

approve the rate adjustment if the information submitted is determined to be accurate. As an alternative, the City Manager may refer the proposed adjustment to the City Council for approval, in its reasonable judgment.

6.4 Extraordinary Adjustments

The Company or the City may request an adjustment to the compensation paid to the Company at times other than those specified in Section 6.3, based upon unusual changes in the cost of providing service under this Agreement. The Company may request only one such adjustment during any rate year. "Unusual changes" may include changes in components of the disposal rate, changes in the disposal site requested by the City, changes in state or local government solid waste fees and charges, and changes in the law. These changes do not include inaccurate estimates by the Company of its proposed cost of operations. For each request, the Company must prepare a schedule documenting the extraordinary costs. The request shall be prepared in a form acceptable to the City with support for all assumptions made by the Company in preparing the estimate. The City shall review the Company's request and, in the City's reasonable judgment, make the final determination on the appropriate amount of the adjustment, if any. A requested adjustment may not be denied in the case of changed or additional services requested by the City, additional reporting required by the City, the City's designation of a transfer station, MRF, transformation facility, or disposal site (except for its initial designation under Section 4.6.C.), any change in the Municipal Code affecting the Company's operations, or changes in state or local government solid waste fees and charges.

6.5 Supporting Information

If the Company requests a rate adjustment on the basis of unusual changes or extraordinary increases in the cost of doing business, the Company must provide the City with all documentation supporting its request.

6.6 Disposal Price Adjustment

Beginning July 1, 2004, the compensation paid to Company shall be adjusted by Company each July 1 during the term of the Agreement to reflect the percentage increase or decrease since the Effective Date, or the date of any prior adjustment, as the



case may be, in the average tipping fee per ton charged by the Los Angeles County Landfill at Puente Hills and the DART Materials Recovery Facility in Downey. The average tipping fee is the sum of the tipping fees at Puente Hills and DART, and then divided by two. For purposes of the first such adjustment to occur on July 1, 2004, the initial tipping fees utilized in the computation shall be \$18.13 per ton at Puente Hills and \$34.00 per ton at DART, or an average tipping fee of \$26.06. The tipping fee used for this calculation shall exclude all federal, state and local taxes, fees and assessments levied on or applicable to the processing, transportation or disposal of solid waste at Puente Hills or DART. The City Manager or his designee shall review the information submitted by Company and approve the rate adjustment if the information submitted is determined to be accurate. As an alternative, the City Manager may refer the proposed adjustment to the City Council for approval, in its reasonable judgment.

6.7 Fuel Price Adjustment

The Company may from time to time request an adjustment to the compensation paid to Company based upon extraordinary changes in the cost of fuel. The Company may request only one such adjustment during any calendar year. For each request, the Company must prepare a schedule documenting the extraordinary costs. The request shall be prepared in a form acceptable to the City with support for all assumptions made by the Company determining the amount of the proposed adjustment. The City Manager shall review the Company's request and, in the City Manager's reasonable judgment, make the final determination on the appropriate amount of the adjustment, if any. As an alternative, the City Manager may refer the proposed adjustment to the City Council for approval, in its reasonable judgment.

6.8 Subsidies or Rebates Prohibited

The Company is strictly prohibited from charging a rate for services other than as set forth in Exhibit 1, or from offering or providing to any customer, or to any affiliate, partner, or co-venturer of any customer, whether or not located within the City, directly or indirectly, any subsidy, rebate, secret rebate, discount, or other consideration, or engaging in any other conduct prohibited by the California Business and Professions Code §17200 et seq. or §17500 et seq., in connection with offering, arranging for, or providing commercial and industrial solid waste collection services pursuant to this Agreement.