

**Beverage Container Management Board
2025-2026 Handling Commission Review**

FACILITATOR'S REPORT

March 30, 2026

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**Beverage Container Management Board
2025-2026 Handling Commission Review**

Facilitator's Report

This is my report to the Beverage Container Management Board pursuant to section 2.29 of the *Handling Commission Bylaw* about the 2025-2026 Handling Commission Review.

The BCMB maintained a publicly accessible comprehensive Record on its website of all of the documents involved in the review, including the report of the Data Collection Agent (the "DCA"); the Participants' information requests, responses, written statements and rebuttals; and updates by the DCA.

Just before the facilitated negotiations were scheduled to begin, I was advised that the Participants were in the final state of reaching an agreement about the issues involved in the Review, which they have now finalized.

I am attaching:

1. Letter dated March 27, 2026 from Shauna Finlay at Reynolds Mirth Richards & Farmer LLP on behalf of the Participants explaining the background to their resolution; their agreement with the handling commissions recommended by the DCA in Document 107 of the Record at Schedule 25 of Tab "Phase II Schedules"; and their agreement being consistent with the Board's mandate, the purposes of the Bylaw and the public interest; and Participants' request for a limited policy review process.
2. The Handling Commissions Resolution Agreement dated March 27, 2026 between Alberta Bottle Depot Association ("ABDA"), Alberta Beer

Container Corporation ("ABCC"), and Alberta Beverage Container Recycling Corporation ("ABCRC").

Although I was not involved in facilitating the Participants' negotiations, I would make the following observations:

- A. As I stated in my previous report from the 2019-2020 Review, the fact that the Participants are clearly adverse in interest creates a presumption that their Agreement is in the public interest to achieve the Board's goal of preserving the viability of the depot system in a cost-effective manner at the lowest sustainable cost to consumers.
- B. The fact that they have come to an agreement indicates that they are satisfied with the fairness of the process by which the Agreement was reached.

Acknowledgements

I want to thank the BCMB for inviting me to again be the Facilitator; the DCA for their technical assistance and the credibility of their work, which was used by the Participants to reach their Agreement; the representatives of the Participants for the constructive way they approached the Review; the staff of the BCMB for shepherding this process; and the Board's legal counsel, Vivian Stevenson, K.C.

March 30, 2026



David Phillip Jones, K.C.
Facilitator

- Attachments:
- 1. Letter Reynolds Mirth Richards & Farmer LLP
 - 2. Signed Handling Commissions Resolution Agreement

WRITER'S E-MAIL sfinlay@rmrf.com
YOUR FILEWRITER'S DIRECT PHONE (780) 497-3302
OUR FILE 113590-007-SNF

March 27, 2026

EMAIL dpjones@sagecounsel.com

De Villars Jones
Attention: David Phillip Jones, K.C.
300, 8540 – 109 Street
Edmonton, Alberta
T6G 1E6

Dear Sir:

Re: 2025/2026 Handling Commission Review**Introduction**

This letter is being written in the context of the 2025/2026 Handling Commission Review process (the “2026 HCR”). It is provided with the joint support of all Designated Registered Participants (“DRP”) in that process and is in respect of the resolution achieved by the DRPs in relation to the 2026 HCR.

Alberta has long led the country in recycling, and the resolution achieved by the DRPs reflects and reinforces that leadership. By working together, the Alberta Beverage Container Recycling Corporation (“ABCRC”), Alberta Beer Container Corporation (“ABCC”), and the Alberta Bottle Depot Association (“ABDA”)—collectively the DRPs to the 2026 HCR—affirm their confidence in the Beverage Container Management Board’s (“BCMB”) fair, robust, and effective HCR process. That confidence made it possible for the DRPs to negotiate in good faith toward a resolution of their interests regarding Handling Commissions.

The HCR process has evolved significantly since its inception. Through ongoing collaboration between the DRPs and the BCMB, improvements to HCR policies and methodologies have created greater transparency, more predictable outcomes, and a more cost-effective process for everyone involved.

Background to the Resolution

The DRPs have fully participated in the 2026 HCR since it began on February 19, 2025. Each DRP reviewed the Phase I and Phase II Reports produced by the Data Collection Agent (“DCA”) and submitted information requests. Each DRP, following a review of information responses

from the DCA, submitted their own written statements and evidence in relation to the DCA's recommended revenue requirement and handling commissions. The DRPs then exchanged information requests, responded to those information requests and, finally, submitted rebuttal evidence. The foregoing processes were complete as of March 18, 2026.

All of the foregoing materials are publicly available by accessing the Record as maintained by the BCMB on its website.

Beginning in January 2026, the DRPs engaged in without prejudice negotiations to attempt to arrive at a resolution respecting the 2026 HCR.

Ultimately, the DRPs were able to come to agreement on the handling commissions recommended by the DCA in Document 107 of the Record at Schedule 25 of Tab "Phase II Schedules", subject to the BCMB also initiating a limited policy review process as set out in an Appendix to the Resolution Agreement. Such negotiations were between the parties directly, with the support of their respective counsel, and centered around the handling commissions recommended by an independent party, the DCA.

As has been noted by you in previous handling commissions:

"Given that the Interested Parties are clearly adverse in interest, in my view there is a presumption that their agreement is in the public interest to achieve the Board's goal of preserving the viability of the depot system in a cost-effective manner at the lowest sustainable cost to consumers."

The DRP's position is that the handling commissions that would result from the BCMB ratifying the resolution achieved by the DRPs would satisfy the purposes of handling commission outlined in s. 4.1 of the Handling Commission By-law:

4.1.1 to provide sufficient funds to enable Depots as a group to recover prudently-incurred costs and expenses and to earn a fair pre-tax return;

4.1.2 to maintain a viable Depot industry;

4.1.3 to minimize the net cost of handling commissions on Manufacturers and end-use consumers and any cross-subsidization between different container streams;

4.1.4 to share the benefits from more efficient handling or processing technologies implemented through the co-operation of Manufacturers and Depots, or from significant additions of new registered containers or from significant increases in volumes of certain types of existing containers equitably between the Manufacturers

and the Depots;

4.1.5 to support the accessibility of Albertans to Depots in rural areas;

4.1.6 to recognize that cost per container is higher for Depots that process lower container volumes than for depots that process higher container volumes; and

4.1.7 to maximize beverage container return rates.

In conclusion, fair handling commissions allow beverage container depot owners to invest in their operations, ensuring that returning used beverage containers remains accessible, convenient and affordable for Albertans—who continue to set the standard for recycling participation. At the same time, beverage manufacturers benefit from a cost-effective system for collecting containers for recycling and reuse. This partnership represents one of Alberta's oldest and most successful examples of a circular economy.

This resolution is in the public interest as it achieves handling commissions that achieve the purposes set out in s. 4.1 and was arrived at through good faith negotiations between two sophisticated parties who are adverse in interest.

Yours truly,

REYNOLDS MIRTH RICHARDS & FARMER LLP

PER:



SHAUNA N. FINLAY

SNF/maj

cc: Graham Henderson (graham.henderson@mross.com)

HANDLING COMMISSIONS RESOLUTION AGREEMENT

This Agreement shall be effective as of March 27, 2026.

BETWEEN:

ALBERTA BOTTLE DEPOT ASSOCIATION ("ABDA"),
a society duly registered in the Province of Alberta

- and -

ALBERTA BEER CONTAINER CORPORATION, ("ABCC"),
a corporation duly registered in the Province of Alberta

- and -

ALBERTA BEVERAGE CONTAINER RECYCLING CORPORATION ("ABCRC"),
a corporation duly registered in the Province of Alberta

WHEREAS:

- A. The Alberta beverage container recycling system is established by the *Beverage Container Recycling Regulation*, AR 101/97 (the "Regulation"), promulgated under the *Alberta Environmental Protection and Enhancement Act*, R.S.A. 2000 c. E-12 (the "Act");
- B. The Regulation establishes the Beverage Container Management Board (the "BCMB") which regulates the operation of the beverage container recycling system;
- C. Section 13(b) of the Regulation states that depot operators will be paid a handling commission in an amount set out in a BCMB bylaw for the containers they remit to the collection system agent if such containers are non-refillable, or to a manufacturer or its designate, if the container is a refillable container;
- D. The ABDA is the Agent of bottle depots in Alberta for the purposes of participating in the agent Handling Commission Review process, including Class "D" depots defined by the Regulation;

- E. ABCC is the authorized agent of manufacturers of beer that sell their beverages in refillable containers;
- G. ABCRC is the collection system agent appointed by all manufacturers of beverages sold in non-refillable containers and is approved by the BCMB;
- H. The ABDA, ABCC and ABCRC (the "Parties") are all Interested Parties with standing to participate in the 2025/2026 Handling Commission Review process and are parties to this Agreement;
- I. The Parties all received copies of the Data Collection Agent's ("DCA") Phase I and Phase II reports, along with supporting reports by experts retained by the DCA;
- J. The Parties exchanged and responded to information requests with the DCA and amongst themselves; and
- K. The Parties engaged in negotiations between December 2025 to March 20, 2026 and reached an agreement with respect to (i) the total revenue requirement for the 2025/2026 Handling Commission Review process which shall establish handling commissions to be effective May 1, 2026 in accordance with the Handling Commission By-Law; (ii) the handling commissions that will apply to each of the container streams which shall be those identified in Document 107 of the Record at Schedule 25 of Tab 'Phase II Schedules'; (iii) the return margin to be used for subsequent DCA Annual Update Reports ("AURs"); and (iv) a joint request to the BCMB to establish a policy committee of the BCMB to address the issues identified by the Parties and outlined in Appendix "A" hereto.

1. Revenue Requirement

- a) The Parties hereto agree that, for the purposes of setting the handling commissions effective May 1, 2026:
 - i. the Alberta bottle depot system revenue requirement shall be \$141,157,092; and
 - ii. The individual handling commissions per container stream will be as set out in Document 107 of the Record at Schedule 25 of Tab 'Phase II Schedules'.

- b) The Parties hereto agree that for the purposes of subsequent AURs and until the next Handling Commission Review, the DCA shall use a pre-tax return margin of 5.93%.

2. Policy Issues

The Parties hereto request, and the resolution between the Parties requires, that the BCMB establish a process to address the policy issues identified and outlined by the Parties in Appendix "A" hereto, and that any policy changes arising from such BCMB process will apply to AURs and HCRs going forward (subject to any future BCMB policy changes).

3. Without Prejudice Agreement

This Agreement shall be entirely without prejudice to all its signatories in:

- a) any future commission proceedings, except that Clause 1(b) is not without prejudice to any commission proceedings relating to AURs prior to the next Handling Commission Review; and
- b) any Handling Commission Review proceedings to determine 2026 rates in the event that the BCMB does not approve the revenue requirement, handling commissions and return margin in accordance with Clause 1, and/or does not initiate the review of issues requested in Appendix "A" hereto.

4. Effective Date

The Parties hereto agree that the effective date of the 2026 handling commissions shall be May 1, 2026.

5. Termination

- a) This Agreement shall terminate and be null and void, with the exception of Clause 2, in the event that the BCMB does not approve the revenue requirement, handling commissions and return margin in accordance with Clause 1, and/or does not initiate the process as contemplated in Appendix "A" hereto by June 30, 2026.

- b) The terms of this Agreement shall be fulfilled and satisfied once the BCMB has passed a bylaw implementing the handling commissions set out in Document 107 of the Record at Schedule 25 of Tab 'Phase II Schedules' and has completed the process contemplated in Appendix "A" hereto.

6. Confirmation of Corporate Authority and Agent Authority

- a) Each of the parties to this Agreement hereby represent and confirm that they have full corporate power, legal right and authority to enter into this Agreement and to do all such acts and things as are required hereunder to be done, observed and performed.
- b) Each party confirms that all necessary action has been taken by the directors and shareholders of their respective entities to authorize the execution, delivery and performance of this Agreement in accordance with its terms.
- c) ABCRC represents that it has all the necessary authority to act as the agent of all manufacturers of beverages in non-refillable containers and bind them to the terms of this Agreement.
- d) ABDA represents that it has all the necessary authority to act as the agent of all Alberta depots, including Class "D" depots as defined by the Regulation.
- e) ABCC represents that it has all the necessary authority to act as the agent for beer manufacturers who sell beer in refillable containers.
- f) The Parties hereto agree that, subject to Clause 2 and Clause 6, this Agreement constitutes a valid and legally binding obligation that is enforceable against the Parties hereto in accordance with its terms.

7. Further Assurances

The Parties hereto agree that, from time to time, each party will execute and deliver all such other and further documents, instruments and assurances as may be necessary or required to carry into force and effect the purpose and intent of this Agreement.

8. Jurisdiction

This Agreement shall be interpreted and governed by the laws in force in the Province of Alberta from time to time and any proceedings in respect of it shall be brought and carried on before the courts of the Province of Alberta and all parties attorn irrevocably to the exclusive jurisdiction of such courts.

9. Execution in Counterpart

This Agreement may be executed by any party hereto in counterpart and delivered by facsimile or other electronic means and such execution shall be effective as if it were executed in original form.

ALBERTA BOTTLE DEPOT ASSOCIATION

Per:  _____

Per: _____

ALBERTA BEER CONTAINER CORPORATION

Per: _____

Per: _____

ALBERTA BEVERAGE CONTAINER RECYCLING CORPORATION

Per: _____

Per: _____

8. Jurisdiction

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Per: _____

Per: _____

ALBERTA BEER CONTAINER CORPORATION

Per:  _____

Per: _____

ALBERTA BEVERAGE CONTAINER RECYCLING CORPORATION

Per: _____

Per: _____

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Per: _____

Per: _____

ALBERTA BEER CONTAINER CORPORATION

Per: _____

Per: _____

ALBERTA BEVERAGE CONTAINER RECYCLING CORPORATION

Per:  _____

Per: _____

Appendix "A"

Terms regarding the Handling Commission Review policy issues

The ABCRC-ABCC and ABDA ("Parties") have agreed to resolve the 2025/2026 Handling Commission Review, with part of that resolution requiring that the BCMB establish a process such as the earlier Handling Commission Review Committee "HCRC" (which at a minimum would include the participation of the Parties and the DCA) to deliberate over the policy matters listed below with a view to making recommendations to the BCMB regarding their resolution in BCMB policy.

Further to this, the parties also petition the BCMB to establish such a policy process forthwith in order that whatever policy changes are ratified by the BCMB will come into effect for application to the next Annual Update Report and that such policy changes will apply to AURs and HCRs going forward (subject to any future BCMB policy changes).

The five policy matters to be resolved through BCMB process are as follows:

- **Use of historical data for the volume forecast.** The Parties agree that the setting of HCs should be based on as much historical data as possible which is reasonably anticipated to minimize the forecast period for both AURs and HCRs. Prior to new HCs being implemented, the DCA will update the forecast using as much historical data as possible (mechanistic forecast update), which should result in a forecast period of about three (3) months. They further agree that the HCRC ought to consider refinements to the DCA's assessment of, and application of, volume forecast methodologies.
- **Time period for escalating As Adjusted Depot costs.** The Parties agree that the method for escalating the As Adjusted Depot costs to the Target Year needs to be revisited. The parties agree that the HCRC ought to explore an approach to escalation that is based on the use of the average index for the depot fiscal year (i.e., the average of CPI for the four quarters of the depot fiscal year as opposed to using the CPI for the final quarter of the depot fiscal year).
- **Overhead Labour Rate methodology.** The DRPs agree that the HCRC ought to consider the use of alternative methods and metrics (i.e. other than the system average job class) for setting the overhead labour rate of those non-arm's length managers whose rates are deemed by the DCA to be unreasonably high.
- **Leasehold improvement CCA costs and the deemed lease rate.** The Parties agree that Leasehold Improvement CCA costs for leased buildings should be fully and properly accounted for in building costs. The DRPs agree that HCRC ought to consider whether the deemed lease rate as currently applied by the DCA sufficiently addresses leasehold improvement CCA costs for leased buildings and for adjustments to be made if appropriate.

- **Turnover ratio ("TOR") as applied in determining the Return Margin.** The Parties agree that the Depot system TOR and TOR range be reassessed on a frequency that ensures that the TOR that is used in the determination of the Return Margin is reflective of the TOR experienced by the Alberta Depot system. As such, the Parties agree that the HCRC ought to deliberate on what such a reflective frequency should be, and then implement such reassessment at that frequency.