



## BEVERAGE CONTAINER MANAGEMENT BOARD Offsite Collections Policy

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### I. BCMB Offsite Collections Policy

#### Definitions

1. For this document:

"BCMB" means the Beverage Container Management Board.

"Container Volume Forecast" means the determination made by the DCA, based on actual or forecast volumes, of the total volume of beverage containers to be processed by all of the Depots during a specified time period and to be used as a factor in determining the HCs for that specified period of time.

"DCA" means a Data Collection Agent selected by the BCMB.

"Depot" means a universal bottle depot operating in Alberta.

"HC" means, at any particular time, the handling commission rates used for payment to Depots for their handling of registered beverage containers.

"Offsite Collections" means the collection of used beverage containers outside of Depot premises.

"Revenue Requirement" means the annual cost to operate the Depot network and is used to determine HCs.

"Third Parties", with respect to any particular Depot, means a person, corporation or other legal entity which has no direct or indirect financial interest in that particular Depot, and specifically excludes, without limitation, that Depot's owner, that Depot's manager, and the spouse or any dependent of that Depot's owner or manager.

"UCA" means the BCMB Uniform Code of Accounts.

#### Offsite Collections

2. It is the view of the BCMB that Depots have a significant opportunity to improve beverage container return rates by facilitating the collection of empty registered beverage containers from customers outside of their licensed Depot premises.
3. In working towards the BCMB's goal of achieving and maintaining an 85% beverage container return rate, the BCMB supports Depots reaching out to their communities in order to increase the recovery of out-of-home consumed beverage containers.
4. Notwithstanding the foregoing and specifically when determining HCs for the BCMB at any particular time, the following principles and provisions shall apply:
  - i. For any particular HC review and subject to the 3<sup>rd</sup> Party Collection Costs cap referred to below, direct and documented costs and expenses which have been incurred by

Depots as payments to Third Parties who bring empty beverage containers to those Depots (“3<sup>rd</sup> Party Collection Costs”) are eligible costs for the purposes of determining the Revenue Requirement to be used for that HC review. It is expected that the empty beverage containers brought to Depots by such Third Parties will be pre-sorted, organized, counted or bagged in a way which saves internal labour and processing costs for the receiving Depot. Such 3<sup>rd</sup> Party Collection Costs represent a displacement of internal Depot processing costs and expenses and offer a potential cost savings to the Depot network system;

- ii. For the 2010 HC review, a maximum dollar limit or cap of \$1,200,000 will be applied to the amount of 3<sup>rd</sup> Party Collection Costs which will be eligible for the determination of the Revenue Requirement to be used for that 2010 HC review;
- iii. Depots reporting 3<sup>rd</sup> Party Collection Costs will be required to retain written invoices for each such expenditure from the relevant Third Parties, each such invoice to contain reference to the relevant date of transaction, and to the total beverage container volumes received from such Third Parties in connection with each such expenditure. These invoices are to be made available to the DCA, upon request. Notwithstanding the foregoing, because this is a new requirement for Depots, and for transitional purposes only, this requirement for written invoices will commence effective as of December 1, 2010;
- iv. For all subsequent HC reviews following the 2010 HC review, the maximum \$1,200,000 dollar limit or cap on 3<sup>rd</sup> Party Collection Costs used for the 2010 HC review will be adjusted according to the following formula which will establish the new adjusted maximum dollar limit or cap on 3<sup>rd</sup> Party Collection Costs for each particular subsequent HC review in question:

\$1,200,000 multiplied by

the Container Volume Forecast determined by the DCA for the particular HC review in question, including all adjustments made by the DCA to such Container Volume Forecast up to and including the effective date of the implementation by the BCMB of the HCs determined as a result of the particular HC review in question

divided by

the total of the actual container volumes reported to the BCMB for the twelve month period of time up to and including the effective date of the implementation by the BCMB of the HCs determined as a result of the 2010 HC review

multiplied by

the As Adjusted Direct Labour rate (\$/hour) determined by the DCA for the particular HC review in question, including all adjustments made by the DCA to such As Adjusted Direct Labour rate (\$/hour) up to and including the effective date of the implementation by the BCMB of the HCs determined as a result of the particular HC review in question

divided by

the As Adjusted Direct Labour rate (\$/hour) determined by the DCA for the 2010 HC review, including all adjustments made by the DCA to such As Adjusted Direct Labour rate (\$/hour) up to and including the effective date of the implementation by the BCMB of the HCs determined as a result of the 2010 HC review.

- v. Notwithstanding the foregoing, the BCMB may elect to adjust the maximum dollar limit or cap on 3rd Party Collection Costs at any time if it deems it appropriate to do so.
- vi. For any particular HC review, and except as specifically noted above, all costs and expenses incurred by Depots in connection with Offsite Collections activities are ineligible costs for the purposes of determining the Revenue Requirement for that particular HC review.
- vii. For any particular HC review, monies received by Depots for collection of offsite beverage containers will not be treated by the DCA as a revenue offset from the Revenue Requirement for that HC review.
- viii. For any particular HC review and unless there is specific evidence to the contrary, any adjustments made to the Direct Labour hours data by the DCA will not include any adjustments based on the presumption that such data has been over-reported by including labour related to Offsite Collections activities. Such data will be subject to review as deemed necessary by the DCA.