



## Fuel Surcharge and Environmental Charge (the "FSE Charge")

### Introduction

City Carting & Recycling ("City Carting") operates a fleet of vehicles and three transfer stations to better service its customers. Recent international events have affected the City Carting cost basis for fuel and environmental compliance. Controlling costs which are internal is a prime concern of City Carting. Fuel prices and environmentally related costs are something we cannot control. Our FSE Charge is intended to defray a part of the increased third party costs. The FSE Charge is an invoice line item and includes the separate components described above.

In addition to drastic increases in the raw cost of fuel which is detailed on page 2, please click any of the following links to see [changes effective July 1, 2008 to the Diesel Fuel Tax Rate in CT](#), [notification of a 54% increase in the fuel surcharge imposed on us by the railroad since January 1, 2008](#) and [examples of price increases being handed down to us by our material suppliers](#).

### Environmental

City Carting operates three transfer stations in the State of Connecticut, one of which is rail served, and all of which contribute significantly to the savings in costs of disposal which help City Carting to maintain its competitive prices. City Carting as a green neighbor monitors its environmental compliance effort periodically. The costs of environmental compliance which includes compliance at the rail transfer station is a function of both State and Federal regulations which are imposed on City Carting. City Carting is committed to being a good green neighbor. The environment is important to all of us. The environmental component of the FSE Charge is currently 2 % and is used to support our costs associated with environmental compliance, such as future landfill development, environmental testing and maintenance of environmental systems at our facilities. The FSE Charge will also fund certain costs associated with maintaining and operating our collection, transfer, recycling and landfill operations in an environmentally responsible manner.



## Fuel

The national average price of diesel fuel as reported weekly by the Energy Information Administration of the U.S. Department of Energy ("EIA/DOE") in its Weekly Retail On-Highway Diesel Prices Index enables City Carting to relate its increases in fuel costs directly to this US Government objective report. This is readily available on the Web at EIA/DOE

<http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp> and is widely recognized in the trucking and transportation industries. Our determination of adjustments will be monthly rather than weekly and will provide assurances that our customers will pay a fuel surcharge that is current, easily confirmed and fair.

The EIA/DOE average is published each Monday. The publication on the third Monday of each month will develop the basis for invoices in that next month. City Carting will provide you with a Fuel Surcharge Table to illustrate the surcharge, as a percentage of your monthly charges, before taxes, based upon the reported EIA/DOE on the third Monday of the month prior to your invoice date. For example, if the last reported EIA/DOE national diesel price index immediately preceding your invoice date was \$2.85 per gallon, your fuel surcharge would be 8.5% of your invoice charges, excluding taxes.

[Please see the attached Fuel Surcharge Table.](#)

## Determination of the Fuel/Environmental Charge Amount

The FSE Charge that is included in a customer's invoice is determined by applying the percentage from the Table provided to the invoice charges (excluding tax). The FSE equals (i) the invoice amount excluding tax multiplied by (ii) a Percentage equal to the Fuel Surcharge Percentage plus the Environmental Surcharge Percentage.



## Historical FSE Charge

For easy reference, the Table shows the fuel portion of the FSE by way of example for a hypothetical period through a current date.

## Not a Governmental Tax; Future Changes

The FSE Charge is not a tax or surcharge imposed by or remitted to any governmental or regulatory agency; it is a City Carting charge and may be adjusted at the discretion of City Carting.

## Frequently Asked Questions

**Q:** Why do you charge a fuel surcharge component?

**A:** The continued increases in the cost of diesel fuel make it impossible for City Carting to recover fuel expenses in standard operating margins. Our residential and commercial vehicles average approximately 4 miles per gallon and our roll off vehicles average approximately 6 miles per gallon. In addition, the third party vendors that transport our waste are charging us a fuel surcharge or additional price for increased fuel costs. The fuel surcharge calculation is tied to the National Average Fuel Index which makes it as fair as we believe is reasonable.

**Q:** If the price of fuel goes down, will my fuel surcharge component go down too?

**A:** Yes, if the EIA/DOE's National Average price falls, your fuel surcharge component will come down as well. This information is updated monthly. If the cost of diesel fuel decreases, this will affect your fuel surcharge component.

**Q:** How can I see the value of the EIA/DOE Weekly Retail On-Highway Diesel Prices Index?

**A:** Here is the link to the [EIA/DOE](#). This site is updated every Monday evening.



**Q:** What does the Environment Component Cover?

**A:** The Environmental Component of the FSE Charge covers increased costs and expenses to operate the collection, transfer, recycling, and possible future landfill operations in a safe and environmentally responsible manner. The environmental portion of FSE Charge is not tied to specific environmental compliance costs to service specific customer accounts, but to the overall environmentally related costs of compliance at each facility including, among other things, recycling, remediation, engineering, testing and maintenance at the Transfer Stations and disposal sites. In City Carting's collection operations these costs include such matters as the recycling and disposal of tires, batteries, oils and fluids as well as the monitoring and management of vehicle emissions on trucks, cars and yellow iron used in the operation of the Transfer Stations and otherwise.

**Q:** Will the environmental charge component change each month?

**A:** No. The environmental charge will not fluctuate each month. It is currently set at 2 % of all invoice charges, excluding tax. The percentage may be changed periodically if there is a business determination that warrants an increase or decrease in the fee charged.

Have further questions? Please contact City Carting customer service department at 1 800-872-7405.

As always, we thank you for your business, and we appreciate your continued support of our efforts to remain a leader in environmental protection and compliance.