



Fee & Surcharges

Texas Disposal Systems is committed to providing customers with responsible landfill management and landfill diversion services at a reasonable price. Texas Disposal Systems is making investments in cleaner technologies, such as LNG, to reduce our overall impact on the environment, but fuel prices and environmental compliance-related costs are something we cannot fully control. Our standard Fuel/Environmental Charge is meant to help our Texas Disposal System operating companies cover these costs and achieve an acceptable operating margin. The Fuel/Environmental Charge is a one line item on customer invoices that contains two separate components: a Fuel Surcharge and an Environmental Charge.

Fuel Surcharges

The Fuel Surcharge allows our Texas Disposal Systems operating companies to recover the cost of diesel, natural gas and other hydrocarbon based fuels and products that Texas Disposal Systems on an enterprise-wide basis uses in its overall business, above a baseline cost. That baseline cost is measured in diesel cost @\$1.00/gallon. This charge allows our Texas Disposal Systems operating companies to keep up with the changing costs of diesel, natural gas and other hydrocarbon based fuels and products, and allows them to achieve the operating margin they need to maintain the high level of service that customers expect. Our standard Fuel Surcharge calculation is tied directly to 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. This index is objective, publicly available and widely recognized in the trucking and transportation industries. Tying our standard Fuel Surcharge to this index ensures customers are assessed a fuel surcharge that is currently adjusted and easy to calculate.

EIA/DOE average is published each Monday and the one published on the third Monday of each month will be used for invoices created during that month. The Texas Disposal Systems Collection Fuel Surcharge Table or Texas Disposal Systems Disposal Fuel Surcharge Table shows what the Fuel Surcharge, as a percentage of a customer's monthly or other periodic invoice charges, before taxes, would be based upon the reported EIA/DOE national diesel price for the third Monday of the month to a customer's invoice date.

The amount or percentage of the Fuel Surcharge is not specifically tied to the direct or indirect costs to service a specific customer account. Through fuel surcharges, Texas Disposal Systems operating companies attempt to collectively recover all Texas Disposal Systems enterprise-wide costs for diesel, natural gas and other hydrocarbon based fuels and products used by Texas Disposal Systems operating companies above the \$1.00/gallon diesel cost baseline, from only those customers subject to a fuel surcharge, excluding any exempt or non-paying customers.

Environmental Charge

The Environmental Charge is \$30.00 for a large load and \$16.00 for a small load.

The Environmental Charge allows our Texas Disposal Systems operating companies to cover Texas Disposal Systems' enterprise-wide costs and expenses for its Texas Disposal Systems operating companies to operate collection, transfer, landfill, and recycling operations in a safe and environmentally responsible manner, and to achieve an acceptable operating margin. The amount of

the Environmental Charge is not specifically tied to the direct or indirect costs to service a specific customer account. By contract or at a Texas Disposal Systems operating company's discretion, some customers pay a nonstandard environmental charge or are exempt from any environmental charge. Through environmental charges, Texas Disposal Systems operating companies attempt to collectively recover all applicable Texas Disposal Systems enterprise-wide environmentally related costs from only those customers subject to an environmental charge, excluding any exempt or non-paying customers.

Regulatory Cost Recovery Charge

Our Texas Disposal Systems operating companies incur significant costs in host community fees and waste disposal taxes every year. As a result, our Texas Disposal Systems operating companies assess a Regulatory Cost Recovery Charge on customer invoices, currently 3.6% of all invoice charges, including the Fuel/Environmental Charge, but excluding taxes at all, TDS owned or operated disposal locations

This charge allows our Texas Disposal Systems operating companies to collectively recover a portion of Texas Disposal Systems' overall enterprise-wide costs associated with host community fees, waste disposal taxes and similar charges paid by our Texas Disposal Systems operating companies to municipal or other governmental authorities or agencies to engage in the waste collection, transfer, processing, disposal, treatment and/or recycling business, and to achieve an acceptable operating margin. The amount or percentage of the Regulatory Cost Recovery Charge is not specifically tied to the direct or indirect costs to service a specific customer account, but to Texas Disposal Systems' overall applicable enterprise-wide host community and other regulatory costs for all customers, whether they pay this charge or not. Some customers pay a nonstandard Regulatory Cost Recovery Charge or are exempt from such charge by contract or at a Texas Disposal Systems operating company's discretion.

Not a Governmental Tax; Future Changes

The Regulatory Cost Recovery Charge is our Texas Disposal Systems operating companies' charge; it is not tied specifically to any fees, taxes or charges applicable to your local service area that our Texas Disposal Systems operating companies are required to collect and remit to any governmental agency. The Regulatory Cost Recovery Charge percentage may be changed in the future at the company's discretion. Any such changes shall be subject to an existing customer's applicable service terms.

Waste Water Management Charge

The Waste Water Management (WWM) charge applies to disposal customers at our TDS owned or operated disposal facilities. The WWM charge is a fixed percentage (currently 14.5%, subject to change) of applicable disposal and invoice charges, before taxes. This charge allows us to cover Texas Disposal Systems' enterprise-wide costs associated with collecting, treating, disposing and managing the wastewater generated by our landfills and other post-collection operations in accordance with applicable law and a safe and environmentally responsible manner, and for us to achieve an acceptable operating margin. Wastewater is generated when any form of liquid, including water, passes through waste materials. As such, wastewater generation is a concern for most landfills and disposal facilities and requires specific collection, treatment, and disposal. The Waste Water Management Charge is not tied specifically to any fees, taxes or charges applicable to your local service area that our Texas Disposal Systems operating companies are required to collect and remit to any governmental agency. The Waste Water Management Charge percentage may be changed in the future at the company's discretion. Any such changes shall be subject to an existing customer's applicable service terms.