,597.72	593,046.99	929,646.32	874,330.41	878,093.40	934,914.53
Niagara RTT Rail Fuel Surcharge VOC	122,343.12	91,332.36	116,657.39	124,677.30	147,752.40	167,978.72
Niagara RTT Truck Fuel VOC	105,189.95	80,780.32	114,995.09	114,429.87	125,217.37	138,739.16
Niagara Resource Recovery Facility DVC	1,025,857.59	812,437.95	1,241,719.40	1,191,790.06	1,148,801.99	1,202,442.23
Subtotal	2,005,988.38	1,577,597.62	2,403,018.20	2,305,227.64	2,299,865.16	2,444,074.64
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,886.9	1,486.9	2,330.8	2,192.1	2,201.6	2,344.0
Delaware RRS Basic Rail Transport VOC	611,871.29	482,154.57	755,814.00	710,841.48	713,900.83	760,097.12
Delaware RRS Rail Fuel Surcharge VOC	28,770.80	21,478.16	27,433.71	29,319.72	34,746.17	39,502.69
Delaware RRS Truck Fuel VOC	340,343.62	261,365.93	372,068.30	370,239.53	405,142.63	448,892.58
Delaware Valley Resource Recovery Facility DVC	1,025,857.59	812,437.95	1,241,719.40	1,191,790.06	1,148,801.99	1,202,442.23
Subtotal	2,006,843.30	1,577,436.61	2,397,035.41	2,302,190.79	2,302,591.62	2,450,934.62
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	226.2	178.2	279.4	262.7	263.9	280.9
Lee Basic Rail Transport VOC	136,108.57	107,253.53	168,128.11	158,124.11	158,804.71	169,080.91
Lee Rail Fuel Surcharge VOC	21,367.18	15,951.16	20,374.17	21,774.84	25,804.91	29,337.43
Lee County Landfill DVC	122,956.82	97,376.84	148,829.50	142,845.07	137,692.67	144,121.86
Subtotal	\$280,432.57	\$220,581.53	\$337,331.78	\$322,744.02	\$322,302.29	\$342,540.20
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						



TABLE 7F - STEP 4: ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.80	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	43.37%	45.0%	49.0%	47.0%	47.0%	30.0%	41.0%
Delaware	48.98%	55.0%	51.0%	53.0%	53.0%	30.0%	59.0%
Lee County	7.65%	0.0%	0.0%	0.0%	0.0%	40.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	23,451.0	2,128.0	2,229.0	2,164.0	2,141.0	1,436.0	1,837.0
Niagara RTT Basic Rail Transport VOC	9,353,431.35	848,752.80	889,036.65	863,111.40	853,937.85	572,748.60	732,687.45
Niagara RTT Rail Fuel Surcharge VOC	1,474,976.93	142,815.40	141,987.30	135,385.25	131,510.93	86,572.85	108,658.55
Niagara RTT Truck Fuel VOC	1,290,766.07	121,173.12	123,352.25	118,902.41	116,288.76	77,525.01	98,184.38
Niagara Resource Recovery Facility DVC	12,546,836.51	1,162,739.20	1,211,835.97	1,125,653.94	1,140,596.34	788,553.55	988,680.75
Subtotal	24,666,010.86	2,275,480.52	2,366,212.17	2,243,053.00	2,242,333.88	1,525,400.01	1,928,211.13
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	26,490.0	2,601.0	2,319.0	2,440.0	2,414.0	1,436.0	2,643.0
Delaware RRS Basic Rail Transport VOC	8,589,912.30	843,426.27	751,982.13	791,218.80	782,787.78	465,651.72	857,045.61
Delaware RRS Rail Fuel Surcharge VOC	390,536.89	41,050.28	34,738.62	35,898.50	34,870.23	20,358.89	36,764.13
Delaware RRS Truck Fuel VOC	4,709,406.27	479,201.74	415,222.75	433,777.10	424,230.33	250,833.30	457,060.60
Delaware Valley Resource Recovery Facility DVC	14,175,078.87	1,421,186.40	1,260,766.09	1,269,221.63	1,286,034.36	788,553.55	1,422,473.17
Subtotal	27,864,934.33	2,784,864.69	2,462,709.59	2,530,116.03	2,527,922.70	1,525,397.46	2,773,343.51
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	4,137.0	0.0	0.0	0.0	0.0	1,914.0	0.0
Lee Basic Rail Transport VOC	2,489,729.34	0.00	0.00	0.00	0.00	1,151,883.48	0.00
Lee Rail Fuel Surcharge VOC	330,263.51	0.00	0.00	0.00	0.00	168,140.12	0.00
Lee County Landfill DVC	2,235,319.67	0.00	0.00	0.00	0.00	1,051,038.65	0.00
Subtotal	\$5,055,312.52	\$0.00	\$0.00	\$0.00	\$0.00	\$2,371,062.25	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$57,586,257.71						

TABLE 7F (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.00	63,040.00	96,349.50	92,475.30	89,139.70	93,301.84
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.78
<b>Waste Allocation</b>						
Niagara	41.0%	58.0%	23.0%	48.0%	46.0%	51.0%
Delaware	59.0%	42.0%	32.0%	52.0%	54.0%	49.0%
Lee County	0.0%	0.0%	45.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,640.0	1,828.0	1,136.0	2,231.0	2,147.0	2,534.0
Niagara RTT Basic Rail Transport VOC	654,114.00	729,097.80	453,093.60	889,834.35	856,330.95	1,010,685.90
Niagara RTT Rail Fuel Surcharge VOC	106,333.50	112,284.90	56,856.80	126,888.13	144,090.54	181,592.78
Niagara RTT Truck Fuel VOC	91,424.96	99,312.12	56,046.62	116,458.98	122,114.01	149,983.45
Niagara Resource Recovery Facility DVC	891,615.52	998,819.20	605,192.64	1,212,923.31	1,120,330.36	1,299,895.73
Subtotal	1,743,487.98	1,939,514.02	1,171,189.66	2,346,104.77	2,242,865.86	2,642,157.86
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	2,360.0	1,324.0	1,581.0	2,416.0	2,520.0	2,436.0
Delaware RRS Basic Rail Transport VOC	765,277.20	429,333.48	512,670.87	783,436.32	817,160.40	789,921.72
Delaware RRS Rail Fuel Surcharge VOC	35,984.10	19,125.18	18,608.37	32,314.00	39,771.90	41,052.69
Delaware RRS Truck Fuel VOC	425,673.20	232,732.72	252,375.03	408,050.32	463,743.00	466,506.18
Delaware Valley Resource Recovery Facility DVC	1,283,056.48	723,433.60	842,261.94	1,313,501.89	1,314,966.24	1,249,623.52
Subtotal	2,509,990.98	1,404,624.98	1,625,916.21	2,537,302.53	2,635,641.54	2,547,104.11
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	2,223.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	1,337,845.86	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	162,123.39	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	1,184,281.02	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$2,684,250.27	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>						

TABLE 7G - STEP 8 - FORCED DIVERSIONS - DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	2,050.0					800.0	
Tons accepted for the month	40,455.00					16,080.00	
Average Container Density	19.73					20.1	
<b>Waste Allocation</b>							
Niagara	47.17297992%					47.17297992%	
Delaware	47.17297992%					47.17297992%	
Lee County	5.65404016%					5.65404016%	
Other Authorized Disposal Site - Forced Diversions	0.0%					0.0%	
Total	100.0%					100.0%	
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	967.0					377.4	
Niagara RTT Basic Rail Transport VOC	385,706.33					150,519.54	
Niagara RTT Rail Fuel Surcharge VOC	52,264.13					22,751.53	
Niagara RTT Truck Fuel VOC	49,465.80					20,373.74	
Niagara Resource Recovery Facility DVC	521,370.21					207,233.54	
Subtotal	1,008,806.47					400,878.35	
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	967.0					377.4	
Delaware RRS Basic Rail Transport VOC	313,584.04					122,374.26	
Delaware RRS Rail Fuel Surcharge VOC	12,290.68					5,350.36	
Delaware RRS Truck Fuel VOC	160,047.30					65,919.52	
Delaware Valley Resource Recovery Facility DVC	521,370.21					207,233.54	
Subtotal	1,007,292.23					400,877.68	
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	115.9					45.2	
Lee Basic Rail Transport VOC	69,755.65					27,221.72	
Lee Rail Fuel Surcharge VOC	9,127.91					3,973.55	
Lee County Landfill DVC	62,490.19					24,838.52	
Subtotal	\$141,373.75					\$56,033.79	
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers							
Other Basic Transport VOC							
Other Fuel Surcharge VOC							
Other Disposal Facility DVC							
Subtotal							
<b>All-In Variable Costs</b>	\$2,157,472.45						

TABLE 7G (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month			1,250.0			
Tons accepted for the month			24,375.00			
Average Container Density			19.5			
<b>Waste Allocation</b>						
Niagara			47.17297992%			
Delaware			47.17297992%			
Lee County			5.65404016%			
Other Authorized Disposal Site - Forced Diversions			0.0%			
Total			100.0%			
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers			589.7			
Niagara RTT Basic Rail Transport VOC			235,186.79			
Niagara RTT Rail Fuel Surcharge VOC			29,512.60			
Niagara RTT Truck Fuel VOC			29,092.06			
Niagara Resource Recovery Facility DVC			314,136.67			
Subtotal			607,928.12			
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers			589.7			
Delaware RRS Basic Rail Transport VOC			191,209.78			
Delaware RRS Rail Fuel Surcharge VOC			6,940.32			
Delaware RRS Truck Fuel VOC			94,127.78			
Delaware Valley Resource Recovery Facility DVC			314,136.67			
Subtotal			606,414.55			
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers			70.7			
Lee Basic Rail Transport VOC			42,533.93			
Lee Rail Fuel Surcharge VOC			5,154.36			
Lee County Landfill DVC			37,651.67			
Subtotal			\$85,339.96			
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
<b>All-In Variable Costs</b>						

TABLE 7H - STEP 9: FORECE DIVERSIONS - ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	2,050.0					800.0	
Tons accepted for the month	40,455.00					16,080.00	
Average Container Density	19.73					20.1	
<b>Waste Allocation</b>							
Niagara	0.00%					0.0%	
Delaware	0.00%					0.0%	
Lee County	100.00%					100.0%	
Other Authorized Disposal Site - Forced Diversions	0.0%					0.0%	
Total	100.0%					100.0%	
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers							
Niagara RTT Basic Rail Transport VOC							
Niagara RTT Rail Fuel Surcharge VOC							
Niagara RTT Truck Fuel VOC							
Niagara Resource Recovery Facility DVC							
Subtotal							
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers							
Delaware RRS Basic Rail Transport VOC							
Delaware RRS Rail Fuel Surcharge VOC							
Delaware RRS Truck Fuel VOC							
Delaware Valley Resource Recovery Facility DVC							
Subtotal							
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	2,050.0					800.0	
Lee Basic Rail Transport VOC	1,233,731.00					481,456.00	
Lee Rail Fuel Surcharge VOC	161,440.50					70,278.00	
Lee County Landfill DVC	1,105,230.60					439,305.60	
Subtotal	\$2,500,402.10					\$991,039.60	
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers							
Other Basic Transport VOC							
Other Fuel Surcharge VOC							
Other Disposal Facility DVC							
Subtotal							
<b>All-In Variable Costs</b>	\$2,500,402.10						

TABLE 7H (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month			1,250.0			
Tons accepted for the month			24,375.00			
Average Container Density			19.5			
<b>Waste Allocation</b>						
Niagara			0.0%			
Delaware			0.0%			
Lee County			100.0%			
Other Authorized Disposal Site - Forced Diversions			0.0%			
Total			100.0%			
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers						
Niagara RTT Basic Rail Transport VOC						
Niagara RTT Rail Fuel Surcharge VOC						
Niagara RTT Truck Fuel VOC						
Niagara Resource Recovery Facility DVC						
Subtotal						
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers						
Delaware RRS Basic Rail Transport VOC						
Delaware RRS Rail Fuel Surcharge VOC						
Delaware RRS Truck Fuel VOC						
Delaware Valley Resource Recovery Facility DVC						
Subtotal						
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers			1,250.0			
Lee Basic Rail Transport VOC			752,275.00			
Lee Rail Fuel Surcharge VOC			91,162.50			
Lee County Landfill DVC			665,925.00			
Subtotal			\$1,509,362.50			
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
<b>All-In Variable Costs</b>						

**EXAMPLE 8**

**TABLE 8A - STEP 1: UNADJUSTED DESIGNATED WASTE ALLOCATION**

<b>Variable Service Fee Components</b>	<b>Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.80	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Delaware	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Lee County	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	24,249.4	2,120.6	2,039.4	2,064.5	2,042.5	2,146.1	2,008.9
Niagara RTT Basic Rail Transport VOC	9,671,874.91	845,783.80	813,411.86	823,427.50	814,663.81	855,978.29	801,250.04
Niagara RTT Rail Fuel Surcharge VOC	1,507,707.32	142,315.82	129,909.33	129,160.54	125,462.52	129,383.96	118,826.48
Niagara RTT Truck Fuel VOC	1,326,994.62	120,749.24	112,859.45	113,435.55	110,940.44	115,861.87	107,372.16
Niagara Resource Recovery Facility DVC	12,984,877.02	1,158,671.85	1,108,752.66	1,073,898.93	1,088,138.39	1,178,500.86	1,081,198.39
Subtotal	25,491,453.87	2,267,520.71	2,164,933.30	2,139,922.52	2,139,205.16	2,279,724.98	2,108,647.07
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	24,249.4	2,120.6	2,039.4	2,064.5	2,042.5	2,146.1	2,008.9
Delaware RRS Basic Rail Transport VOC	7,863,354.35	687,632.73	661,313.94	669,456.78	662,331.79	695,920.97	651,426.23
Delaware RRS Rail Fuel Surcharge VOC	354,559.76	33,467.68	30,550.11	30,374.02	29,504.37	30,426.56	27,943.81
Delaware RRS Truck Fuel VOC	4,293,510.65	390,685.95	365,158.40	367,022.40	358,949.43	374,872.78	347,404.22
Delaware Valley Resource Recovery Facility DVC	12,984,877.02	1,158,671.85	1,108,752.66	1,073,898.93	1,088,138.39	1,178,500.86	1,081,198.39
Subtotal	25,496,301.78	2,270,458.21	2,165,775.11	2,140,752.13	2,138,923.98	2,279,721.17	2,107,972.65
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	5,579.2	487.9	469.2	475.0	469.9	493.8	462.2
Lee Basic Rail Transport VOC	3,357,668.78	293,620.64	282,382.43	285,859.44	282,817.06	297,159.70	278,160.36
Lee Rail Fuel Surcharge VOC	505,462.96	47,711.77	43,552.45	43,301.42	42,061.65	43,376.32	39,836.90
Lee County Landfill DVC	2,987,500.61	266,581.89	255,096.69	247,077.71	250,353.86	271,144.03	248,757.14
Subtotal	\$6,850,632.35	\$607,914.30	\$581,031.57	\$576,238.57	\$575,232.57	\$611,680.05	\$566,754.40
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	<b>\$57,838,388.00</b>						

TABLE 8A (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.00	63,040.00	96,349.50	92,475.30	89,139.70	93,301.84
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.78
<b>Waste Allocation</b>						
Niagara	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Delaware	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Lee County	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%
Other Authorized Disposal Site - Forced Diversions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,793.7	1,413.4	2,215.6	2,083.8	2,092.8	2,228.2
Niagara RTT Basic Rail Transport VOC	715,401.81	563,736.62	883,700.12	831,118.05	834,695.09	888,707.92
Niagara RTT Rail Fuel Surcharge VOC	116,296.51	86,818.41	110,891.79	118,515.33	140,449.98	159,676.65
Niagara RTT Truck Fuel VOC	99,991.10	76,787.89	109,311.65	108,774.36	119,028.71	131,882.20
Niagara Resource Recovery Facility DVC	975,156.25	772,284.55	1,180,349.51	1,132,887.77	1,092,024.36	1,143,013.50
Subtotal	1,906,845.67	1,499,627.47	2,284,253.07	2,191,295.51	2,186,198.14	2,323,280.27
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,793.7	1,413.4	2,215.6	2,083.8	2,092.8	2,228.2
Delaware RRS Basic Rail Transport VOC	581,630.55	458,324.87	718,459.16	675,709.29	678,617.47	722,530.57
Delaware RRS Rail Fuel Surcharge VOC	27,348.85	20,416.64	26,077.85	27,870.64	33,028.90	37,550.33
Delaware RRS Truck Fuel VOC	323,522.69	248,448.35	353,679.45	351,941.04	385,119.13	426,706.81
Delaware Valley Resource Recovery Facility DVC	975,156.25	772,284.55	1,180,349.51	1,132,887.77	1,092,024.36	1,143,013.50
Subtotal	1,907,658.34	1,499,474.41	2,278,565.97	2,188,408.74	2,188,789.86	2,329,801.21
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	412.7	325.2	509.8	479.4	481.5	512.6
Lee Basic Rail Transport VOC	248,357.45	195,705.67	306,783.58	288,529.30	289,771.09	308,522.06
Lee Rail Fuel Surcharge VOC	38,988.72	29,106.10	37,176.77	39,732.59	47,086.24	53,532.03
Lee County Landfill DVC	224,359.44	177,683.65	271,569.38	260,649.61	251,247.94	262,979.27
Subtotal	\$511,705.61	\$402,495.42	\$615,529.73	\$588,911.50	\$588,105.27	\$625,033.36
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						



**EXAMPLE 8**

**TABLE 8B - STEP 2: ADJUSTED DESIGNATED WASTE ALLOCATION**

<b>Variable Service Fee Components</b>	<b>Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.80	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Delaware	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Lee County	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	25,510.2	2,230.8	2,145.4	2,171.8	2,148.7	2,257.7	2,113.3
Niagara RTT Basic Rail Transport VOC	10,174,744.86	889,758.65	855,703.60	866,239.98	857,020.64	900,483.17	842,909.45
Niagara RTT Rail Fuel Surcharge VOC	1,586,097.57	149,715.25	136,663.71	135,875.99	131,985.69	136,111.02	125,004.62
Niagara RTT Truck Fuel VOC	1,395,989.09	127,027.36	118,727.35	119,333.41	116,708.57	121,885.87	112,954.77
Niagara Resource Recovery Facility DVC	13,659,999.94	1,218,914.69	1,166,400.06	1,129,734.17	1,144,713.99	1,239,774.66	1,137,413.15
Subtotal	26,816,831.46	2,385,415.95	2,277,494.72	2,251,183.55	2,250,428.89	2,398,254.72	2,218,281.99
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	25,510.2	2,230.8	2,145.4	2,171.8	2,148.7	2,257.7	2,113.3
Delaware RRS Basic Rail Transport VOC	8,272,193.86	723,384.82	695,697.65	704,263.85	696,768.42	732,103.99	685,295.84
Delaware RRS Rail Fuel Surcharge VOC	372,994.36	35,207.76	32,138.50	31,953.25	31,038.39	32,008.52	29,396.69
Delaware RRS Truck Fuel VOC	4,516,743.22	410,998.89	384,144.09	386,105.00	377,612.30	394,363.54	365,466.81
Delaware Valley Resource Recovery Facility DVC	13,659,999.94	1,218,914.69	1,166,400.06	1,129,734.17	1,144,713.99	1,239,774.66	1,137,413.15
Subtotal	26,821,931.38	2,388,506.16	2,278,380.30	2,252,056.27	2,250,133.10	2,398,250.71	2,217,572.49
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	3,057.6	267.4	257.1	260.3	257.5	270.6	253.3
Lee Basic Rail Transport VOC	1,840,119.91	160,914.39	154,755.43	156,660.97	154,993.63	162,853.94	152,441.61
Lee Rail Fuel Surcharge VOC	277,011.36	26,147.72	23,868.26	23,730.69	23,051.25	23,771.74	21,832.01
Lee County Landfill DVC	1,637,254.79	146,096.21	139,801.89	135,407.22	137,202.66	148,596.44	136,327.61
Subtotal	\$3,754,386.06	\$333,158.32	\$318,425.58	\$315,798.88	\$315,247.54	\$335,222.12	\$310,601.23
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$57,393,148.90						

TABLE 8B (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.00	63,040.00	96,349.50	92,475.30	89,139.70	93,301.84
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.78
<b>Waste Allocation</b>						
Niagara	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Delaware	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%	47.17297992%
Lee County	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%	5.65404016%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,886.9	1,486.9	2,330.8	2,192.1	2,201.6	2,344.0
Niagara RTT Basic Rail Transport VOC	752,597.72	593,046.99	929,646.32	874,330.41	878,093.40	934,914.53
Niagara RTT Rail Fuel Surcharge VOC	122,343.12	91,332.36	116,657.39	124,677.30	147,752.40	167,978.72
Niagara RTT Truck Fuel VOC	105,189.95	80,780.32	114,995.09	114,429.87	125,217.37	138,739.16
Niagara Resource Recovery Facility DVC	1,025,857.59	812,437.95	1,241,719.40	1,191,790.06	1,148,801.99	1,202,442.23
Subtotal	2,005,988.38	1,577,597.62	2,403,018.20	2,305,227.64	2,299,865.16	2,444,074.64
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,886.9	1,486.9	2,330.8	2,192.1	2,201.6	2,344.0
Delaware RRS Basic Rail Transport VOC	611,871.29	482,154.57	755,814.00	710,841.48	713,900.83	760,097.12
Delaware RRS Rail Fuel Surcharge VOC	28,770.80	21,478.16	27,433.71	29,319.72	34,746.17	39,502.69
Delaware RRS Truck Fuel VOC	340,343.62	261,365.93	372,068.30	370,239.53	405,142.63	448,892.58
Delaware Valley Resource Recovery Facility DVC	1,025,857.59	812,437.95	1,241,719.40	1,191,790.06	1,148,801.99	1,202,442.23
Subtotal	2,006,843.30	1,577,436.61	2,397,035.41	2,302,190.79	2,302,591.62	2,450,934.62
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	226.2	178.2	279.4	262.7	263.9	280.9
Lee Basic Rail Transport VOC	136,108.57	107,253.53	168,128.11	158,124.11	158,804.71	169,080.91
Lee Rail Fuel Surcharge VOC	21,367.18	15,951.16	20,374.17	21,774.84	25,804.91	29,337.43
Lee County Landfill DVC	122,956.82	97,376.84	148,829.50	142,845.07	137,692.67	144,121.86
Subtotal	\$280,432.57	\$220,581.53	\$337,331.78	\$322,744.02	\$322,302.29	\$342,540.20
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						

**EXAMPLE 8**

**TABLE 8C - STEP 4: ACTUAL WASTE DELIVERIES**

<b>Variable Service Fee Components</b>	<b>Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	54,078.0	4,729.0	4,548.0	4,604.0	4,555.0	4,786.0	4,480.0
Tons accepted for the month	1,059,928.80	94,580.00	90,505.20	87,660.16	88,822.50	96,198.60	88,256.00
Average Container Density	19.60	20.00	19.90	19.04	19.50	20.10	19.70
<b>Waste Allocation</b>							
Niagara	39.79%	45.0%	49.0%	47.0%	47.0%	0.0%	41.0%
Delaware	44.48%	55.0%	51.0%	53.0%	53.0%	0.0%	59.0%
Lee County	6.88%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	8.85%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	21,515.0	2,128.0	2,229.0	2,164.0	2,141.0	0.0	1,837.0
Niagara RTT Basic Rail Transport VOC	8,581,257.75	848,752.80	889,036.65	863,111.40	853,937.85	0.00	732,687.45
Niagara RTT Rail Fuel Surcharge VOC	1,363,379.08	142,815.40	141,987.30	135,385.25	131,510.93	0.00	108,658.55
Niagara RTT Truck Fuel VOC	1,188,572.66	121,173.12	123,352.25	118,902.41	116,288.76	0.00	98,184.38
Niagara Resource Recovery Facility DVC	11,491,912.96	1,162,739.20	1,211,835.97	1,125,653.94	1,140,596.34	0.00	988,680.75
Subtotal	22,625,122.45	2,275,480.52	2,366,212.17	2,243,053.00	2,242,333.88	0.00	1,928,211.13
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	24,054.0	2,601.0	2,319.0	2,440.0	2,414.0	0.0	2,643.0
Delaware RRS Basic Rail Transport VOC	7,799,990.58	843,426.27	751,982.13	791,218.80	782,787.78	0.00	857,045.61
Delaware RRS Rail Fuel Surcharge VOC	358,408.00	41,050.28	34,738.62	35,898.50	34,870.23	0.00	36,764.13
Delaware RRS Truck Fuel VOC	4,298,942.97	479,201.74	415,222.75	433,777.10	424,230.33	0.00	457,060.60
Delaware Valley Resource Recovery Facility DVC	12,853,785.32	1,421,186.40	1,260,766.09	1,269,221.63	1,286,034.36	0.00	1,422,473.17
Subtotal	25,311,126.87	2,784,864.69	2,462,709.59	2,530,116.03	2,527,922.70	0.00	2,773,343.51
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	3,723.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	2,240,575.86	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	271,518.39	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	1,983,391.02	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$4,495,485.27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	4786.0	0.0	0.0	0.0	0.0	4,786.0	0.0
Other Basic Transport VOC	1,435,800.00	0.00	0.00	0.00	0.00	1,435,800.00	0.00
Other Fuel Surcharge VOC	570,730.50	0.00	0.00	0.00	0.00	570,730.50	0.00
Other Disposal Facility DVC	3,048,533.63	0.00	0.00	0.00	0.00	3,048,533.63	0.00
Subtotal	\$5,055,064.13	\$0.00	\$0.00	\$0.00	\$0.00	\$5,055,064.13	\$0.00
<b>All-In Variable Costs</b>	\$57,486,798.72						

TABLE 8C (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	4,000.0	3,152.0	4,941.0	4,647.0	4,667.0	4,969.0
Tons accepted for the month	79,600.00	63,040.00	96,349.50	92,475.30	89,139.70	93,301.84
Average Container Density	19.90	20.00	19.50	19.90	19.10	18.78
<b>Waste Allocation</b>						
Niagara	41.0%	58.0%	12.9%	48.0%	46.0%	51.0%
Delaware	59.0%	42.0%	11.8%	52.0%	54.0%	49.0%
Lee County	0.0%	0.0%	75.3%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,640.0	1,828.0	636.0	2,231.0	2,147.0	2,534.0
Niagara RTT Basic Rail Transport VOC	654,114.00	729,097.80	253,668.60	889,834.35	856,330.95	1,010,685.90
Niagara RTT Rail Fuel Surcharge VOC	106,333.50	112,284.90	31,831.80	126,888.13	144,090.54	181,592.78
Niagara RTT Truck Fuel VOC	91,424.96	99,312.12	31,378.22	116,458.98	122,114.01	149,983.45
Niagara Resource Recovery Facility DVC	891,615.52	998,819.20	338,822.64	1,212,923.31	1,120,330.36	1,299,895.73
Subtotal	1,743,487.98	1,939,514.02	655,701.26	2,346,104.77	2,242,865.86	2,642,157.86
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	2,360.0	1,324.0	581.0	2,416.0	2,520.0	2,436.0
Delaware RRS Basic Rail Transport VOC	765,277.20	429,333.48	188,400.87	783,436.32	817,160.40	789,921.72
Delaware RRS Rail Fuel Surcharge VOC	35,984.10	19,125.18	6,838.37	32,314.00	39,771.90	41,052.69
Delaware RRS Truck Fuel VOC	425,673.20	232,732.72	92,745.03	408,050.32	463,743.00	466,506.18
Delaware Valley Resource Recovery Facility DVC	1,283,056.48	723,433.60	309,521.94	1,313,501.89	1,314,966.24	1,249,623.52
Subtotal	2,509,990.98	1,404,624.98	597,506.21	2,537,302.53	2,635,641.54	2,547,104.11
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	3,723.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	2,240,575.86	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	271,518.39	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	1,983,391.02	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$4,495,485.27	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>						

TABLE 8D - STEP 8 - ADJUSTED DESIGNATED WASTE ALLOCATION - FORCED DIVERSIO

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	4,786.0					4,786.0	
Tons accepted for the month	96,198.60					96,198.60	
Average Container Density	20.10					20.10	
<b>Waste Allocation</b>							
Niagara	47.17297992%					47.17297992%	
Delaware	47.17297992%					47.17297992%	
Lee County	5.65404016%					5.65404016%	
Other Authorized Disposal Site - Forced Diversions	0.0%					0.0%	
Total	100.0%					100.0%	
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	2,257.7					2,257.7	
Niagara RTT Basic Rail Transport VOC	900,483.18					900,483.18	
Niagara RTT Rail Fuel Surcharge VOC	136,111.02					136,111.02	
Niagara RTT Truck Fuel VOC	121,885.88					121,885.88	
Niagara Resource Recovery Facility DVC	1,239,774.67					1,239,774.67	
Subtotal	2,398,254.75					2,398,254.75	
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	2,257.7					2,257.7	
Delaware RRS Basic Rail Transport VOC	732,104.00					732,104.00	
Delaware RRS Rail Fuel Surcharge VOC	32,008.53					32,008.53	
Delaware RRS Truck Fuel VOC	394,363.54					394,363.54	
Delaware Valley Resource Recovery Facility DVC	1,239,774.67					1,239,774.67	
Subtotal	2,398,250.74					2,398,250.74	
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	270.6					270.6	
Lee Basic Rail Transport VOC	162,853.91					162,853.91	
Lee Rail Fuel Surcharge VOC	23,771.74					23,771.74	
Lee County Landfill DVC	148,596.42					148,596.42	
Subtotal	\$335,222.07					\$335,222.07	
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers							
Other Basic Transport VOC							
Other Fuel Surcharge VOC							
Other Disposal Facility DVC							
Subtotal							
<b>All-In Variable Costs</b>	\$5,131,727.56						

TABLE 8D (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month						
Tons accepted for the month						
Average Container Density						
<b>Waste Allocation</b>						
Niagara						
Delaware						
Lee County						
Other Authorized Disposal Site - Forced Diversions						
Total						
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers						
Niagara RTT Basic Rail Transport VOC						
Niagara RTT Rail Fuel Surcharge VOC						
Niagara RTT Truck Fuel VOC						
Niagara Resource Recovery Facility DVC						
Subtotal						
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers						
Delaware RRS Basic Rail Transport VOC						
Delaware RRS Rail Fuel Surcharge VOC						
Delaware RRS Truck Fuel VOC						
Delaware Valley Resource Recovery Facility DVC						
Subtotal						
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers						
Lee Basic Rail Transport VOC						
Lee Rail Fuel Surcharge VOC						
Lee County Landfill DVC						
Subtotal						
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
<b>All-In Variable Costs</b>						

TABLE 8E - STEP 9 - DIVERSIONS - ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	4,786.0					4,786.0	
Tons accepted for the month	96,198.60					96,198.60	
Average Container Density	20.10					20.10	
<b>Waste Allocation</b>							
Niagara	0.00%					0.00%	
Delaware	0.00%					0.00%	
Lee County	0.00%					0.00%	
Other Authorized Disposal Site - Forced Diversions	100.0%					100.0%	
Total	100.0%					100.0%	
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	0.0					0.0	
Niagara RTT Basic Rail Transport VOC	0.00					0.00	
Niagara RTT Rail Fuel Surcharge VOC	0.00					0.00	
Niagara RTT Truck Fuel VOC	0.00					0.00	
Niagara Resource Recovery Facility DVC	0.00					0.00	
Subtotal	0.00					0.00	
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	0.0					0.0	
Delaware RRS Basic Rail Transport VOC	0.00					0.00	
Delaware RRS Rail Fuel Surcharge VOC	0.00					0.00	
Delaware RRS Truck Fuel VOC	0.00					0.00	
Delaware Valley Resource Recovery Facility DVC	0.00					0.00	
Subtotal	0.00					0.00	
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0					0.0	
Lee Basic Rail Transport VOC	0.00					0.00	
Lee Rail Fuel Surcharge VOC	0.00					0.00	
Lee County Landfill DVC	0.00					0.00	
Subtotal	\$0.00					\$0.00	
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	4,786.0					4,786.0	
Other Basic Transport VOC	1,435,800.00					1,435,800.00	
Other Fuel Surcharge VOC	570,730.50					570,730.50	
Other Disposal Facility DVC	3,048,533.63					3,048,533.63	
Subtotal	\$5,055,064.13					\$5,055,064.13	
<b>All-In Variable Costs</b>	\$5,055,064.13						

TABLE 8G (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month						
Tons accepted for the month						
Average Container Density						
Waste Allocation						
Niagara						
Delaware						
Lee County						
Other Authorized Disposal Site - Forced Diversions						
Total						
Niagara Variable Cost Component						
Number of Niagara Containers						
Niagara RTT Basic Rail Transport VOC						
Niagara RTT Rail Fuel Surcharge VOC						
Niagara RTT Truck Fuel VOC						
Niagara Resource Recovery Facility DVC						
Subtotal						
Delaware Valley Variable Cost Component						
Number of Delaware Containers						
Delaware RRS Basic Rail Transport VOC						
Delaware RRS Rail Fuel Surcharge VOC						
Delaware RRS Truck Fuel VOC						
Delaware Valley Resource Recovery Facility DVC						
Subtotal						
Lee County Variable Cost Component						
Number of Delaware Lee Containers						
Lee Basic Rail Transport VOC						
Lee Rail Fuel Surcharge VOC						
Lee County Landfill DVC						
Subtotal						
Other Authorized Disposal Site - Forced Diversions						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
All-In Variable Costs						



TABLE 9A - STEP 1: UNADJUSTED DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	48,500.0	4,235.0	4,073.0	4,123.0	4,079.0	4,286.0	4,012.0
Tons accepted for the month	902,100.00	79,618.00	76,979.70	78,501.92	74,645.70	75,433.60	75,425.60
Average Container Density	18.60	18.80	18.90	19.04	18.30	17.60	18.80
<b>Waste Allocation</b>							
Niagara	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Delaware	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Lee County	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	21,748.1	1,899.0	1,826.4	1,848.8	1,829.1	1,921.9	1,799.0
Niagara RTT Basic Rail Transport VOC	8,674,247.01	757,431.67	728,457.89	737,400.42	729,530.99	766,553.05	717,548.02
Niagara RTT Rail Fuel Surcharge VOC	1,352,502.96	127,449.25	116,341.40	115,666.58	112,351.61	115,867.03	106,413.35
Niagara RTT Truck Fuel VOC	1,190,265.21	108,135.55	101,072.23	101,584.44	99,347.10	103,757.62	96,155.61
Niagara Resource Recovery Facility DVC	11,051,362.57	975,376.76	943,055.72	961,704.00	914,462.57	924,114.92	924,016.91
Subtotal	22,268,377.75	1,968,393.23	1,888,927.24	1,916,355.44	1,855,692.27	1,910,292.62	1,844,133.89
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	21,748.1	1,899.0	1,826.4	1,848.8	1,829.1	1,921.9	1,799.0
Delaware RRS Basic Rail Transport VOC	7,052,270.46	615,801.34	592,245.30	599,515.69	593,117.75	623,217.14	583,375.45
Delaware RRS Rail Fuel Surcharge VOC	318,061.14	29,971.58	27,359.41	27,200.71	26,421.15	27,247.85	25,024.68
Delaware RRS Truck Fuel VOC	3,851,120.66	349,874.18	327,020.70	328,677.96	321,439.02	335,709.30	311,112.88
Delaware Valley Resource Recovery Facility DVC	11,051,362.57	975,376.76	943,055.72	961,704.00	914,462.57	924,114.92	924,016.91
Delaware UCC VOC	2,022,577.32	178,509.66	172,594.38	176,007.32	167,361.38	169,127.91	169,109.98
Subtotal	24,295,392.15	2,149,533.52	2,062,275.51	2,093,105.68	2,022,801.87	2,079,417.12	2,012,639.90
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	5,003.7	436.9	420.2	425.4	420.8	442.2	413.9
Lee Basic Rail Transport VOC	3,011,334.45	262,948.46	252,890.00	255,994.49	253,262.53	266,115.05	249,102.57
Lee Rail Fuel Surcharge VOC	453,430.30	42,727.70	39,003.77	38,777.54	37,666.18	38,844.74	35,675.37
Lee County Landfill DVC	2,542,646.66	224,410.18	216,973.92	221,264.45	210,395.33	212,616.12	212,593.57
Subtotal	\$6,007,411.41	\$530,086.34	\$508,867.69	\$516,036.48	\$501,324.04	\$517,575.91	\$497,371.51
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$52,571,181.31						

TABLE 9A (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	3,582.0	2,822.0	4,424.0	4,162.0	4,180.0	4,522.0
Tons accepted for the month	64,834.20	50,513.80	83,171.20	73,251.20	75,658.00	94,067.08
Average Container Density	18.10	17.90	18.80	17.60	18.10	20.80
<b>Waste Allocation</b>						
Niagara	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Delaware	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%	44.84153316%
Lee County	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%	10.31693368%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,606.2	1,265.4	1,983.8	1,866.3	1,874.4	2,027.7
Niagara RTT Basic Rail Transport VOC	640,642.32	504,716.00	791,234.40	744,375.59	747,594.91	808,761.75
Niagara RTT Rail Fuel Surcharge VOC	104,143.53	77,728.92	99,288.66	106,146.07	125,794.07	145,312.49
Niagara RTT Truck Fuel VOC	89,542.03	68,748.55	97,873.86	97,421.75	106,608.10	120,018.37
Niagara Resource Recovery Facility DVC	794,264.77	618,829.77	1,018,905.98	897,378.97	926,863.99	1,152,388.21
Subtotal	1,628,592.65	1,270,023.24	2,007,302.90	1,845,322.38	1,906,861.07	2,226,480.82
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,606.2	1,265.4	1,983.8	1,866.3	1,874.4	2,027.7
Delaware RRS Basic Rail Transport VOC	520,850.16	410,340.37	643,283.39	605,186.59	607,803.94	657,533.34
Delaware RRS Rail Fuel Surcharge VOC	24,490.90	18,279.11	23,349.20	24,961.82	29,582.34	34,172.39
Delaware RRS Truck Fuel VOC	289,714.57	222,436.95	316,672.30	315,209.52	344,932.06	388,321.22
Delaware Valley Resource Recovery Facility DVC	794,264.77	618,829.77	1,018,905.98	897,378.97	926,863.99	1,152,388.21
Delaware UCC VOC	145,363.24	113,255.81	186,476.20	164,234.80	169,631.04	210,905.60
Subtotal	1,774,683.64	1,383,142.01	2,188,687.07	2,006,971.70	2,078,813.37	2,443,320.76
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	369.6	291.1	456.4	429.4	431.2	466.5
Lee Basic Rail Transport VOC	222,404.15	175,216.22	274,683.35	258,415.97	259,533.55	280,768.11
Lee Rail Fuel Surcharge VOC	34,914.41	26,058.83	33,286.79	35,585.76	42,172.80	48,716.41
Lee County Landfill DVC	182,740.80	142,377.52	234,425.18	206,464.84	213,248.59	265,136.16
Subtotal	\$440,059.36	\$343,652.57	\$542,395.32	\$500,466.57	\$514,954.94	\$594,620.68
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						

TABLE 9B - STEP 2: ADJUSTED DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	48,500.0	4,235.0	4,073.0	4,123.0	4,079.0	4,286.0	4,012.0
Tons accepted for the month	902,100.00	79,618.00	76,979.70	78,501.92	74,645.70	75,433.60	75,425.60
Average Container Density	18.60	18.80	18.90	19.04	18.30	17.60	18.80
<b>Waste Allocation</b>							
Niagara	50.00%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
Delaware	50.00%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
Lee County	0.00%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	24,250.0	2,117.5	2,036.5	2,061.5	2,039.5	2,143.0	2,006.0
Niagara RTT Basic Rail Transport VOC	9,672,112.52	844,564.88	812,258.03	822,229.28	813,454.58	854,735.55	800,093.10
Niagara RTT Rail Fuel Surcharge VOC	1,508,091.82	142,110.72	129,725.05	128,972.59	125,276.29	129,196.11	118,654.90
Niagara RTT Truck Fuel VOC	1,327,190.60	120,575.22	112,699.35	113,270.48	110,775.77	115,693.66	107,217.13
Niagara Resource Recovery Facility DVC	12,322,686.00	1,087,581.88	1,051,542.70	1,072,336.23	1,019,660.26	1,030,422.98	1,030,313.70
Subtotal	24,830,080.94	2,194,832.70	2,106,225.13	2,136,808.58	2,069,166.90	2,130,048.30	2,056,278.83
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	24,250.0	2,117.5	2,036.5	2,061.5	2,039.5	2,143.0	2,006.0
Delaware RRS Basic Rail Transport VOC	7,863,547.52	686,641.73	660,375.86	668,482.61	661,348.67	694,910.61	650,485.62
Delaware RRS Rail Fuel Surcharge VOC	354,650.17	33,419.44	30,506.77	30,329.82	29,460.58	30,382.38	27,903.46
Delaware RRS Truck Fuel VOC	4,294,144.78	390,122.91	364,640.42	366,488.32	358,416.63	374,328.53	346,902.60
Delaware Valley Resource Recovery Facility DVC	12,322,686.00	1,087,581.88	1,051,542.70	1,072,336.23	1,019,660.26	1,030,422.98	1,030,313.70
Delaware UCC VOC	2,255,250.00	199,045.00	192,449.25	196,254.80	186,614.25	188,584.00	188,564.00
Subtotal	27,090,278.47	2,396,810.96	2,299,515.00	2,333,891.78	2,255,500.39	2,318,628.50	2,244,169.38
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$51,920,359.41						

TABLE 9B (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	3,582.0	2,822.0	4,424.0	4,162.0	4,180.0	4,522.0
Tons accepted for the month	64,834.20	50,513.80	83,171.20	73,251.20	75,658.00	94,067.08
Average Container Density	18.10	17.90	18.80	17.60	18.10	20.80
<b>Waste Allocation</b>						
Niagara	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
Delaware	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
Lee County	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,791.0	1,411.0	2,212.0	2,081.0	2,090.0	2,261.0
Niagara RTT Basic Rail Transport VOC	714,340.35	562,777.35	882,256.20	830,006.85	833,596.50	901,799.85
Niagara RTT Rail Fuel Surcharge VOC	116,123.96	86,670.68	110,710.60	118,356.88	140,265.13	162,028.91
Niagara RTT Truck Fuel VOC	99,842.74	76,657.23	109,133.04	108,628.93	118,872.04	133,825.01
Niagara Resource Recovery Facility DVC	885,635.17	690,018.51	1,136,118.59	1,000,611.39	1,033,488.28	1,284,956.31
Subtotal	1,815,942.22	1,416,123.77	2,238,218.43	2,057,604.05	2,126,221.95	2,482,610.08
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,791.0	1,411.0	2,212.0	2,081.0	2,090.0	2,261.0
Delaware RRS Basic Rail Transport VOC	580,767.57	457,544.97	717,285.24	674,805.87	677,724.30	733,174.47
Delaware RRS Rail Fuel Surcharge VOC	27,308.27	20,381.90	26,035.24	27,833.38	32,985.43	38,103.50
Delaware RRS Truck Fuel VOC	323,042.67	248,025.58	353,101.56	351,470.50	384,612.25	432,992.81
Delaware Valley Resource Recovery Facility DVC	885,635.17	690,018.51	1,136,118.59	1,000,611.39	1,033,488.28	1,284,956.31
Delaware UCC VOC	162,085.50	126,284.50	207,928.00	183,128.00	189,145.00	235,167.70
Subtotal	1,978,839.18	1,542,255.46	2,440,468.63	2,237,849.14	2,317,955.26	2,724,394.79
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						

**EXAMPLE 9**

**TABLE 9C - STEP 4: ACTUAL WASTE DELIVERIES**

<b>Variable Service Fee Components</b>	<b>Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	48,500.0	4,235.0	4,073.0	4,123.0	4,079.0	4,286.0	4,012.0
Tons accepted for the month	902,100.0	79,618.0	76,979.7	78,501.9	74,645.7	75,433.6	75,425.6
Average Container Density	18.60	18.80	18.90	19.04	18.30	17.60	18.80
<b>Waste Allocation</b>							
Niagara	49.68%	45.0%	49.0%	47.0%	47.0%	60.0%	41.0%
Delaware	50.32%	55.0%	51.0%	53.0%	53.0%	40.0%	59.0%
Lee County	0.00%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	24,094.0	1,906.0	1,996.0	1,938.0	1,917.0	2,572.0	1,645.0
Niagara RTT Basic Rail Transport VOC	9,609,891.90	760,208.10	796,104.60	772,971.30	764,595.45	1,025,842.20	656,108.25
Niagara RTT Rail Fuel Surcharge VOC	1,489,656.38	127,916.43	127,145.20	121,246.13	117,751.73	155,059.45	97,301.75
Niagara RTT Truck Fuel VOC	1,314,860.99	108,531.94	110,458.09	106,484.69	104,122.16	138,853.98	87,922.32
Niagara Resource Recovery Facility DVC	12,238,227.72	978,952.10	1,030,630.61	1,008,094.89	958,415.65	1,236,699.90	844,898.32
Subtotal	24,652,636.99	1,975,608.57	2,064,338.50	2,008,797.01	1,944,884.99	2,556,455.53	1,686,230.64
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	24,406.0	2,329.0	2,077.0	2,185.0	2,162.0	1,714.0	2,367.0
Delaware RRS Basic Rail Transport VOC	7,914,133.62	755,224.83	673,508.79	708,529.95	701,071.74	555,798.78	767,547.09
Delaware RRS Rail Fuel Surcharge VOC	358,985.54	36,757.44	31,113.46	32,146.81	31,230.09	24,300.24	32,924.97
Delaware RRS Truck Fuel VOC	4,334,037.39	429,089.14	371,892.04	388,443.84	379,944.48	299,392.95	409,331.23
Delaware Valley Resource Recovery Facility DVC	12,407,144.30	1,196,211.66	1,072,454.80	1,136,577.57	1,080,904.87	824,146.05	1,215,729.07
Delaware UCC VOC	2,270,707.23	218,926.00	196,276.50	208,012.00	197,823.00	150,832.00	222,498.00
Subtotal	27,285,008.08	2,636,209.07	2,345,245.59	2,473,710.17	2,390,974.18	1,854,470.02	2,648,030.36
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$51,937,645.07						

TABLE 9C (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	3,582.0	2,822.0	4,424.0	4,162.0	4,180.0	4,522.0
Tons accepted for the month	64,834.2	50,513.8	83,171.2	73,251.2	75,658.0	94,067.1
Average Container Density	18.10	17.90	18.80	17.60	18.10	20.80
<b>Waste Allocation</b>						
Niagara	41.0%	58.0%	63.0%	48.0%	46.0%	51.0%
Delaware	59.0%	42.0%	37.0%	52.0%	54.0%	49.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,469.0	1,637.0	2,787.0	1,998.0	1,923.0	2,306.0
Niagara RTT Basic Rail Transport VOC	585,910.65	652,917.45	1,111,594.95	796,902.30	766,988.55	919,748.10
Niagara RTT Rail Fuel Surcharge VOC	95,246.29	100,552.73	139,489.35	113,636.25	129,057.34	165,253.73
Niagara RTT Truck Fuel VOC	81,892.23	88,935.42	137,501.71	104,296.30	109,373.66	136,488.49
Niagara Resource Recovery Facility DVC	726,408.75	800,538.84	1,431,447.79	960,702.34	950,908.12	1,310,530.41
Subtotal	1,489,457.92	1,642,944.44	2,820,033.80	1,975,537.19	1,956,327.67	2,532,020.73
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	2,113.0	1,185.0	1,637.0	2,164.0	2,257.0	2,216.0
Delaware RRS Basic Rail Transport VOC	685,182.51	384,259.95	530,829.99	701,720.28	731,877.39	718,582.32
Delaware RRS Rail Fuel Surcharge VOC	32,217.97	17,117.33	19,267.49	28,943.50	35,621.10	37,345.14
Delaware RRS Truck Fuel VOC	381,121.81	208,299.30	261,314.31	365,488.78	415,344.43	424,375.08
Delaware Valley Resource Recovery Facility DVC	1,044,861.60	579,498.18	840,789.39	1,040,520.45	1,116,068.44	1,259,382.22
Delaware UCC VOC	191,226.50	106,057.50	153,878.00	190,432.00	204,258.50	230,487.23
Subtotal	2,334,610.39	1,295,232.26	1,806,079.18	2,327,105.01	2,503,169.86	2,670,171.99
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>						

TABLE 10A - STEPS 1 & 2: DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.0	3,529.0	3,394.0	3,436.0	3,399.0	3,572.0	3,343.0
Tons accepted for the month	743,654.00	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Niagara RTT Basic Rail Transport VOC	8,059,960.83	703,770.83	676,848.45	685,224.30	677,845.58	712,346.10	666,677.78
Niagara RTT Rail Fuel Surcharge VOC	1,256,718.56	118,420.01	108,098.90	107,482.38	104,391.79	107,673.48	98,869.23
Niagara RTT Truck Fuel VOC	1,105,972.21	100,474.61	93,911.52	94,396.65	92,308.61	96,420.38	89,338.70
Niagara Resource Recovery Facility DVC	10,158,062.72	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	20,580,714.32	1,787,001.54	1,745,829.02	1,780,760.20	1,710,756.40	1,762,519.60	1,692,845.43
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Delaware RRS Basic Rail Transport VOC	6,552,848.19	572,174.42	550,286.19	557,095.86	551,096.87	579,146.22	542,017.31
Delaware RRS Rail Fuel Surcharge VOC	295,536.02	27,848.22	25,421.06	25,276.08	24,549.28	25,321.02	23,250.57
Delaware RRS Truck Fuel VOC	3,578,389.32	325,087.07	303,852.09	305,421.75	298,665.88	311,969.55	289,056.67
Delaware Valley Resource Recovery Facility DVC	10,158,062.72	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	20,584,836.25	1,789,445.80	1,746,529.49	1,781,450.56	1,710,522.45	1,762,516.43	1,692,284.27
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$41,165,550.57						

TABLE 10A (Continued)

<b>Variable Service Fee Components</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.0	2,352.0	3,687.0	3,468.0	3,483.0	3,768.0
Tons accepted for the month	56,565.75	42,594.72	70,016.13	60,828.72	67,221.90	69,764.05
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.51
<b>Waste Allocation</b>						
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Niagara RTT Basic Rail Transport VOC	595,283.63	469,047.60	735,279.98	691,605.90	694,597.28	751,433.40
Niagara RTT Rail Fuel Surcharge VOC	96,769.97	72,235.80	92,267.18	98,621.25	116,876.42	135,012.15
Niagara RTT Truck Fuel VOC	83,202.29	63,890.08	90,952.42	90,515.41	99,050.56	111,510.98
Niagara Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Subtotal	1,547,944.04	1,187,017.36	1,874,919.92	1,711,662.88	1,828,775.41	1,950,682.52
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Delaware RRS Basic Rail Transport VOC	483,972.98	381,341.52	597,791.75	562,284.18	564,716.21	610,924.68
Delaware RRS Rail Fuel Surcharge VOC	22,756.89	16,987.32	21,698.00	23,192.25	27,485.22	31,750.11
Delaware RRS Truck Fuel VOC	269,202.23	206,717.28	294,277.91	292,863.93	320,479.54	360,795.42
Delaware Valley Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Subtotal	1,548,620.25	1,186,890.00	1,870,188.00	1,709,260.68	1,830,932.12	1,956,196.20
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						



TABLE 10B - STEP 4: ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.0	3,529.0	3,394.0	3,436.0	3,399.0	3,572.0	3,343.0
Tons accepted for the month	743,654.00	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	55.56%	50.1%	55.0%	53.0%	47.0%	51.0%	59.0%
Delaware	44.44%	49.9%	45.0%	47.0%	53.0%	49.0%	41.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	22,457.0	1,768.0	1,867.0	1,821.0	1,598.0	1,822.0	1,972.0
Niagara RTT Basic Rail Transport VOC	8,956,974.45	705,166.80	744,652.95	726,305.85	637,362.30	726,704.70	786,532.20
Niagara RTT Rail Fuel Surcharge VOC	1,392,411.48	118,654.90	118,927.90	113,926.31	98,157.15	109,843.83	116,643.80
Niagara RTT Truck Fuel VOC	1,227,194.50	100,673.90	103,319.27	100,056.05	86,795.63	98,363.90	105,399.89
Niagara Resource Recovery Facility DVC	11,295,867.08	866,050.56	953,820.43	947,234.67	786,269.05	863,133.87	988,606.98
Subtotal	22,872,447.51	1,790,546.16	1,920,720.55	1,887,522.88	1,608,584.13	1,798,046.30	1,997,182.87
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	17,959.0	1,761.0	1,527.0	1,615.0	1,801.0	1,750.0	1,371.0
Delaware RRS Basic Rail Transport VOC	5,843,229.93	571,039.47	495,160.29	523,696.05	603,675.27	567,472.50	444,574.17
Delaware RRS Rail Fuel Surcharge VOC	263,625.82	27,792.98	22,874.46	23,760.69	26,015.45	24,810.63	19,070.61
Delaware RRS Truck Fuel VOC	3,186,172.78	324,442.24	273,413.17	287,110.66	316,503.24	305,681.25	237,090.46
Delaware Valley Resource Recovery Facility DVC	9,020,258.33	862,621.62	780,119.87	840,079.07	886,151.79	829,025.40	687,312.46
Subtotal	18,313,286.86	1,785,896.31	1,571,567.79	1,674,646.47	1,832,345.75	1,726,989.78	1,388,047.70
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$41,185,734.37						

TABLE 10B (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.0	2,352.0	3,687.0	3,468.0	3,483.0	3,768.0
Tons accepted for the month	56,565.75	42,594.72	70,016.13	60,828.72	67,221.90	69,764.05
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.51
<b>Waste Allocation</b>						
Niagara	59.0%	48.0%	63.0%	65.0%	54.0%	60.0%
Delaware	41.0%	52.0%	37.0%	35.0%	46.0%	40.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,761.0	1,129.0	2,323.0	2,254.0	1,881.0	2,261.0
Niagara RTT Basic Rail Transport VOC	702,374.85	450,301.65	926,528.55	899,007.90	750,236.85	901,799.85
Niagara RTT Rail Fuel Surcharge VOC	114,178.84	69,348.83	116,266.15	128,196.25	126,238.61	162,028.91
Niagara RTT Truck Fuel VOC	98,170.34	61,336.65	114,609.43	117,659.59	106,984.84	133,825.01
Niagara Resource Recovery Facility DVC	911,694.35	558,589.91	1,205,188.20	1,080,100.57	991,806.16	1,143,372.33
Subtotal	1,826,418.38	1,139,577.04	2,362,592.33	2,224,964.31	1,975,266.46	2,341,026.10
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,224.0	1,223.0	1,364.0	1,214.0	1,602.0	1,507.0
Delaware RRS Basic Rail Transport VOC	396,906.48	396,582.21	442,304.28	393,663.78	519,480.54	488,674.89
Delaware RRS Rail Fuel Surcharge VOC	18,662.94	17,666.24	16,054.28	16,237.25	25,283.57	25,396.72
Delaware RRS Truck Fuel VOC	220,772.88	214,978.94	217,735.32	205,038.53	294,808.05	288,598.04
Delaware Valley Resource Recovery Facility DVC	633,681.94	605,097.84	707,652.48	581,740.06	844,696.15	762,079.65
Subtotal	1,270,024.24	1,234,325.23	1,383,746.36	1,196,679.62	1,684,268.31	1,564,749.30
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>						

TABLE 10C - STEPS 1 & 2: DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	500.0				500.0		
Tons accepted for the month	9,005.00				9,005.00		
Average Container Density	18.01				18.01		
<b>Waste Allocation</b>							
Niagara	50.0%				50.0%		
Delaware	50.0%				50.0%		
Lee County	0.0%				0.0%		
Other Authorized Disposal Site - Forced Diversions	0.0%				0.0%		
Total	100.0%				100.0%		
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	250.0				250.0		
Niagara RTT Basic Rail Transport VOC	99,712.50				99,712.50		
Niagara RTT Rail Fuel Surcharge VOC	15,356.25				15,356.25		
Niagara RTT Truck Fuel VOC	13,578.79				13,578.79		
Niagara Resource Recovery Facility DVC	123,008.30				123,008.30		
Subtotal	251,655.84				251,655.84		
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	250.0				250.0		
Delaware RRS Basic Rail Transport VOC	81,067.50				81,067.50		
Delaware RRS Rail Fuel Surcharge VOC	3,611.25				3,611.25		
Delaware RRS Truck Fuel VOC	43,934.38				43,934.38		
Delaware Valley Resource Recovery Facility DVC	123,008.30				123,008.30		
Subtotal	251,621.43				251,621.43		
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0				0.0		
Lee Basic Rail Transport VOC	0.00				0.00		
Lee Rail Fuel Surcharge VOC	0.00				0.00		
Lee County Landfill DVC	0.00				0.00		
Subtotal	\$0.00				\$0.00		
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0				0		
Other Basic Transport VOC	0				0		
Other Fuel Surcharge VOC	0				0		
Other Disposal Facility DVC	0				0		
Subtotal	\$0				\$0		
<b>All-In Variable Costs</b>	\$503,277.27						

TABLE 10C (Continued)

<b>Variable Service Fee Components</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
<b>Tonnage/Containers</b>						
Containers accepted for the month						
Tons accepted for the month						
Average Container Density						
<b>Waste Allocation</b>						
Niagara						
Delaware						
Lee County						
Other Authorized Disposal Site - Forced Diversions						
Total						
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers						
Niagara RTT Basic Rail Transport VOC						
Niagara RTT Rail Fuel Surcharge VOC						
Niagara RTT Truck Fuel VOC						
Niagara Resource Recovery Facility DVC						
Subtotal						
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers						
Delaware RRS Basic Rail Transport VOC						
Delaware RRS Rail Fuel Surcharge VOC						
Delaware RRS Truck Fuel VOC						
Delaware Valley Resource Recovery Facility DVC						
Subtotal						
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers						
Lee Basic Rail Transport VOC						
Lee Rail Fuel Surcharge VOC						
Lee County Landfill DVC						
Subtotal						
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
<b>All-In Variable Costs</b>						

TABLE 10D - STEP 4: ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	500.0				500.0		
Tons accepted for the month	9,005.00				9,005.00		
Average Container Density	18.01				18.01		
<b>Waste Allocation</b>							
Niagara	0.00%				100.0%		
Delaware	100.00%				0.0%		
Lee County	0.0%				0.0%		
Other Authorized Disposal Site - Forced Diversions	0.0%				0.0%		
Total	100.0%				100.0%		
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	0.0				0.0		
Niagara RTT Basic Rail Transport VOC	0.00				0.00		
Niagara RTT Rail Fuel Surcharge VOC	0.00				0.00		
Niagara RTT Truck Fuel VOC	0.00				0.00		
Niagara Resource Recovery Facility DVC	0.00				0.00		
Subtotal	0.00				0.00		
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	500.0				500.0		
Delaware RRS Basic Rail Transport VOC	181,800.00				181,800.00		
Delaware RRS Rail Fuel Surcharge VOC	7,222.50				7,222.50		
Delaware RRS Truck Fuel VOC	87,868.75				87,868.75		
Delaware Valley Resource Recovery Facility DVC	246,016.60				246,016.60		
Subtotal	522,907.85				522,907.85		
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0				0.0		
Lee Basic Rail Transport VOC	0.00				0.00		
Lee Rail Fuel Surcharge VOC	0.00				0.00		
Lee County Landfill DVC	0.00				0.00		
Subtotal	\$0.00				\$0.00		
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0				0.0		
Other Basic Transport VOC	0.00				0.00		
Other Fuel Surcharge VOC	0.00				0.00		
Other Disposal Facility DVC	0.00				0.00		
Subtotal	\$0.00				\$0.00		
<b>All-In Variable Costs</b>	\$522,907.85						

TABLE 10D (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month						
Tons accepted for the month						
Average Container Density						
<b>Waste Allocation</b>						
Niagara						
Delaware						
Lee County						
Other Authorized Disposal Site - Forced Diversions						
Total						
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers						
Niagara RTT Basic Rail Transport VOC						
Niagara RTT Rail Fuel Surcharge VOC						
Niagara RTT Truck Fuel VOC						
Niagara Resource Recovery Facility DVC						
Subtotal						
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers						
Delaware RRS Basic Rail Transport VOC						
Delaware RRS Rail Fuel Surcharge VOC						
Delaware RRS Truck Fuel VOC						
Delaware Valley Resource Recovery Facility DVC						
Subtotal						
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers						
Lee Basic Rail Transport VOC						
Lee Rail Fuel Surcharge VOC						
Lee County Landfill DVC						
Subtotal						
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
<b>All-In Variable Costs</b>						

TABLE 10E - STEPS 1 & 2: DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.0	3,529.0	3,394.0	3,436.0	3,399.0	3,572.0	3,343.0
Tons accepted for the month	743,654.00	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Niagara RTT Basic Rail Transport VOC	8,059,960.83	703,770.83	676,848.45	685,224.30	677,845.58	712,346.10	666,677.78
Niagara RTT Rail Fuel Surcharge VOC	1,256,718.56	118,420.01	108,098.90	107,482.38	104,391.79	107,673.48	98,869.23
Niagara RTT Truck Fuel VOC	1,105,972.21	100,474.61	93,911.52	94,396.65	92,308.61	96,420.38	89,338.70
Niagara Resource Recovery Facility DVC	10,158,062.72	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	20,580,714.32	1,787,001.54	1,745,829.02	1,780,760.20	1,710,756.40	1,762,519.60	1,692,845.43
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Delaware RRS Basic Rail Transport VOC	6,552,848.19	572,174.42	550,286.19	557,095.86	551,096.87	579,146.22	542,017.31
Delaware RRS Rail Fuel Surcharge VOC	295,536.02	27,848.22	25,421.06	25,276.08	24,549.28	25,321.02	23,250.57
Delaware RRS Truck Fuel VOC	3,578,389.32	325,087.07	303,852.09	305,421.75	298,665.88	311,969.55	289,056.67
Delaware Valley Resource Recovery Facility DVC	10,158,062.72	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	20,584,836.25	1,789,445.80	1,746,529.49	1,781,450.56	1,710,522.45	1,762,516.43	1,692,284.27
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$41,165,550.57						

TABLE 10E (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.0	2,352.0	3,687.0	3,468.0	3,483.0	3,768.0
Tons accepted for the month	56,565.75	42,594.72	70,016.13	60,828.72	67,221.90	69,764.05
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.51
<b>Waste Allocation</b>						
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Niagara RTT Basic Rail Transport VOC	595,283.63	469,047.60	735,279.98	691,605.90	694,597.28	751,433.40
Niagara RTT Rail Fuel Surcharge VOC	96,769.97	72,235.80	92,267.18	98,621.25	116,876.42	135,012.15
Niagara RTT Truck Fuel VOC	83,202.29	63,890.08	90,952.42	90,515.41	99,050.56	111,510.98
Niagara Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Subtotal	1,547,944.04	1,187,017.36	1,874,919.92	1,711,662.88	1,828,775.41	1,950,682.52
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Delaware RRS Basic Rail Transport VOC	483,972.98	381,341.52	597,791.75	562,284.18	564,716.21	610,924.68
Delaware RRS Rail Fuel Surcharge VOC	22,756.89	16,987.32	21,698.00	23,192.25	27,485.22	31,750.11
Delaware RRS Truck Fuel VOC	269,202.23	206,717.28	294,277.91	292,863.93	320,479.54	360,795.42
Delaware Valley Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Subtotal	1,548,620.25	1,186,890.00	1,870,188.00	1,709,260.68	1,830,932.12	1,956,196.20
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						



TABLE 10F - STEP 4: ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.0	3,529.0	3,394.0	3,436.0	3,399.0	3,572.0	3,343.0
Tons accepted for the month	743,654.00	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	55.56%	50.1%	55.0%	53.0%	47.0%	51.0%	59.0%
Delaware	44.44%	49.9%	45.0%	47.0%	53.0%	49.0%	41.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	22,457.0	1,768.0	1,867.0	1,821.0	1,598.0	1,822.0	1,972.0
Niagara RTT Basic Rail Transport VOC	8,986,614.45	705,166.80	744,652.95	726,305.85	667,002.30	726,704.70	786,532.20
Niagara RTT Rail Fuel Surcharge VOC	1,392,411.48	118,654.90	118,927.90	113,926.31	98,157.15	109,843.83	116,643.80
Niagara RTT Truck Fuel VOC	1,227,194.50	100,673.90	103,319.27	100,056.05	86,795.63	98,363.90	105,399.89
Niagara Resource Recovery Facility DVC	11,295,867.08	866,050.56	953,820.43	947,234.67	786,269.05	863,133.87	988,606.98
Subtotal	22,902,087.51	1,790,546.16	1,920,720.55	1,887,522.88	1,638,224.13	1,798,046.30	1,997,182.87
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	17,959.0	1,761.0	1,527.0	1,615.0	1,801.0	1,750.0	1,371.0
Delaware RRS Basic Rail Transport VOC	5,823,564.93	571,039.47	495,160.29	523,696.05	584,010.27	567,472.50	444,574.17
Delaware RRS Rail Fuel Surcharge VOC	263,625.82	27,792.98	22,874.46	23,760.69	26,015.45	24,810.63	19,070.61
Delaware RRS Truck Fuel VOC	3,186,172.78	324,442.24	273,413.17	287,110.66	316,503.24	305,681.25	237,090.46
Delaware Valley Resource Recovery Facility DVC	9,020,258.33	862,621.62	780,119.87	840,079.07	886,151.79	829,025.40	687,312.46
Subtotal	18,293,621.86	1,785,896.31	1,571,567.79	1,674,646.47	1,812,680.75	1,726,989.78	1,388,047.70
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$41,195,709.37						

TABLE 10F (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.0	2,352.0	3,687.0	3,468.0	3,483.0	3,768.0
Tons accepted for the month	56,565.75	42,594.72	70,016.13	60,828.72	67,221.90	69,764.05
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.51
<b>Waste Allocation</b>						
Niagara	59.0%	48.0%	63.0%	65.0%	54.0%	60.0%
Delaware	41.0%	52.0%	37.0%	35.0%	46.0%	40.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,761.0	1,129.0	2,323.0	2,254.0	1,881.0	2,261.0
Niagara RTT Basic Rail Transport VOC	702,374.85	450,301.65	926,528.55	899,007.90	750,236.85	901,799.85
Niagara RTT Rail Fuel Surcharge VOC	114,178.84	69,348.83	116,266.15	128,196.25	126,238.61	162,028.91
Niagara RTT Truck Fuel VOC	98,170.34	61,336.65	114,609.43	117,659.59	106,984.84	133,825.01
Niagara Resource Recovery Facility DVC	911,694.35	558,589.91	1,205,188.20	1,080,100.57	991,806.16	1,143,372.33
Subtotal	1,826,418.38	1,139,577.04	2,362,592.33	2,224,964.31	1,975,266.46	2,341,026.10
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,224.0	1,223.0	1,364.0	1,214.0	1,602.0	1,507.0
Delaware RRS Basic Rail Transport VOC	396,906.48	396,582.21	442,304.28	393,663.78	519,480.54	488,674.89
Delaware RRS Rail Fuel Surcharge VOC	18,662.94	17,666.24	16,054.28	16,237.25	25,283.57	25,396.72
Delaware RRS Truck Fuel VOC	220,772.88	214,978.94	217,735.32	205,038.53	294,808.05	288,598.04
Delaware Valley Resource Recovery Facility DVC	633,681.94	605,097.84	707,652.48	581,740.06	844,696.15	762,079.65
Subtotal	1,270,024.24	1,234,325.23	1,383,746.36	1,196,679.62	1,684,268.31	1,564,749.30
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>						

TABLE 10G - STEPS 1 & 2: DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	500.0				500.0		
Tons accepted for the month	9,005.00				9,005.00		
Average Container Density	18.01				18.01		
<b>Waste Allocation</b>							
Niagara	50.0%				50.0%		
Delaware	50.0%				50.0%		
Lee County	0.0%				0.0%		
Other Authorized Disposal Site - Forced Diversions	0.0%				0.0%		
Total	100.0%				100.0%		
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	250.0				250.0		
Niagara RTT Basic Rail Transport VOC	99,712.50				99,712.50		
Niagara RTT Rail Fuel Surcharge VOC	15,356.25				15,356.25		
Niagara RTT Truck Fuel VOC	13,578.79				13,578.79		
Niagara Resource Recovery Facility DVC	123,008.30				123,008.30		
Subtotal	251,655.84				251,655.84		
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	250.0				250.0		
Delaware RRS Basic Rail Transport VOC	81,067.50				81,067.50		
Delaware RRS Rail Fuel Surcharge VOC	3,611.25				3,611.25		
Delaware RRS Truck Fuel VOC	43,934.38				43,934.38		
Delaware Valley Resource Recovery Facility DVC	123,008.30				123,008.30		
Subtotal	251,621.43				251,621.43		
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0				0.0		
Lee Basic Rail Transport VOC	0.00				0.00		
Lee Rail Fuel Surcharge VOC	0.00				0.00		
Lee County Landfill DVC	0.00				0.00		
Subtotal	\$0.00				\$0.00		
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0				0		
Other Basic Transport VOC	0				0		
Other Fuel Surcharge VOC	0				0		
Other Disposal Facility DVC	0				0		
Subtotal	\$0				\$0		
<b>All-In Variable Costs</b>	\$503,277.27						

TABLE 10G (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month						
Tons accepted for the month						
Average Container Density						
<b>Waste Allocation</b>						
Niagara						
Delaware						
Lee County						
Other Authorized Disposal Site - Forced Diversions						
Total						
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers						
Niagara RTT Basic Rail Transport VOC						
Niagara RTT Rail Fuel Surcharge VOC						
Niagara RTT Truck Fuel VOC						
Niagara Resource Recovery Facility DVC						
Subtotal						
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers						
Delaware RRS Basic Rail Transport VOC						
Delaware RRS Rail Fuel Surcharge VOC						
Delaware RRS Truck Fuel VOC						
Delaware Valley Resource Recovery Facility DVC						
Subtotal						
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers						
Lee Basic Rail Transport VOC						
Lee Rail Fuel Surcharge VOC						
Lee County Landfill DVC						
Subtotal						
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
<b>All-In Variable Costs</b>						

TABLE 10H - STEP 4: ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	500.0				500.0		
Tons accepted for the month	9,005.00				9,005.00		
Average Container Density	18.01				18.01		
<b>Waste Allocation</b>							
Niagara	100.00%				47.0%		
Delaware	0.00%				53.0%		
Lee County	0.0%				0.0%		
Other Authorized Disposal Site - Forced Diversions	0.0%				0.0%		
Total	100.0%				100.0%		
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	500.0				500.0		
Niagara RTT Basic Rail Transport VOC	229,065.00				229,065.00		
Niagara RTT Rail Fuel Surcharge VOC	30,712.50				30,712.50		
Niagara RTT Truck Fuel VOC	27,157.58				27,157.58		
Niagara Resource Recovery Facility DVC	246,016.60				246,016.60		
Subtotal	532,951.68				532,951.68		
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	0.0				0.0		
Delaware RRS Basic Rail Transport VOC	0.00				0.00		
Delaware RRS Rail Fuel Surcharge VOC	0.00				0.00		
Delaware RRS Truck Fuel VOC	0.00				0.00		
Delaware Valley Resource Recovery Facility DVC	0.00				0.00		
Subtotal	0.00				0.00		
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0				0.0		
Lee Basic Rail Transport VOC	0.00				0.00		
Lee Rail Fuel Surcharge VOC	0.00				0.00		
Lee County Landfill DVC	0.00				0.00		
Subtotal	\$0.00				\$0.00		
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0				0.0		
Other Basic Transport VOC	0.00				0.00		
Other Fuel Surcharge VOC	0.00				0.00		
Other Disposal Facility DVC	0.00				0.00		
Subtotal	\$0.00				\$0.00		
<b>All-In Variable Costs</b>	\$532,951.68						

TABLE 10H (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month						
Tons accepted for the month						
Average Container Density						
<b>Waste Allocation</b>						
Niagara						
Delaware						
Lee County						
Other Authorized Disposal Site - Forced Diversions						
Total						
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers						
Niagara RTT Basic Rail Transport VOC						
Niagara RTT Rail Fuel Surcharge VOC						
Niagara RTT Truck Fuel VOC						
Niagara Resource Recovery Facility DVC						
Subtotal						
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers						
Delaware RRS Basic Rail Transport VOC						
Delaware RRS Rail Fuel Surcharge VOC						
Delaware RRS Truck Fuel VOC						
Delaware Valley Resource Recovery Facility DVC						
Subtotal						
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers						
Lee Basic Rail Transport VOC						
Lee Rail Fuel Surcharge VOC						
Lee County Landfill DVC						
Subtotal						
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
<b>All-In Variable Costs</b>						

TABLE 11A - STEPS 1 & 2: DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.0	3,529.0	3,394.0	3,436.0	3,399.0	3,572.0	3,343.0
Tons accepted for the month	743,654.00	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Niagara RTT Basic Rail Transport VOC	8,059,960.83	703,770.83	676,848.45	685,224.30	677,845.58	712,346.10	666,677.78
Niagara RTT Rail Fuel Surcharge VOC	1,256,718.56	118,420.01	108,098.90	107,482.38	104,391.79	107,673.48	98,869.23
Niagara RTT Truck Fuel VOC	1,105,972.21	100,474.61	93,911.52	94,396.65	92,308.61	96,420.38	89,338.70
Niagara Resource Recovery Facility DVC	10,158,062.72	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	20,580,714.32	1,787,001.54	1,745,829.02	1,780,760.20	1,710,756.40	1,762,519.60	1,692,845.43
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Delaware RRS Basic Rail Transport VOC	6,552,848.19	572,174.42	550,286.19	557,095.86	551,096.87	579,146.22	542,017.31
Delaware RRS Rail Fuel Surcharge VOC	295,536.02	27,848.22	25,421.06	25,276.08	24,549.28	25,321.02	23,250.57
Delaware RRS Truck Fuel VOC	3,578,389.32	325,087.07	303,852.09	305,421.75	298,665.88	311,969.55	289,056.67
Delaware Valley Resource Recovery Facility DVC	10,158,062.72	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Subtotal	20,584,836.25	1,789,445.80	1,746,529.49	1,781,450.56	1,710,522.45	1,762,516.43	1,692,284.27
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$41,165,550.57						

TABLE 11A (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.0	2,352.0	3,687.0	3,468.0	3,483.0	3,768.0
Tons accepted for the month	56,565.75	42,594.72	70,016.13	60,828.72	67,221.90	69,764.05
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.51
<b>Waste Allocation</b>						
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Niagara RTT Basic Rail Transport VOC	595,283.63	469,047.60	735,279.98	691,605.90	694,597.28	751,433.40
Niagara RTT Rail Fuel Surcharge VOC	96,769.97	72,235.80	92,267.18	98,621.25	116,876.42	135,012.15
Niagara RTT Truck Fuel VOC	83,202.29	63,890.08	90,952.42	90,515.41	99,050.56	111,510.98
Niagara Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Subtotal	1,547,944.04	1,187,017.36	1,874,919.92	1,711,662.88	1,828,775.41	1,950,682.52
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Delaware RRS Basic Rail Transport VOC	483,972.98	381,341.52	597,791.75	562,284.18	564,716.21	610,924.68
Delaware RRS Rail Fuel Surcharge VOC	22,756.89	16,987.32	21,698.00	23,192.25	27,485.22	31,750.11
Delaware RRS Truck Fuel VOC	269,202.23	206,717.28	294,277.91	292,863.93	320,479.54	360,795.42
Delaware Valley Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Subtotal	1,548,620.25	1,186,890.00	1,870,188.00	1,709,260.68	1,830,932.12	1,956,196.20
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						



TABLE 11B - STEP 4: ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.0	3,529.0	3,394.0	3,436.0	3,399.0	3,572.0	3,343.0
Tons accepted for the month	743,654.00	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	55.33%	92.0%	94.0%	95.0%	47.0%	51.0%	7.0%
Delaware	44.67%	8.0%	6.0%	5.0%	53.0%	49.0%	93.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	22,363.0	3,247.0	3,190.0	3,264.0	1,598.0	1,822.0	234.0
Niagara RTT Basic Rail Transport VOC	8,919,482.55	1,295,065.95	1,272,331.50	1,301,846.40	637,362.30	726,704.70	93,330.90
Niagara RTT Rail Fuel Surcharge VOC	1,412,227.87	217,914.29	203,203.00	204,204.00	98,157.15	109,843.83	13,841.10
Niagara RTT Truck Fuel VOC	1,233,744.98	184,891.50	176,533.73	179,342.64	86,795.63	98,363.90	12,506.88
Niagara Resource Recovery Facility DVC	11,245,450.76	1,590,535.16	1,629,719.96	1,697,844.02	786,269.05	863,133.87	117,309.35
Subtotal	22,810,906.16	3,288,406.90	3,281,788.19	3,383,237.06	1,608,584.13	1,798,046.30	236,988.23
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	18,053.0	282.0	204.0	172.0	1,801.0	1,750.0	3,109.0
Delaware RRS Basic Rail Transport VOC	5,873,711.31	91,444.14	66,151.08	55,774.44	603,675.27	567,472.50	1,008,155.43
Delaware RRS Rail Fuel Surcharge VOC	258,965.71	4,450.67	3,055.92	2,530.55	26,015.45	24,810.63	43,246.19
Delaware RRS Truck Fuel VOC	3,164,978.58	51,954.98	36,526.71	30,577.73	316,503.24	305,681.25	537,647.14
Delaware Valley Resource Recovery Facility DVC	9,070,674.65	138,137.02	104,220.34	89,469.72	886,151.79	829,025.40	1,558,610.10
Subtotal	18,368,330.25	285,986.81	209,954.05	178,352.44	1,832,345.75	1,726,989.78	3,147,658.86
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$41,179,236.41						

TABLE 11B (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.0	2,352.0	3,687.0	3,468.0	3,483.0	3,768.0
Tons accepted for the month	56,565.75	42,594.72	70,016.13	60,828.72	67,221.90	69,764.05
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.51
<b>Waste Allocation</b>						
Niagara	2.0%	90.0%	40.0%	35.0%	54.0%	60.0%
Delaware	98.0%	10.0%	60.0%	65.0%	46.0%	40.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	60.0	2,117.0	1,475.0	1,214.0	1,881.0	2,261.0
Niagara RTT Basic Rail Transport VOC	23,931.00	844,365.45	588,303.75	484,203.90	750,236.85	901,799.85
Niagara RTT Rail Fuel Surcharge VOC	3,890.25	130,036.73	73,823.75	69,046.25	126,238.61	162,028.91
Niagara RTT Truck Fuel VOC	3,344.82	115,013.00	72,771.81	63,371.22	106,984.84	133,825.01
Niagara Resource Recovery Facility DVC	31,062.84	1,047,417.93	765,240.03	581,740.06	991,806.16	1,143,372.33
Subtotal	62,228.91	2,136,833.11	1,500,139.34	1,198,361.43	1,975,266.46	2,341,026.10
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	2,925.0	235.0	2,212.0	2,254.0	1,602.0	1,507.0
Delaware RRS Basic Rail Transport VOC	948,489.75	76,203.45	717,285.24	730,904.58	519,480.54	488,674.89
Delaware RRS Rail Fuel Surcharge VOC	44,598.94	3,394.58	26,035.24	30,147.25	25,283.57	25,396.72
Delaware RRS Truck Fuel VOC	527,582.25	41,308.30	353,101.56	380,689.33	294,808.05	288,598.04
Delaware Valley Resource Recovery Facility DVC	1,514,313.45	116,269.82	1,147,600.64	1,080,100.57	844,696.15	762,079.65
Subtotal	3,034,984.39	237,176.15	2,244,022.68	2,221,841.73	1,684,268.31	1,564,749.30
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>						

TABLE 11C - STEPS 1 & 2: DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	500.0				500.0		
Tons accepted for the month	9,005.00				9,005.00		
Average Container Density	18.01				18.01		
<b>Waste Allocation</b>							
Niagara	50.0%				50.0%		
Delaware	50.0%				50.0%		
Lee County	0.0%				0.0%		
Other Authorized Disposal Site - Forced Diversions	0.0%				0.0%		
Total	100.0%				100.0%		
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	250.0				250.0		
Niagara RTT Basic Rail Transport VOC	99,712.50				99,712.50		
Niagara RTT Rail Fuel Surcharge VOC	15,356.25				15,356.25		
Niagara RTT Truck Fuel VOC	13,578.79				13,578.79		
Niagara Resource Recovery Facility DVC	123,008.30				123,008.30		
Subtotal	251,655.84				251,655.84		
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	250.0				250.0		
Delaware RRS Basic Rail Transport VOC	81,067.50				81,067.50		
Delaware RRS Rail Fuel Surcharge VOC	3,611.25				3,611.25		
Delaware RRS Truck Fuel VOC	43,934.38				43,934.38		
Delaware Valley Resource Recovery Facility DVC	123,008.30				123,008.30		
Subtotal	251,621.43				251,621.43		
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0				0.0		
Lee Basic Rail Transport VOC	0.00				0.00		
Lee Rail Fuel Surcharge VOC	0.00				0.00		
Lee County Landfill DVC	0.00				0.00		
Subtotal	\$0.00				\$0.00		
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0				0		
Other Basic Transport VOC	0				0		
Other Fuel Surcharge VOC	0				0		
Other Disposal Facility DVC	0				0		
Subtotal	\$0				\$0		
<b>All-In Variable Costs</b>	\$503,277.27						

TABLE 11C (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month						
Tons accepted for the month						
Average Container Density						
<b>Waste Allocation</b>						
Niagara						
Delaware						
Lee County						
Other Authorized Disposal Site - Forced Diversions						
Total						
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers						
Niagara RTT Basic Rail Transport VOC						
Niagara RTT Rail Fuel Surcharge VOC						
Niagara RTT Truck Fuel VOC						
Niagara Resource Recovery Facility DVC						
Subtotal						
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers						
Delaware RRS Basic Rail Transport VOC						
Delaware RRS Rail Fuel Surcharge VOC						
Delaware RRS Truck Fuel VOC						
Delaware Valley Resource Recovery Facility DVC						
Subtotal						
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers						
Lee Basic Rail Transport VOC						
Lee Rail Fuel Surcharge VOC						
Lee County Landfill DVC						
Subtotal						
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
<b>All-In Variable Costs</b>						

TABLE 11D - STEP 4: ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	500.0				500.0		
Tons accepted for the month	9,005.00				9,005.00		
Average Container Density	18.01				18.01		
<b>Waste Allocation</b>							
Niagara	0.00%				100.0%		
Delaware	100.00%				0.0%		
Lee County	0.0%				0.0%		
Other Authorized Disposal Site - Forced Diversions	0.0%				0.0%		
Total	100.0%				100.0%		
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	0.0				0.0		
Niagara RTT Basic Rail Transport VOC	0.00				0.00		
Niagara RTT Rail Fuel Surcharge VOC	0.00				0.00		
Niagara RTT Truck Fuel VOC	0.00				0.00		
Niagara Resource Recovery Facility DVC	0.00				0.00		
Subtotal	0.00				0.00		
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	500.0				500.0		
Delaware RRS Basic Rail Transport VOC	181,800.00				181,800.00		
Delaware RRS Rail Fuel Surcharge VOC	7,222.50				7,222.50		
Delaware RRS Truck Fuel VOC	87,868.75				87,868.75		
Delaware Valley Resource Recovery Facility DVC	246,016.60				246,016.60		
Subtotal	522,907.85				522,907.85		
<b>Lee County Variable Cost Component</b>							
Number of Delaware Lee Containers	0.0				0.0		
Lee Basic Rail Transport VOC	0.00				0.00		
Lee Rail Fuel Surcharge VOC	0.00				0.00		
Lee County Landfill DVC	0.00				0.00		
Subtotal	\$0.00				\$0.00		
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0				0.0		
Other Basic Transport VOC	0.00				0.00		
Other Fuel Surcharge VOC	0.00				0.00		
Other Disposal Facility DVC	0.00				0.00		
Subtotal	\$0.00				\$0.00		
<b>All-In Variable Costs</b>	\$522,907.85						

TABLE 11D (Continued)

<b>Variable Service Fee Components</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
<b>Tonnage/Containers</b>						
Containers accepted for the month						
Tons accepted for the month						
Average Container Density						
<b>Waste Allocation</b>						
Niagara						
Delaware						
Lee County						
Other Authorized Disposal Site - Forced Diversions						
Total						
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers						
Niagara RTT Basic Rail Transport VOC						
Niagara RTT Rail Fuel Surcharge VOC						
Niagara RTT Truck Fuel VOC						
Niagara Resource Recovery Facility DVC						
Subtotal						
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers						
Delaware RRS Basic Rail Transport VOC						
Delaware RRS Rail Fuel Surcharge VOC						
Delaware RRS Truck Fuel VOC						
Delaware Valley Resource Recovery Facility DVC						
Subtotal						
<b>Lee County Variable Cost Component</b>						
Number of Delaware Lee Containers						
Lee Basic Rail Transport VOC						
Lee Rail Fuel Surcharge VOC						
Lee County Landfill DVC						
Subtotal						
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
<b>All-In Variable Costs</b>						

TABLE 12A - STEPS 1 & 2: DESIGNATED WASTE ALLOCATION

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.0	3,529.0	3,394.0	3,436.0	3,399.0	3,572.0	3,343.0
Tons accepted for the month	743,654.00	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Niagara RTT Basic Rail Transport VOC	8,059,960.83	703,770.83	676,848.45	685,224.30	677,845.58	712,346.10	666,677.78
Niagara RTT Rail Fuel Surcharge VOC	1,256,718.56	118,420.01	108,098.90	107,482.38	104,391.79	107,673.48	98,869.23
Niagara RTT Truck Fuel VOC	1,105,972.21	100,474.61	93,911.52	94,396.65	92,308.61	96,420.38	89,338.70
Niagara Resource Recovery Facility DVC	10,158,062.72	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Niagara Fixed UCC Cost (treated as a variable cost)	486,415.56	40,534.63	40,534.63	40,534.63	40,534.63	40,534.63	40,534.63
Subtotal	21,067,129.88	1,827,536.17	1,786,363.65	1,821,294.83	1,751,291.03	1,803,054.23	1,733,380.06
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	20,208.0	1,764.5	1,697.0	1,718.0	1,699.5	1,786.0	1,671.5
Delaware RRS Basic Rail Transport VOC	6,552,848.19	572,174.42	550,286.19	557,095.86	551,096.87	579,146.22	542,017.31
Delaware RRS Rail Fuel Surcharge VOC	295,536.02	27,848.22	25,421.06	25,276.08	24,549.28	25,321.02	23,250.57
Delaware RRS Truck Fuel VOC	3,578,389.32	325,087.07	303,852.09	305,421.75	298,665.88	311,969.55	289,056.67
Delaware Valley Resource Recovery Facility DVC	10,158,062.72	864,336.09	866,970.15	893,656.87	836,210.42	846,079.64	837,959.72
Delaware Fixed UCC Cost (treated as a variable cost)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	20,584,836.25	1,789,445.80	1,746,529.49	1,781,450.56	1,710,522.45	1,762,516.43	1,692,284.27
<b>Lee County Variable Cost Component</b>							
Number of Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>	\$41,651,966.13						

TABLE 12A (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.0	2,352.0	3,687.0	3,468.0	3,483.0	3,768.0
Tons accepted for the month	56,565.75	42,594.72	70,016.13	60,828.72	67,221.90	69,764.05
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.51
<b>Waste Allocation</b>						
Niagara	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Delaware	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Niagara RTT Basic Rail Transport VOC	595,283.63	469,047.60	735,279.98	691,605.90	694,597.28	751,433.40
Niagara RTT Rail Fuel Surcharge VOC	96,769.97	72,235.80	92,267.18	98,621.25	116,876.42	135,012.15
Niagara RTT Truck Fuel VOC	83,202.29	63,890.08	90,952.42	90,515.41	99,050.56	111,510.98
Niagara Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Niagara Fixed UCC Cost (treated as a variable cost)	40,534.63	40,534.63	40,534.63	40,534.63	40,534.63	40,534.63
Subtotal	1,588,478.67	1,227,551.99	1,915,454.55	1,752,197.51	1,869,310.04	1,991,217.15
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,492.5	1,176.0	1,843.5	1,734.0	1,741.5	1,884.0
Delaware RRS Basic Rail Transport VOC	483,972.98	381,341.52	597,791.75	562,284.18	564,716.21	610,924.68
Delaware RRS Rail Fuel Surcharge VOC	22,756.89	16,987.32	21,698.00	23,192.25	27,485.22	31,750.11
Delaware RRS Truck Fuel VOC	269,202.23	206,717.28	294,277.91	292,863.93	320,479.54	360,795.42
Delaware Valley Resource Recovery Facility DVC	772,688.15	581,843.88	956,420.34	830,920.32	918,251.15	952,725.99
Delaware Fixed UCC Cost (treated as a variable cost)	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	1,548,620.25	1,186,890.00	1,870,188.00	1,709,260.68	1,830,932.12	1,956,196.20
<b>Lee County Variable Cost Component</b>						
Number of Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0	0	0	0	0	0
Other Basic Transport VOC	0	0	0	0	0	0
Other Fuel Surcharge VOC	0	0	0	0	0	0
Other Disposal Facility DVC	0	0	0	0	0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
<b>All-In Variable Costs</b>						



TABLE 12B - STEP 4: ACTUAL WASTE DELIVERIES

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	40,416.0	3,529.0	3,394.0	3,436.0	3,399.0	3,572.0	3,343.0
Tons accepted for the month	743,654.00	63,274.97	63,467.80	65,421.44	61,215.99	61,938.48	61,344.05
Average Container Density	18.40	17.93	18.70	19.04	18.01	17.34	18.35
<b>Waste Allocation</b>							
Niagara	55.56%	50.1%	55.0%	53.0%	47.0%	51.0%	59.0%
Delaware	44.44%	49.9%	45.0%	47.0%	53.0%	49.0%	41.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	22,457.0	1,768.0	1,867.0	1,821.0	1,598.0	1,822.0	1,972.0
Niagara RTT Basic Rail Transport VOC	8,956,974.45	705,166.80	744,652.95	726,305.85	637,362.30	726,704.70	786,532.20
Niagara RTT Rail Fuel Surcharge VOC	1,392,411.48	118,654.90	118,927.90	113,926.31	98,157.15	109,843.83	116,643.80
Niagara RTT Truck Fuel VOC	1,227,194.50	100,673.90	103,319.27	100,056.05	86,795.63	98,363.90	105,399.89
Niagara Resource Recovery Facility DVC	11,295,867.08	866,050.56	953,820.43	947,234.67	786,269.05	863,133.87	988,606.98
Niagara Fixed UCC Cost (treated as a variable cost)	538,399.45	40,615.03	44,595.26	42,964.82	38,113.76	41,351.68	47,821.89
Subtotal	23,410,846.96	1,831,161.19	1,965,315.81	1,930,487.70	1,646,697.89	1,839,397.98	2,045,004.76
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	17,959.0	1,761.0	1,527.0	1,615.0	1,801.0	1,750.0	1,371.0
Delaware RRS Basic Rail Transport VOC	5,823,564.93	571,039.47	495,160.29	523,696.05	584,010.27	567,472.50	444,574.17
Delaware RRS Rail Fuel Surcharge VOC	263,625.82	27,792.98	22,874.46	23,760.69	26,015.45	24,810.63	19,070.61
Delaware RRS Truck Fuel VOC	3,186,172.78	324,442.24	273,413.17	287,110.66	316,503.24	305,681.25	237,090.46
Delaware Valley Resource Recovery Facility DVC	9,020,258.33	862,621.62	780,119.87	840,079.07	886,151.79	829,025.40	687,312.46
Delaware Fixed UCC Cost (treated as a variable cost)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	18,293,621.86	1,785,896.31	1,571,567.79	1,674,646.47	1,812,680.75	1,726,989.78	1,388,047.70
<b>Lee County Variable Cost Component</b>							
Number of Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>	\$41,704,468.82						

TABLE 12B (Continued)

<b>Variable Service Fee Components</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
<b>Tonnage/Containers</b>						
Containers accepted for the month	2,985.0	2,352.0	3,687.0	3,468.0	3,483.0	3,768.0
Tons accepted for the month	56,565.75	42,594.72	70,016.13	60,828.72	67,221.90	69,764.05
Average Container Density	18.95	18.11	18.99	17.54	19.30	18.51
<b>Waste Allocation</b>						
Niagara	59.0%	48.0%	63.0%	65.0%	54.0%	60.0%
Delaware	41.0%	52.0%	37.0%	35.0%	46.0%	40.0%
Lee County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Authorized Disposal Site - Forced Diversions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers	1,761.0	1,129.0	2,323.0	2,254.0	1,881.0	2,261.0
Niagara RTT Basic Rail Transport VOC	702,374.85	450,301.65	926,528.55	899,007.90	750,236.85	901,799.85
Niagara RTT Rail Fuel Surcharge VOC	114,178.84	69,348.83	116,266.15	128,196.25	126,238.61	162,028.91
Niagara RTT Truck Fuel VOC	98,170.34	61,336.65	114,609.43	117,659.59	106,984.84	133,825.01
Niagara Resource Recovery Facility DVC	911,694.35	558,589.91	1,205,188.20	1,080,100.57	991,806.16	1,143,372.33
Niagara Fixed UCC Cost (treated as a variable cost)	47,826.79	38,914.62	51,077.81	52,690.34	43,781.59	48,645.86
Subtotal	1,874,245.17	1,178,491.66	2,413,670.14	2,277,654.65	2,019,048.05	2,389,671.96
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers	1,224.0	1,223.0	1,364.0	1,214.0	1,602.0	1,507.0
Delaware RRS Basic Rail Transport VOC	396,906.48	396,582.21	442,304.28	393,663.78	519,480.54	488,674.89
Delaware RRS Rail Fuel Surcharge VOC	18,662.94	17,666.24	16,054.28	16,237.25	25,283.57	25,396.72
Delaware RRS Truck Fuel VOC	220,772.88	214,978.94	217,735.32	205,038.53	294,808.05	288,598.04
Delaware Valley Resource Recovery Facility DVC	633,681.94	605,097.84	707,652.48	581,740.06	844,696.15	762,079.65
Delaware Fixed UCC Cost (treated as a variable cost)	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	1,270,024.24	1,234,325.23	1,383,746.36	1,196,679.62	1,684,268.31	1,564,749.30
<b>Lee County Variable Cost Component</b>						
Number of Lee Containers	0.0	0.0	0.0	0.0	0.0	0.0
Lee Basic Rail Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee Rail Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Lee County Landfill DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers	0.0	0.0	0.0	0.0	0.0	0.0
Other Basic Transport VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Fuel Surcharge VOC	0.00	0.00	0.00	0.00	0.00	0.00
Other Disposal Facility DVC	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>All-In Variable Costs</b>						

**TABLE 12C - STEPS 8: FORCED DIVERIONS - DESIGNATED WASTE ALLOCATION**

<b>Variable Service Fee Components</b>	<b>Annual</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>Tonnage/Containers</b>							
Containers accepted for the month	4,577.0						
Tons accepted for the month	83,648.93						
Average Container Density	18.28						
<b>Waste Allocation</b>							
Niagara	50.0%						
Delaware	50.0%						
Lee County	0.0%						
Other Authorized Disposal Site - Forced Diversions	0.0%						
Total	100.0%						
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	2,288.5						
Niagara RTT Basic Rail Transport VOC	912,768.23						
Niagara RTT Rail Fuel Surcharge VOC	130,158.44						
Niagara RTT Truck Fuel VOC	119,460.50						
Niagara Resource Recovery Facility DVC	1,142,644.39						
Niagara Fixed UCC Cost (treated as a variable cost)	51,884.08						
Subtotal	2,356,915.64						
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	2,288.5						
Delaware RRS Basic Rail Transport VOC	742,091.90						
Delaware RRS Rail Fuel Surcharge VOC	30,608.69						
Delaware RRS Truck Fuel VOC	386,516.21						
Delaware Valley Resource Recovery Facility DVC	1,142,644.39						
Delaware Fixed UCC Cost (treated as a variable cost)	0.00						
Subtotal	2,301,861.19						
<b>Lee County Variable Cost Component</b>							
Number of Lee Containers	0.0						
Lee Basic Rail Transport VOC	0.00						
Lee Rail Fuel Surcharge VOC	0.00						
Lee County Landfill DVC	0.00						
Subtotal	\$0.00						
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0						
Other Basic Transport VOC	0						
Other Fuel Surcharge VOC	0						
Other Disposal Facility DVC	0						
Subtotal	\$0						
<b>All-In Variable Costs</b>	<b>\$4,658,776.83</b>						

TABLE 12C (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month			2,323.0	2,254.0		
Tons accepted for the month			44,113.77	39,535.16		
Average Container Density			18.99	17.54		
<b>Waste Allocation</b>						
Niagara			50.0%	50.0%		
Delaware			50.0%	50.0%		
Lee County			0.0%	0.0%		
Other Authorized Disposal Site - Forced Diversions			0.0%	0.0%		
Total			100.0%	100.0%		
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers			1,161.5	1,127.0		
Niagara RTT Basic Rail Transport VOC			463,264.28	449,503.95		
Niagara RTT Rail Fuel Surcharge VOC			66,060.31	64,098.13		
Niagara RTT Truck Fuel VOC			60,630.71	58,829.79		
Niagara Resource Recovery Facility DVC			602,594.10	540,050.29		
Niagara Fixed UCC Cost (treated as a variable cost)			25,538.91	26,345.17		
Subtotal			\$1,218,088.31	\$1,138,827.33		
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers			1,161.5	1,127.0		
Delaware RRS Basic Rail Transport VOC			376,639.61	365,452.29		
Delaware RRS Rail Fuel Surcharge VOC			15,535.06	15,073.63		
Delaware RRS Truck Fuel VOC			196,171.54	190,344.67		
Delaware Valley Resource Recovery Facility DVC			602,594.10	540,050.29		
Delaware Fixed UCC Cost (treated as a variable cost)			0.00	0.00		
Subtotal			\$1,190,940.31	\$1,110,920.88		
<b>Lee County Variable Cost Component</b>						
Number of Lee Containers						
Lee Basic Rail Transport VOC						
Lee Rail Fuel Surcharge VOC						
Lee County Landfill DVC						
Subtotal						
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
<b>All-In Variable Costs</b>			\$2,409,028.62	\$2,249,748.21		

TABLE 12D - STEP 9: ACTUAL FORCED DIVERSIONS

Variable Service Fee Components	Annual	July	Aug	Sep	Oct	Nov	Dec
<b>Tonnage/Containers</b>							
Containers accepted for the month	4,577.0						
Tons accepted for the month	83,648.93						
Average Container Density	18.28						
<b>Waste Allocation</b>							
Niagara	100.00%						
Delaware	0.00%						
Lee County	0.0%						
Other Authorized Disposal Site - Forced Diversions	0.0%						
Total	100.0%						
<b>Niagara Variable Cost Component</b>							
Number of Niagara Containers	4,577.0						
Niagara RTT Basic Rail Transport VOC	1,825,536.45						
Niagara RTT Rail Fuel Surcharge VOC	260,316.88						
Niagara RTT Truck Fuel VOC	238,921.00						
Niagara Resource Recovery Facility DVC	2,285,288.77						
Niagara Fixed UCC Cost (treated as a variable cost)	103,768.16						
Subtotal	4,713,831.26						
<b>Delaware Valley Variable Cost Component</b>							
Number of Delaware Containers	0.0						
Delaware RRS Basic Rail Transport VOC	0.00						
Delaware RRS Rail Fuel Surcharge VOC	0.00						
Delaware RRS Truck Fuel VOC	0.00						
Delaware Valley Resource Recovery Facility DVC	0.00						
Delaware Fixed UCC Cost (treated as a variable cost)	0.00						
Subtotal	0.00						
<b>Lee County Variable Cost Component</b>							
Number of Lee Containers	0.0						
Lee Basic Rail Transport VOC	0.00						
Lee Rail Fuel Surcharge VOC	0.00						
Lee County Landfill DVC	0.00						
Subtotal	\$0.00						
<b>Other Authorized Disposal Site - Forced Diversions</b>							
Number of Other Authorized Site Containers	0.0						
Other Basic Transport VOC	0.00						
Other Fuel Surcharge VOC	0.00						
Other Disposal Facility DVC	0.00						
Subtotal	\$0.00						
<b>All-In Variable Costs</b>	\$4,713,831.26						

TABLE 12D (Continued)

Variable Service Fee Components	Jan	Feb	Mar	Apr	May	Jun
<b>Tonnage/Containers</b>						
Containers accepted for the month			2,323.0	2,254.0		
Tons accepted for the month			44,113.77	39,535.16		
Average Container Density			18.99	17.54		
<b>Waste Allocation</b>						
Niagara						
Delaware						
Lee County						
Other Authorized Disposal Site - Forced Diversions						
Total						
<b>Niagara Variable Cost Component</b>						
Number of Niagara Containers			<b>2,323.0</b>	<b>2,254.0</b>		
Niagara RTT Basic Rail Transport VOC			926,528.55	899,007.90		
Niagara RTT Rail Fuel Surcharge VOC			132,120.63	128,196.25		
Niagara RTT Truck Fuel VOC			121,261.41	117,659.59		
Niagara Resource Recovery Facility DVC			1,205,188.20	1,080,100.57		
Niagara Fixed UCC Cost (treated as a variable cost)			51,077.81	52,690.34		
Subtotal			\$2,436,176.60	\$2,277,654.65		
<b>Delaware Valley Variable Cost Component</b>						
Number of Delaware Containers						
Delaware RRS Basic Rail Transport VOC						
Delaware RRS Rail Fuel Surcharge VOC						
Delaware RRS Truck Fuel VOC						
Delaware Valley Resource Recovery Facility DVC						
Delaware Fixed UCC Cost (treated as a variable cost)						
Subtotal						
<b>Lee County Variable Cost Component</b>						
Number of Lee Containers						
Lee Basic Rail Transport VOC						
Lee Rail Fuel Surcharge VOC						
Lee County Landfill DVC						
Subtotal						
<b>Other Authorized Disposal Site - Forced Diversions</b>						
Number of Other Authorized Site Containers						
Other Basic Transport VOC						
Other Fuel Surcharge VOC						
Other Disposal Facility DVC						
Subtotal						
<b>All-In Variable Costs</b>						