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**2025-2026 HANDLING COMMISSION REVIEW**

**INFORMATION REQUESTS BY THE ALBERTA BOTTLE DEPOT ASSOCIATION  
TO THE DCA**

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November 27, 2025

## **ABDA-DCA-1**

### **Subject: Return Margin - Turnover Ratio**

#### **References:**

- 2025.06.02.Return.Margin.Expert.Final.Report.Concentric (Doc 14) (the “**Concentric Report**”)
- 2019.06.04.Return.Margin.Final.Report.Concentric (the “**2019 Concentric Report**”)
- 2025.07.07.Concentric.Responses.to.ABDA.1-5.Concentric (Doc 26) (the “**Concentric IR Responses**”)
- 2025.10.03.2024.UCA.Instruction.Manual.DCA (Doc 28) (the “**UCA Instruction Manual**”)
- 2019.06.04.Return.Margin.Final.Report.Bottom.Up.Approach.Attachment.3.xlsx (“**TOR Calculation Spreadsheet**”)

#### **Preamble:**

Concentric has calculated a turnover ratio (TOR) for the depots by using balance sheet data from prior Handling Commission Reviews. The Concentric Report, at page 9, states:

... using the balance sheet data provided by the DCA for the 2019 return margin analysis, Concentric calculated a turnover ratio for the Depots of 2.31.

According to the 2019 Concentric Report, Concentric used balance sheet data from 2017 for its 2019 return margin analysis. See for example the 2019 Concentric Report at pages 6, 14 and 20, where Concentric states:

Based on 2017 balance sheet data provided to Concentric by the DCA, we confirmed that the Depots do not make significant investments in capital assets under their business model, ...

...

Using data provided by the DCA, Concentric calculated a turnover ratio for the Alberta Depots of 2.31 in 2017.”

...

In order to estimate the return margin for Depot operations, Concentric used the 2017 balance sheet data provided by the DCA to develop what utility regulators would refer to as a “rate base” for the Depots.

...

As previously mentioned, using the balance sheet data provided by the DCA, Concentric calculated a turnover ratio for the Depots of 2.31.

In the TOR Calculation Spreadsheet, Concentric provided details of how it calculated the TOR of 2.31 (the “**2017 TOR**”) used in the 2019 Concentric Report. Specifically, the TOR Calculation Spreadsheet, at sheet titled “Turnover Ratio – Depots”, states as follows:

Turnover Ratio for Depots		
Revenues - 2017	\$	316,585,046
Current Assets	\$	35,135,995
LT Assets	\$	71,363,104
Net Goodwill	\$	30,457,271
Total Assets	\$	136,956,370
Turnover Ratio		2.31

For the current HCR (2025), Concentric has stated that there is an absence of updated balance sheet data from the Depots, but that if such updated data were available, they would support a review of the historically used turnover ratio range of 2.00 to 9.00. In the Concentric IR Responses, Concentric states as follows in response to ABDA’s information request ABDA-RM-1:

Historical consistency is the main reason for continuing to use turnover ratios from 2.00 to 9.00. **In the absence of updated Depot balance sheet data, we did not find a compelling reason to change the range of turnover ratios that is used to select risk comparable companies.** As noted on page 23 of our report, **we would support a review of this range if updated data were available from the Depots.** With this issue in mind, Concentric provided a stress-test of these outlier thresholds on pages 21 through 23 of our report.” [emphasis added]

Depots are required to file updated balance sheet information with their UCA filed with the DCA each year. The UCA Instruction Manual states as follows, at PDF page 6:

In order for the UCA filing to be complete, Depot owners must provide a copy of the following information for the matching time period:

- Completed UCA electronic spreadsheet.
- **All pages of the fiscal year Canada Revenue Agency (CRA) tax return (corporate for incorporated businesses or personal return for sole proprietors).** Please note the CRA key summary is not acceptable and is not required.
- **All pages of the fiscal year financial statements that accompanied the tax return or the GIFI summary within**

**your tax return filing.** For sole proprietors, provide all pages of the Statement of Business or Professional Activities forms.

[emphasis added]

In summary, the TOR was last updated over 5 years ago (HCR 2019) with balance sheet information from more than 7 years ago (fiscal 2017). Concentric supports a review of the TOR range if updated data is available. Updated (fiscal 2024) balance sheet information has been provided to the DCA in preparation for the current HCR, through the UCAs filed by Depots.

The ABDA would like to confirm the DCA's views on the impacts of updated balance sheet information.

**Request:**

- (a) Using the most recent depot system balance sheet data (e.g., fiscal 2024) provided on the UCAs used for the current HCR, please provide, on an aggregated basis, the depot system financial information necessary to facilitate calculation of the depot system TOR in a manner similar to that provided in the TOR Calculation Spreadsheet.
- (b) Please provide a calculation of the depot system TOR ("**2024 TOR**") based on the most recent depot system balance sheet data (e.g., fiscal 2024) provided on the UCAs used for the current HCR.
- (c) If the 2024 TOR resulting from use of the fiscal 2024 financial information is different from the 2017 TOR, then please explain why. If the two TORs are not different, then please explain why.
- (d) If the 2024 TOR is different from the 2017 TOR, then please explain whether the 2024 TOR has any impact on the TOR range of 2.00 to 9.00, including explaining the nature of the impact and the considerations that inform your views.
- (e) If the 2024 TOR has any impact on the TOR range of 2.00 to 9.00, then:
  - i. Please explain what the appropriate TOR range should be and the reasons supporting that range.
  - ii. Please calculate the number of companies included within this appropriate TOR range, and whether the number of companies included is greater than or less than those included with the historically used TOR range of 2.00 – 9.00.
  - iii. Please provide your opinion as to whether the use of the historical TOR range of 2.00 - 9.00 should be changed for the 2025-26 Handling Commission Review.

- (f) If the historical TOR range of 2.00 – 9.00 should be changed, then please calculate and explain any impacts to the Phase 1 and Phase 2 reports.

## **ABDA-DCA-2**

### **Subject: Return Margin - Exclusion of Unprofitable Canadian Companies**

#### **References:**

- 2025.06.02.Return.Margin.Expert.Final.Report.Concentric (Doc 24) (the “**Concentric Report**”)
- CAS-1195647\_Client\_tables\_Confid (Statistics Canada Report) (Retail Trade Survey Excluding Unprofitable Canadian Companies) (Attached to this IR as Appendix “A”)
- CAS-1197556\_2021-2023\_Alberta Bottle Depot Association (Statistics Canada Report) (Wholesale Trade Survey Excluding Unprofitable Canadian Companies) (Attached to this IR as Appendix “B”)
- CAS-1195647\_Glossary (Attached to this IR as Appendix “C”)
- CAS-1195647\_A Note About the NAICS Classification (Attached to this IR as Appendix “D”)
- Correspondence with Statistics Canada arranging preparation of the reports (Attached to this IR as Appendix “E”)

#### **Preamble:**

In the Concentric Report at page 9, Concentric states the following regarding the exclusion of unprofitable companies from the return margin analysis:

We also continue to believe that it is reasonable to exclude unprofitable companies from the return margin analysis. Companies with negative projected growth rates are typically excluded from such analyses because it is not reasonable to believe that investors would invest in a company that is expected to have negative earnings in perpetuity; therefore, these companies would not set a reasonable benchmark return for sustainable operation of the Depots. This approach is consistent with the methodology employed by Concentric and PEG in previous reports.

In the Concentric Report at page 5, Concentric confirms the removal of unprofitable companies from the U.S. return margin calculation:

Companies’ individual years in which pretax income was negative were excluded. Investors do not expect negative income to continue in perpetuity.

In the Concentric Report at page 5, Concentric notes a limitation in its Canadian data:

One limitation of the CANSIM source is that the data are reported in aggregate by industry category and not at the firm/company level.

There is the possibility that the CANSIM data used by Concentric for risk comparison analysis includes Canadian companies with negative income. Inclusion of such unprofitable companies would be inconsistent with the stated principle that such data should be excluded. Due to confidentiality requirements however, Statistics Canada will not provide data on individual companies.

Statistics Canada has provided reports on CANSIM Wholesale and Retail industry groupings filtered to include only companies with a positive operating margin. Copies of these reports, related memorandums, and related correspondence are attached as Appendices. Appendices A-D were provided by Statistics Canada in response to the correspondence at Appendix E. The ABDA would like to confirm the DCA's views on the impacts of filtered CANSIM data.

**Request:**

- (a) Please provide your opinion on whether CANSIM Wholesale and Retail Trade reports that have been filtered to include only companies with a positive operating margin ("**Filtered CANSIM Reports**"), such as those provided in the attached Appendices A and B, are appropriate for use as the basis for the Canadian component of the return margin recommendation for the Depots. Please explain the basis for your opinion.
- (b) Please provide your opinion on whether Filtered CANSIM Reports should be used in place of the CANSIM reports cited in the Concentric Report. Please explain the basis for your opinion.
- (c) If your opinion is that Filtered CANSIM Reports should be used in place of the CANSIM reports cited in the Concentric Report, then please calculate and explain any impacts to the Phase 1 and 2 reports using the Filtered CANSIM Reports.

**ABDA-DCA-3**

**Subject: Return Margin - Depot Industry Information**

**Request:**

Please provide the following information on an aggregate depot system basis:

- (a) Total Assets, including and shown separately:
  - i. Current Assets; and
  - ii. Long Term Assets.
- (b) Total Liabilities, including and shown separately:
  - i. Current Liabilities; and
  - ii. Non-Current Liabilities.
- (c) Book Value of Long Term Debt.
- (d) Book Value of Equity.
- (e) Any other Balance Sheet components not listed above.
- (f) EBITDA for each of the years 2020, 2021, 2022, 2023, and 2024.
- (g) Net income for each of the years 2020, 2021, 2022, 2023, and 2024.
- (h) Revenue for 2024.
- (i) Average number of full-time employees for 2024.



## **ABDA-DCA-4**

### **Subject: Return Margin - Actual Return Margin**

#### **References:**

- 2025.06.02.Return.Margin.Expert.Final.Report.Concentric (Doc 24) (the **"Concentric Report"**)
- 2019.06.04.Return.Margin.Final.Report.Concentric (the **"2019 Concentric Report"**)

#### **Preamble:**

In the 2019 Concentric Report at page 24, Table 14, Concentric provided a calculation of the actual earned return margin for Alberta's Depots in 2017 and observed that the Depots had not earn their allowed return. A similar calculation has not been provided with the HCR2025 Concentric Report (Doc 24).

#### **Request:**

- (a) Please provide a calculation of the actual earned pre-tax return margin for the Alberta depot system using the most recent financial information available (e.g., fiscal 2024).
- (b) Please explain how this actual earned return margin compares with that recommended by Concentric in the Concentric Report (5.93%).

## **ABDA-DCA-5**

### **Subject: Miscellaneous Revenues - Carbon Rebates**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")
- 2024.11.20.Handling.Commission.Bylaw.BOARD.APPROVED.rates.May1,\_2025 ("**Handling Commission Bylaw**")

#### **Preamble:**

The Phase I Report at page 20 states:

As there are no COVID subsidy programs in place currently or announced to be in place in 2026, COVID subsidy revenues were removed from the other revenue category.

The DCA's removal of COVID subsidy revenues is consistent with the Handling Commission By-Law section 8.1:

To the extent possible and practicable, Handling Commissions are to be adjusted to reflect the forecast costs and return volumes anticipated during the period the Handling Commissions are to be in effect.

The purpose of the 2025-26 Handling Commission Review is to set Handling Commissions (HCs) that will be in effect for the period of May 1, 2026 – April 2027. To be consistent with Bylaw 8.1, it is important that these HCs are based on what can reasonably be anticipated to occur during the period HCs will be in effect and not on historical records that are foreseeably unlikely to be repeated.

On pages 21 and 22 of the Phase I Report, it is stated that eleven depots reported Miscellaneous Revenues in the form of Grants totaling \$74,898 (As-Reported). Included in these Grants were Carbon Rebates. The specific amounts reported by depots for the Grants was not stated in the Phase I Report.

**Carbon Rebates:** The Canada Carbon Rebate for Small Businesses<sup>1</sup> was a refundable tax credit established in Budget 2024 that has returned a portion of the federal fuel charge from 2019-20 through 2023-24 to eligible small and medium sized businesses. In the case of Alberta, the rebate applied to the period of 2020-21 through 2023-24 due to the federal fuel charge only coming into effect January 1, 2020. Companies did not need to apply for this rebate. If eligible, payment would be issued automatically by the federal government.

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<sup>1</sup> <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/business-tax-credits/canada-carbon-rebate-small-businesses.html>

The rebate was based on a set amount per employee, as indicated by the following tables published by the Canadian Department of Finance:<sup>2</sup>

Table 2

**Specified Payment Rates Per Employee for the Canada Carbon Rebate for Small Businesses, 2019-20 to 2023-24**

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Alberta*</b>	n/a	\$147	\$123	\$140	\$181
<b>Saskatchewan</b>	\$110	\$271	\$244	\$298	\$233
<b>Manitoba</b>	\$48	\$99	\$77	\$89	\$168
<b>Ontario</b>	\$26	\$68	\$75	\$86	\$146
<b>New Brunswick*</b>	n/a	n/a	n/a	n/a	\$87
<b>Nova Scotia*</b>	n/a	n/a	n/a	n/a	\$119
<b>Prince Edward Island*</b>	n/a	n/a	n/a	n/a	\$82
<b>Newfoundland and Labrador*</b>	n/a	n/a	n/a	n/a	\$179

\* As the federal fuel charge only came into effect as of January 1, 2020 in Alberta, and as of July 1, 2023 in New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador, small businesses in these provinces will receive payments for proceeds collected after those respective dates.

The price on pollution is revenue neutral for the federal government; all proceeds are returned in the jurisdiction where they were collected. Payment amounts vary between jurisdictions due to differences in the amount of fuel charge proceeds collected in that province and the number of employees that eligible corporations that will receive payments had in that province. Additionally, as indicated in Table 2, Atlantic provinces are receiving one year of payment, as the federal fuel charge only began applying there in the 2023-24 fuel charge year.

Table 3

**Example Payment Amounts for Businesses, by Number of Employees from 2019 to 2023**

	10 employees	25 employees	50 employees	100 employees	499 employees
<b>Alberta*</b>	\$5,910	\$14,775	\$29,550	\$59,100	\$294,909
<b>Saskatchewan</b>	\$11,560	\$28,900	\$57,800	\$115,600	\$576,844
<b>Manitoba</b>	\$4,810	\$12,025	\$24,050	\$48,100	\$240,019
<b>Ontario</b>	\$4,010	\$10,025	\$20,050	\$40,100	\$200,099
<b>New Brunswick*</b>	\$870	\$2,175	\$4,350	\$8,700	\$43,413
<b>Nova Scotia*</b>	\$1,190	\$2,975	\$5,950	\$11,900	\$59,381
<b>Prince Edward Island*</b>	\$820	\$2,050	\$4,100	\$8,200	\$40,918
<b>Newfoundland and Labrador*</b>	\$1,790	\$4,475	\$8,950	\$17,900	\$89,321

\* As the federal fuel charge only came into effect as of January 1, 2020 in Alberta, and as of July 1, 2023 in New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador, small businesses in these provinces will receive payments for proceeds assessed after those respective dates.

On March 15, 2025, the federal government discontinued the federal fuel charge, thereby ceasing the Carbon Rebate program at that time. Proceeds from the 2024-2025 fuel charge

<sup>2</sup> <https://www.canada.ca/en/department-finance/news/2024/10/canada-carbon-rebate-for-small-businesses-payment-amounts-2019-20-to-2023-24.html>

year will be returned to eligible companies in a manner similar to the payment made previously for the 2019-2020 through 2023-2024 period.

With the shuttering of the Carbon Rebate program on March 15, 2025, it is reasonable to anticipate that this program will not be available to provide Miscellaneous Revenues to depots during the time (HCs) will be in effect between May 1, 2026 – April 30, 2027:

- The program will have been shuttered more than a year prior to the implementation of the HCs.
- All, or a substantial portion, of rebates made for the 2024-2025 fuel charge year will have been returned to eligible depots prior to May 1, 2026.
- As the payment made for the 2024-2025 fuel charge year will be only for one year, it is reasonable to conclude that this payment will be substantially smaller than the quantum of the single payment made for the four years of 2020-21 to 2023-24.

**Request:**

- (a) Please provide the quantum of the Carbon Rebates grants reported by the depots.
- (b) Please advise whether it is reasonable to anticipate that depots will receive zero, or only a minor portion of, residual Carbon Rebate payments during the period when HCs will be in effect between May 1, 2026 to April 30, 2027.
- (c) Please confirm whether the quantum of Carbon Rebates included in As-Adjusted Miscellaneous Revenues in the Phase I Report should be removed. If such a removal is appropriate, please provide a corresponding update to the Revenue Requirement. If not confirmed and not removed, please explain why.

## **ABDA-DCA-6**

### **Subject: Miscellaneous Revenues - CDAP Grants**

#### **References:**

- 2024.11.20.Handling.Commission.Bylaw.BOARD.APPROVED.rates.May1,\_2025  
("Handling Commission Bylaw")

#### **Preamble:**

Handling Commission By-Law section 8.1 states:

To the extent possible and practicable, Handling Commissions are to be adjusted to reflect the forecast costs and return volumes anticipated during the period the Handling Commissions are to be in effect.

On pages 21 and 22 of the Phase I Report, it is stated that eleven depots reported Miscellaneous Revenues in the form of Grants totaling \$74,898 (As-Reported). Included in these Grants were funding from the Canada Digital Adoption Program ("**CDAP**"). The specific amounts reported by depots for Grants was not stated in the Phase I Report.

**Canada Digital Adoption Program:** The Canada Digital Adoption Program (CDAP) offered two online streams to help small and medium-sized businesses. *Grow Your Business Online* provided a micro-grant of up to \$2,400 to adopt e-commerce, and *Boost Your Business Technology* offered a grant of up to \$15,000 to develop a digital plan for more complex technology adoption. *Grow Your Business Online* stopped taking applications on September 30<sup>th</sup>, 2024<sup>3</sup> and *Boost Your Business Technology* discontinued intake of applications November 30<sup>th</sup>, 2024<sup>4</sup>. With the shuttering of these programs in 2024, it is reasonable to anticipate that funding from these programs will not be available to provide Miscellaneous Revenues to Depots during the time (HCs) will be in effect between May 1, 2026 – April 30, 2027:

- These programs will have been shuttered for some 18 months prior to the implementation of the HCs.
- The issuance of any grant monies from these programs will have been completed prior to the implementation of the new HCs on May 1, 2026.

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<sup>3</sup> <https://cdaprogram.ca/grow-your-business-online/>

<sup>4</sup> <https://cdaprogram.ca/boost-your-business-technology/faq/>

**Request:**

- (a) Please advise whether it is reasonable to anticipate that depots will not receive any payments from these CDAP programs during the period when HCs will be in effect between May 1, 2026 to April 30, 2027.
- (b) Please confirm whether the quantum of CDAP grants included in As-Adjusted Miscellaneous Revenues in the Phase I Report should be removed. If such a removal is appropriate, please provide a corresponding update to the Revenue Requirement. If not confirmed and not removed, please explain why.

## **ABDA-DCA-7**

### **Subject: Miscellaneous Revenues - Value Added Fees**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")
- 2024.11.20.Handling.Commission.Bylaw.BOARD.APPROVED.rates.May1,\_2025 ("**Handling Commission Bylaw**")

#### **Preamble:**

Handling Commission By-Law section 8.1 states:

To the extent possible and practicable, Handling Commissions are to be adjusted to reflect the forecast costs and return volumes anticipated during the period the Handling Commissions are to be in effect.

Value-added fees (VAFs) are payments by ABCRC to those depots participating in the compaction of empty containers. Schedule 9 of the Phase I Report (page 78) shows that multiple depots reported As-Accepted VAFs, with revenues reported by depots in each of the Small, Medium and Large categories totaling \$208,196. Schedule 9 also shows that no changes were made to these VAFs in the subsequent As Adjusted stage with the total As Adjusted VAFs remaining at \$208.196.

ABDA understands that, after May 1, 2026, no more than two depots will still be engaged in compaction and receiving VAFs, and that the total of the VAFs reported by these two depots on their 2024 UCAs is less than \$90,000.

#### **Request:**

- (a) Please confirm the number of depots that are expected to still be engaged in compaction and receiving VAF payments after May 1, 2026. Please also confirm the quantum of As Accepted VAFs reported by these depots on their 2024 UCAs.
- (b) Please confirm whether the quantum of VAFs to include in the As Adjusted VAFs should be revised to reflect only the As Accepted VAFs of those depots who are expected to still be engaged in compaction and receiving VAF payments after May 1, 2026. If such a revision is appropriate, please provide a corresponding update to the Revenue Requirement. If not confirmed and not adjusted, please explain why.

## **ABDA-DCA-8**

### **Subject: Miscellaneous Revenues - Insurance Proceeds**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")

#### **Preamble:**

Insurance proceeds for damage done to depot facilities, in the amount of \$102,426, are included in As Adjusted Miscellaneous Revenues (Phase I Report at page 21, Table 15).

The expenses/repairs arising from the damage to the depot facilities are included in the UCA Costs. The Phase I Report at page 22 states:

**Insurance proceeds:** Two depots received insurance payments for damage done to their facility, for which the expenses/repairs are included in the UCA costs.

However, these costs, along with other Building-related costs, are removed and replaced with market-based deemed building lease and use rates (as part of determining the As Adjusted Building costs). The Phase I Report states, at page 36 in the section dealing with building costs:

... costs reported by depots are replaced in accordance with BCMB's Depot Building Deemed Lease Rate Policy...

#### **Request:**

- a) Please confirm whether the As Reported building expense/repairs included in the UCA costs have been removed from the As Adjusted Building costs (through the application of the BCMB's Depot Building Deemed Lease Rate Policy, or by any other means).
  - i. If not confirmed, please explain why.
  - ii. If not confirmed, please advise where and how these As Reported building expense/repairs have been retained in the As Adjusted system beyond the deemed costs.
- b) If confirmed, please explain whether or not the insurance proceeds included in As-Adjusted Miscellaneous Revenues should be removed. If such removal is appropriate, please provide a corresponding update to the Revenue Requirement. If not appropriate and not removed, please explain why.



## **ABDA-DCA-9**

### **Subject: Miscellaneous Revenues - Projecting Insurance Proceeds**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")

#### **Preamble:**

The Phase I Report provides no assessment of the frequency of insurance claims reported by Depots, nor a forecast of future claims. Prior Phase I Reports and Annual Update Reports (AUR) dating back to at least HCR 2019, provide only two cases of insurance payments being reported by Depots (in HCR 2019 and AUR 2020).

#### **Request:**

- a) Please confirm whether depots are expected to receive any insurance payments during the period when Handling Commissions will be in effect from May 1, 2026 to April 30, 2027.
  - i. If confirmed, then please explain why.
  - ii. If confirmed, then please explain how the expected insurance payments were forecasted.
    1. Please provide the complete forecasting analysis, including:
      1. The data used for generating the forecast for event frequency, such as historical averages;
      2. The calculations and resulting quantum for insurance payments, deductibles, and associated costs; and
      3. What insurance policies were considered for inclusion. Please comment on whether depot insurance policies were reviewed, the conclusions from any reviews, and any relevant research.
  - iii. If not confirmed, please explain whether the insurance proceeds included in As-Adjusted Miscellaneous Revenues should be removed. If such removal is appropriate, please provide a corresponding update to the Revenue Requirement. If not appropriate and not removed, please explain why.
- b) Please confirm whether insurance deductibles were included in the DCA's analysis and calculation of the Target System. If not, why not?

## **ABDA-DCA-10**

### **Subject: Miscellaneous Revenues - Earthwares**

#### **References:**

- 2025.10.03.2024.UCA.Instruction.Manual.DCA (Doc 28) (the “**UCA Instruction Manual**”)
- 2025.10.03.2024.UCA.Template.DCA (Doc 29) (the “**UCA Template**”)

#### **Preamble:**

The UCA Instruction Manual, at page 27, states: “*Line 803.04 – Enter any cardboard recycling fees.*” However, the UCA Template at Table 8 has Line 803.04 designated for “Earthwares”.

The Earthware program closed October 21, 2024.<sup>5</sup>

#### **Request:**

- a) Please provide the total amount of Earthware payments included in As Reported Miscellaneous Revenues and As-Adjusted Miscellaneous Revenues.
- b) Please confirm whether the DCA expects depots to receive any Earthware payments during the period when HCs will be in effect, between May 1, 2026 to April 30, 2027. If so, please explain why.
- c) If there are any Earthware payments included as As-Adjusted Miscellaneous Revenues in the Phase I Report, please confirm whether the Earthware payments should be removed. If such a removal is appropriate, please provide a corresponding update to the Revenue Requirement. If not confirmed and not removed, please explain why.

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<sup>5</sup> <https://www.facebook.com/getearthware/>

## **ABDA-DCA-11**

### **Subject: POR Fees**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) (the “**Phase I Report**”)

#### **Preamble:**

The Phase I Report at Schedule 8 shows As Adjusted POR (point of return) fees of \$119,598. This is significantly less than the amount received by the ABDA for POR fees in calendar 2024, which was \$356,566.

The ABDA receives POR fees from depots that use the rePOR and Solum systems. The maximum POR fees for rePOR and Solum were increased as of January 1 2024 (the “**POR Fee Cap Increase**”).

Depots using other point of return systems, such as neoSMART, pay POR Fees for which amounts are not known or tracked by the ABDA.

The ABDA expected that the As Adjusted and Total System POR fees included in the Phase I Report would exceed the \$356,566 received by the ABDA. Instead, as shown in the following table, the Total System POR Fees included in the Phase I Report are short by at least \$228,831, and likely more if non-ABDA-related POR Fees are included.

<b>POR Fees</b>	<b>As Adjusted</b>	<b>Total System</b>
ABDA*		356,566
Phase I**	119,598	127,735
<b>Minimum Shortfall</b>	-	<b>228,831</b>

\*ABDA records only include rePOR and Solum amounts.

\*\*Phase I Total System amount is based on the As Adjusted amount multiplied by the average Overhead escalation to the total system.

#### **Requests:**

- a) Please review the quantum of POR Fees included in the Revenue Requirement and confirm whether this quantum should be adjusted. If such an adjustment is appropriate, please do so and update the Revenue Requirement accordingly. If not confirmed and not adjusted, please explain why.

- b) Please confirm whether the escalation from the Total System to the Target System accounts for the POR Fee Cap Increase, including for depots reporting results with months in 2023. If not, please explain why not.

## **ABDA-DCA-12**

### **Subject: Labour - Benefits**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")
- 2018.11.07.Dpot.Manager.Cost.Determination.Policy.BOARD.APPROVED. ("**Depot Manager Cost Determination Policy**")

#### **Preamble:**

The Phase I Report Table 22 (page 28) shows As Adjusted Direct Labour Benefits of \$5,286,660 but Table 21 (page 27) indicates these As Adjusted Direct Labour Benefits to be \$3,985,919 – a difference of \$1,300,741. Schedule 2 in the Phase I Report (page 75) shows As Accepted Direct Labour Benefits of \$5,224,947 and As Adjusted Benefits of \$3,985,919.

It is unclear what As Accepted and As Adjusted Direct Labour Benefits were applied to the Study System. Further, if the lower number of \$3,985,919 was used for the As Adjusted Direct Labour benefits, then the treatment of the \$1,300,741 is unclear.

The Depot Manager Cost Determination Policy notes in Part 2:

Proper allocation and determination of costs by the DCA for Depot Managers is needed to ensure that the Revenue Requirement determined for any HC review process includes appropriate labour costs for Permit Holders for operating their Depot businesses (e.g. wages, salaries, benefits) ...

The Phase I Report presents and discusses data on Benefits for Direct Labour. However, there is no data or discussion regarding Benefits associated with Overhead Labour (e.g., depot Managers). The employers of salaried (T4) workers (including staff working in Overhead/Manager roles) are required to contribute to government mandated programs such as EI, CPP, and WCB. Depot staff may also participate in health care plans that can be paid in part or in whole by their employer. There is also no component of Benefits associated with Collector Labour costs identified.

#### **Requests:**

- a) If the lower number of \$3,985,919 (Table 22) was used for the As Adjusted Direct Labour Benefits in the Study System, please explain what happened to the \$1,300,741 difference from the \$5,286,660 As Adjusted Direct Labour Benefits shown in Table 21. If an adjustment is appropriate, please do so and update the Revenue Requirement accordingly.

- b) Please confirm whether the cost of Benefits associated with Overhead Labour has been included in the Revenue Requirement.
- i. If included, please revise Schedule 4 to match the layout used in Schedule 2 (i.e., please explicitly show the Benefits component of Overhead Labour) and update the Phase I Report accordingly.
  - ii. If not included, please confirm whether an adjustment for such a cost should be made, giving regard to the BCMB's Depot Manager Cost Determination Policy.
    1. If it is confirmed that an adjustment for Overhead Labour Benefits should be made, please do so and revise the Revenue Requirement accordingly. Please also revise Schedule 4 to match the layout used in Schedule 2 (i.e., please explicitly show the benefits component of Overhead Labour).
    2. If not confirmed, please explain why not.

## **ABDA-DCA-13**

### **Subject: Labour - Hours Worked**

#### **References:**

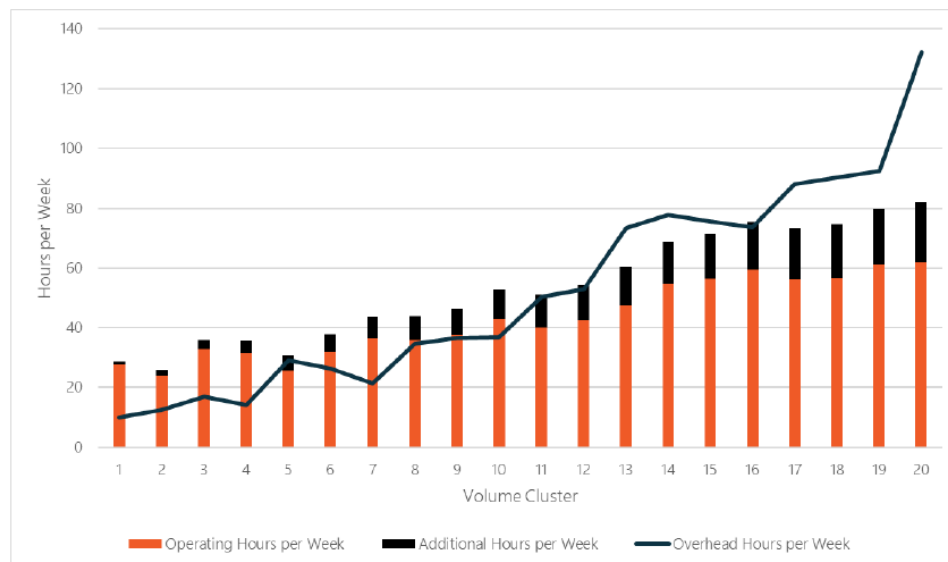
- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")

#### **Preamble:**

**Depots Reporting No Direct Labour:** The Phase I Report Table 23 on page 28 appears to indicate that at least two of the small depots in the Study System did not report Direct Labour costs or hours.<sup>6</sup> Figure 8 on page 29 suggests at least two depots with \$0 As Adjusted Direct Labour costs.

**Total Labour Hours Compared to Depot Hours:** Figure 13 of the Phase I Report (below) shows Overhead Hours per week compared to depot hours (Operating + Additional) per week. Overhead Hours in each of the Clusters 1-10 are less than the respective depot hours. No such comparison is available for total Labour hours (Overhead + Direct Labour).

**Figure 13 – As Adjusted Operating Hours, Additional Hours, and Overhead Hours per Week**



<sup>6</sup> Table 23 states 95 Small Depots reported Direct Labour costs. Table 3 (page 14) of Phase I Report indicates there are a total of 97 Small Depots included in the Study System.

**Request:**

- a) Please confirm whether any depots reported zero Direct Labour hours.
  - i. If confirmed, please indicate how many depots reported zero Direct Labour hours.
  - ii. If confirmed, please explain the circumstances for which it would be reasonable for a depot to report zero Direct Labour hours.
  - iii. If confirmed, please explain whether or not it was reasonable for these particular depots to have zero Direct Labour hours.
    - 1. If not reasonable, please explain whether an adjustment to these depots' Direct Labour hours was made or is appropriate. If an adjustment is appropriate, please do so and update the Revenue Requirement accordingly.
- b) Please confirm whether there were any depots which had fewer Total Labour hours (Overhead + Direct) than the depot's hours (Operating Hours + Additional Hours).
  - i. If confirmed, please indicate how many depots reported Total Labour hours (Overhead + Direct) fewer than the depot's hours (Operating Hours + Additional Hours).
  - ii. If confirmed, please explain the circumstances for which it would be reasonable for a depot to report Total Labour hours (Overhead + Direct) fewer than the depot's hours (Operating Hours + Additional Hours).
  - iii. If confirmed, please advise whether any adjustments were made to account for a depot's Total Labour hours (Overhead + Direct) being fewer than the depot's hours (Operating Hours + Additional Hours).
    - 1. If yes, then what adjustments were made?
    - 2. If no, then why not? If an adjustment is appropriate, please do so and update the Revenue Requirement accordingly.



## **ABDA-DCA-14**

### **Subject: Labour - Hours Worked - Non-Depot Operation Activities**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")

#### **Preamble:**

The Phase I Report notes on page 23 that :

"We amended 36 Depots' employee hours. These changes were typically made in cases where Depots provided corrected employee hours during the validation process, along with a small number of instances where employees performed hours for other non-Depot operation activities". [emphasis added]

#### **Request:**

- a) Regarding hours that were amended for non-Depot operation activities, please explain how such hours were identified.
- b) Please confirm whether adjustments were made to the Miscellaneous Revenues to remove any revenues earned by Depots corresponding to non-Depot operation activities.
  - i. If confirmed, please advise as to the quantum of any such adjustments, and explain the basis for any such adjustments.
  - ii. If not confirmed, please explain why any such corresponding Miscellaneous Revenues should or should not be removed. If an adjustment is appropriate, please do so and update the Revenue Requirement accordingly.
  - iii. If not confirmed and not adjusted, please explain why.

## **ABDA-DCA-15**

### **Subject: Labour - Decreases made to Wage Rates**

#### **References:**

- 2025.10.03.2024.UCA.Instruction.Manual.DCA (Doc 28) ("**UCA Instruction Manual**")
- 2025.10.03.2024.UCA.Template.DCA (Doc 29) ("**UCA Template**")
- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")

#### **Preamble:**

The Phase I Report at pages 22-23 states:

**Change in Manager Wages:** ... we reduced wages at the remaining 48 Depots for a total of \$2.9 million.

...

... Wage decreases were implemented in cases when the Depot indicated that the wage was a result of profit sharing or tax planning rather than being set as a fair market rate. ...

The UCA instruction Manual and the UCA Template ask depots to indicate whether employees were Related or Unrelated Employees to the depot owner (UCA Instruction Manual at page 16, column i; UCA Template at Table 3, column i) and whether wages were a result of tax planning or profit sharing ((UCA Instruction Manual at page 16, column j; UCA Template at Table 3, column j)).

The Phase I Report at page 35 states that managers at for-profit Depots are underpaid in comparison to the compensation paid to managers working at arm's length for not-for-profit Depots:

Table 30 shows that for-profit depots are paying significantly lower hourly overhead wages than not-for-profit depots. For the Study System, this difference is \$6.44 per hour.

#### **Request:**

- a) For the depots where wages were decreased due to profit sharing or tax planning, please confirm whether wages were decreased to a maximum wage rate(s) (a "**Wage Cap**").
  - i. If confirmed, please explain how a Wage Cap was determined for each labour category (DL, OH, COL) and for Related and Unrelated employees.

1. If different Wage Caps were applied (e.g., based on depot size or location, number of depot staff, etc.), what are these Wage Caps and how were they determined.
- b) If confirmed, please also confirm whether not-for-profit labour data was included in the determination of a Wage Cap.
- i. If confirmed, please confirm whether the inclusion of for-profit labour data was applied differently from not-for-profit labour data. If it was applied differently, then please explain how.
- c) If not confirmed, please advise of the rate(s) to which these wages were decreased, and explain how the rate(s) was determined.
- i. Were any wages removed entirely? If so, why?
- d) Please confirm whether any Wage Cap was applied to wages for Manager or Direct Labour reported by depots for Related Employees.
- i. If confirmed, please explain:
    1. What was the Wage Cap applied for Manager and Direct Labour for Related Employees?
    2. Is the Wage Cap correlated with a “fair market rate”? If yes, please explain the basis for determining how the Wage Cap is correlated with a fair market rate.
    3. What Wage Cap was applied when an individual worked hours in more than one labour category (DL, OH, COL)?
  - ii. If confirmed, please also confirm whether a Wage Cap was applied only to those wages where a depot reported a wage as being set as a result of tax planning or profit sharing.
    1. If not confirmed, please explain why not.
- e) Please confirm whether any Wage Cap was applied to wages for Manager or Direct Labour reported by depots for Unrelated Employees.
- i. If confirmed, please explain:
    1. What was the Wage Cap applied for Manager and Direct Labour for Unrelated Employees?

2. Is the Wage Cap correlated with a “fair market rate”? If yes, please explain the basis for determining how the Wage Cap is correlated with a fair market rate.
    3. What Wage Cap was applied when an individual worked hours in more than one labour category (DL, OH, COL)?
  - ii. If confirmed, please also confirm whether a Wage Cap was applied only to those wages where a depot reported a wage as being set as a result of tax planning or profit sharing.
    1. If not confirmed, please explain why not.

## **ABDA-DCA-16**

### **Subject: Labour - Wages Rates Below Fair Market**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")
- 2025.10.03.2024.UCA.Instruction.Manual.DCA (Doc 28) (pages 5, 13) ("**UCA Instruction Manual**")

#### **Preamble:**

The Phase I Report at page 22 states:

Wage increases were deemed necessary in cases where a manager had a regular hourly rate below the Alberta minimum wage of \$15.00/hour... This includes cases where the Depot reported owners or related employees having worked uncompensated labour hours.

The UCA Instruction Manual on page 5 states:

Also, it is very important for all bottle Depot owners to be assured that the Handling Commission rate-setting exercise is not intended to impact the management of their business, or an owner's ability to engage in tax planning strategies to minimize taxes payable. At the end of this exercise, new cost-based Handling Commissions may be set, and the only impact on bottle Depot business should be in the rates paid for the collection of containers. The DCA does not foresee any material impact on the way each Depot owner operates their business as a result of this exercise, and this process is not intended to restrict management's decision-making process in regard to how best to operate.

The Phase I Report page 18 states:

Depots' revenue reporting approaches have included the following:  
.... Some depot owners work at the depot and, instead of paying themselves salary, receive payment as dividends or report this cost as part of their revenue for tax planning purposes.

These statements indicate that depots deploying tax planning strategies may have lower salaries paid to Owners for different reasons, including because they opt to pay themselves for their labour in the form of dividends instead of wages.

The Phase I Report does not indicate that adjustments to wage rates accommodate for these strategies. For example, the Phase I Report does not state when wage rates for Related Employees (as referenced in the UCA Instruction Manual at page 16, column i) that are otherwise below market rate have been increased, in recognition that a portion of their compensation was received in the form of dividends. It appears that T4 or contract wages are the only type of eligible costs considered for hours worked by Related Employees.

**Request:**

- a) Please identify the rates to which wages were increased for uncompensated or undercompensated hours for each of the different labour categories (DL, OH, COL).
  - i. Were wage rates increased only to the Alberta minimum wage of \$15.00/hr. or were they increased to some other rate?
    - 1. If increased to some other rate, please explain how this rate(s) was determined.
  - ii. Were different wage rates used within each labour category (e.g., based on depot characteristics such as size or location, etc.)? If yes, please explain what these wage rates are and how they were determined.
  - iii. Was the approach to adjusting wage rates different for Related Employees vs. Unrelated Employees? If yes, please explain the differences.
- b) Please confirm whether wages were increased for wages below market rate where depots reported wages that were a result of tax planning or profit sharing.
  - i. If confirmed and increases were made, to what rate were they increased to? How was this adjusted rate determined?
  - ii. If not confirmed, please explain why not.
- c) Please provide the total amount of dividends paid out by depots in fiscal 2024.
- d) Please confirm whether there were any depots that paid dividends and that also paid wage rates below the minimum wage or below fair market rate, where it was indicated that such wages were a result of tax planning or profit sharing.
  - i. If confirmed, please explain what adjustments were made to these wages to include these dividend payments? If no adjustments were made, please explain why not.

- e) Please advise whether the payment of dividends impacted decisions regarding decreasing or increasing Manager wage rates. If there was an impact, please explain the impact. If there was no impact, please explain why not.

## **ABDA-DCA-17**

### **Subject: Free Labour**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")

#### **Preamble:**

The Phase I Report at page 22 states:

Wage increases were deemed necessary in cases where a manager had a regular hourly rate below the Alberta minimum wage of \$15.00/hour... This includes cases where the Depot reported owners or related employees having worked uncompensated labour hours.

and at page 33 states:

There were four depots that used free labour for a portion of their manager time, so costs were not increased to account for this.

#### **Request:**

- a) Please advise on the context and nature of the free labour hours referenced on page 33 of the Phase I Report (the "**Free Labour**").
- b) Please explain how Free Labour hours differ from other uncompensated labour hours.



## **ABDA-DCA-18**

### **Subject: Communication with Depots regarding UCA Adjustments**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")

#### **Preamble:**

The Phase I Report, at page 9, states:

**As Reported Data:** This is the 2024 UCA data received from depots, reviewed and verified by the DCA. This data represents the 209 depots that comprise the Study System. All reported data is denoted by "As Reported".

**As Accepted Data:** This data represents the 2024 UCA data as revised following the review process for UCA items that were unrelated to depot operations, were deemed to be unreasonable by the DCA, or were corrected by the DCA after discussions with the Depot. Deemed changes were made in the following areas:

- Labour hours – revised 37 UCAs
- Labour costs – revised 74 UCAs
- Building costs – revised 5 UCAs
- Vehicle costs – revised 34 UCAs
- Equipment costs – revised 34 UCAs
- Office costs – revised 68 UCAs
- Other costs – revised 49 UCAs
- Miscellaneous revenue – revised 23 UCAs

It is apparent that for a significant number of depots, the As Reported Data provided on their UCAs which were reviewed and verified by the DCA, were subsequently revised by the DCA in preparation of the As Accepted Data.

#### **Request:**

When the DCA makes adjustments from the As Reported to As Accepted information subsequent to a UCA filing being accepted on the basis of the data being deemed unreasonable or unrelated to Depot operations, is the depot informed of the decisions or

changes? If confirmed, please explain the process by which a depot is informed. If not confirmed, please explain why not.

## **ABDA-DCA-19**

### **Subject: Indices and Reported Costs**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) (the **"Phase I Report"**)

#### **Preamble:**

In the Phase I Report at pages 67-68, when escalating depot system costs to the target year, the DCA appears to be applying Indices rates based on the final quarter of the fiscal year end of depots (the **"FY Quarter"**), the average of which is Q3 or Q4 (2024) for each Volume Cluster.

#### **Request:**

- Please confirm that the Indices have been applied to depot system costs by escalating such costs forward based on the average of the fiscal year end date for depots in a given volume cluster and not some other quarter of their fiscal year. If not confirmed, please clarify how the Indices were applied to depot system costs.
- Please provide a revised Schedule 11a where the FY Quarter calculation in column (i) is based on the mid-point of each depot fiscal year instead of their fiscal year-end date.
- For the Study System, please populate the following table that lists the number of depots with a Fiscal Year End in each of the 2024 calendar months and the aggregate Container Volumes collected by those depots.

<b>Month</b>	<b># of depots</b>	<b>% of total depots</b>	<b>Container Volume</b>	<b>% of total Volume</b>
January	#	%	#	%
...				

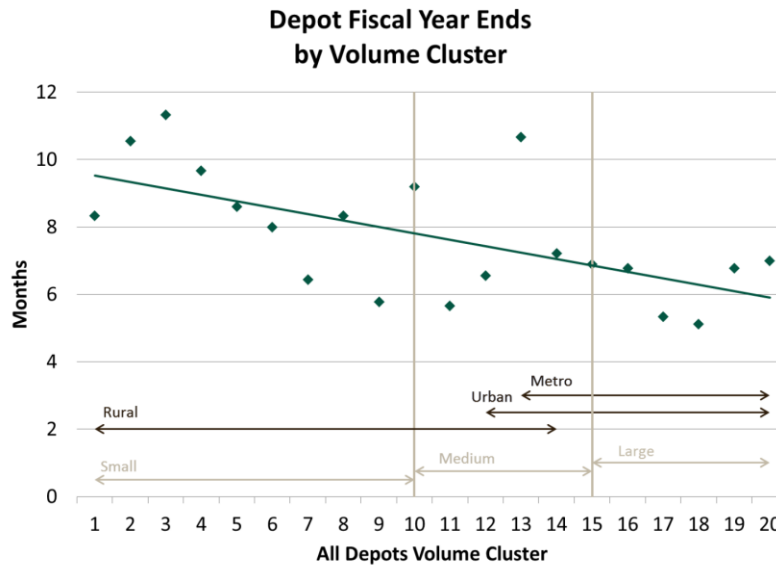
- d) For the Total System, please populate the following table that lists the number of depots with a Fiscal Year End in each of the 2024 calendar months and the aggregate Container Volumes collected by those depots.

Month	# of depots	% of total depots	Container Volume	% of total Volume
January	#	%	#	%
...				

- e) Please generate a figure showing Depot Fiscal Year Ends by Volume Cluster, such as was provided by the DCA in the Phase I Report for the 2016 HCR process.

1

Figure 7 – Depot Fiscal Year Ends by Volume Cluster (As Reported)



2

3 The y-axis values relate to the fiscal year end month in 2014/15, for example 1 relates to Depots with a January  
4 31<sup>st</sup> fiscal year end and 12 relates to Depots with a December 31<sup>st</sup> fiscal year end. There is no distinct pattern of  
5 fiscal year end based on location classification with Rural, Urban, and Metro Depots have fiscal year ends  
6 throughout the year.

## **ABDA-DCA-20**

### **Subject: Building Costs - Capital Expenditure Allowance**

#### **References:**

- 2025.08.11.Real.Estate.Expert.Final.Report.CBRE (Doc 27) (the “**2025 Real Estate Expert Report**”)
- 2025.10.03.2024.UCA.Template.DCA (Doc 29) (“**UCA Template**”)

#### **Preamble:**

The 2025 Real Estate Report on page 5 states:

Often, larger capital expenditure items such as roof replacements or pavement resurfacing are amortized and recovered from respective tenants, **however we have not included a capital expenditure amortization allowance** in our analysis of maintenance due to the variability in physical property characteristics as well as lease structure for this item. [emphasis added]

Depots report costs of leasehold improvements on the UCA, including leasehold capital cost allowance (“**CCA**”) for leased buildings (UCA Table 5a, lines 508-511), and building CCA for owned buildings (UCA Table 5a, line 512). Maintenance and repairs are reported on lines 715 and 717 (Table 7) of the UCA.

The Phase I Report at page 36 states:

...costs reported by depots are replaced in accordance with BCMB’s Depot Building Deemed Lease Rate Policy – these ... changes account for the difference between As Accepted and As Adjusted building costs.

Regardless of where depots report the cost of capital expenditures for Buildings, it appears that all such costs are removed and replaced with deemed rates by the DCA in establishing As Adjusted Building Costs for the Revenue Requirement – deemed rates which the DCA’s Real Estate Expert acknowledges does not provide an allowance for amortization of capital expenditures.

#### **Request:**

- a) Please provide a report, on a Total System basis and also disaggregated into the thirteen Building categories, summarizing depot leasehold and owned-building capital expenditures reported on each of lines 508-512 of Table 5a of the UCA and also maintenance and repairs as reported on lines 715 and 717 of Table 7 of the UCA. Please provide this information on a total as well as per square footage basis.

- b) Please confirm whether each of the costs reported as leasehold CCA (UCA line 510), building CCA (UCA line 512) and building maintenance (UCA lines 715 and 717) have been removed from Revenue Requirement (i.e., not included in As Adjusted Building Costs).
- i. If confirmed, please explain why these costs have been removed in light of the DCA's Real Estate Expert's acknowledgement that they have not included a capital expenditure amortization allowance in their determination of proposed deemed rates.
  - ii. If confirmed, please explain whether or not it is appropriate to adjust the Revenue Requirement to account for CCA. If an adjustment is appropriate, please recommend what such adjustment should be and update the Revenue Requirement accordingly.
  - iii. If not confirmed, please show how these costs have been included in the As Adjusted Building Costs.

## **ABDA-DCA-21**

### **Subject: Building Costs - Insurance and Property Taxes**

#### **References:**

- 2025.08.11.Real.Estate.Expert.Final.Report.CBRE (Doc 27) (the “**2025 Real Estate Expert Report**”)
- 2019.08.13.Real.Estate.Final.Report.CBRE (Doc 76) (the “**2019 Real Estate Expert Report**”)

#### **Preamble:**

The following table compares the deemed rates (cost per square foot) for Building Insurance and Property Taxes as proposed by the DCA’s Real Estate Expert in their 2025 and 2019 Reports.

	Insurance				Property Taxes			
	2025	2019	Difference	% Change	2025	2019	Difference	% Change
Calgary Retail	0.30	0.30	-	0%	8.00	8.00	-	0%
Calgary Commercial	0.25	0.25	-	0%	6.50	4.15	2.35	57%
Calgary Industrial	0.20	0.20	-	0%	5.00	3.50	1.50	43%
Edmonton Retail	0.30	0.30	-	0%	7.50	5.25	2.25	43%
Edmonton Commercial	0.25	0.25	-	0%	3.50	3.50	-	0%
Edmonton Industrial	0.20	0.20	-	0%	4.00	2.75	1.25	45%
Bedroom City	0.20	0.20	-	0%	3.00	2.00	1.00	50%
North City	0.40	0.20	0.20	100%	2.25	2.35	(0.10)	-4%
South City	0.20	0.20	-	0%	2.00	2.00	-	0%
Rural North Town	0.20	0.20	-	0%	1.65	1.50	0.15	10%
Rural South Town	0.20	0.20	-	0%	1.75	1.25	0.50	40%
Rural Village	0.20	0.20	-	0%	1.75	1.00	0.75	75%
Rural Hamlet	0.15	0.15	-	0%	2.00	2.00	-	0%

The 2025 Real Estate Expert Report on page 5 states:

A ... methodology was implemented in the determination of realty taxes, utility costs, insurance and maintenance expenses associated with operating bottle depot facilities within each of the 13 building groups. The team supplemented their analysis with extracted expense information from recent appraisal reports completed by licensed appraiser's in CBRE's Calgary and Edmonton offices. Combining this with the data provided from MNP LLP relating to the actual expenses reported by the individual depots and expense details relating to the lease comparables utilized within our analysis, expense figures for each group were determined from the extracted samples to complete the attached summary table.

The ABDA seeks to better understand the approach of the Real Estate Expert for determining operating costs (realty/property taxes, utility costs, insurance and maintenance expenses), including the extent to which they use data provided by the DCA.

**Request:**

- a) Please provide all external data considered, analyzed, and applied in the determination of the deemed building costs for insurance as proposed by the DCA's Real Estate Expert.
- b) Please share all working papers used (redacting confidential information) in determining the deemed insurance rates.
- c) Please provide the weightings allocated to external market data and DCA-provided data in determining the final deemed insurance rates broken down by location category.
- d) Please provide all external data considered, analyzed, and applied in the determination of the deemed building costs for property taxes as proposed by the DCA's Real Estate Expert.
  - i. Please include any government information or data referenced for reviewing historical rates as well as estimates for July 1, 2025.
- e) Please share all working papers used (redacting confidential information) in determining the deemed property tax rates.
- f) Please provide the weightings allocated to external market data and DCA-provided data in determining the final deemed property tax rates broken down by location category.
- g) Please provide the As Accepted amounts for property tax expenses separated into the 13 building groups.
- h) For each of the 13 building groups, please provide the number of depots and total square footage of depots that reported \$0 for property tax expenses.



## **ABDA-DCA-22**

### **Subject: Building Costs - Insurance Expenses and Repairs and Maintenance Expenses**

#### **References:**

- 2025.08.11.Real.Estate.Expert.Final.Report.CBRE (Doc 27) (the **"2025 Real Estate Expert Report"**)

#### **Preamble:**

The 2025 Real Estate Report on page 5 states:

It is noted that the insurance costs for each grouping include only the real estate portion of insurance, and do not include business or general liability insurance. For this reason, the actual insurance costs for each depot is likely to be much higher once business or other insurance is added.

#### **Request:**

- a) Please provide the As Accepted amounts for Property Insurance and Building Insurance expenses, separated into the 13 building groups.
- b) For each of the 13 building groups, please provide the number of depots and total square footage of depots that reported \$0 for Property Insurance and/or Building Insurance expenses.
- c) Please explain the approach taken by the DCA for allocating insurance costs from tax returns and/ or financial statements for depots that have the DCA fill out their UCAs (i.e., 'Table 1 Only' filers and 'Full with DCA' filers), and please provide any supporting documentation.
- d) When the breakout of insurance costs between the UCA categories of property (line 714), building (line 174.5), vehicle (line 731), and general liability and other (line 744) is not provided by the depot, how does the DCA allocate these costs?
  - i. Are these insurance costs allocated on a percentage basis between the different line items in the UCA? If so, what are the percentages used to assign insurance costs to these UCA categories? If not allocated on percentage basis, please explain what method is used.
- e) Please provide the total insurance costs reported by those depots that have the DCA fill out their UCAs. Please also provide totals for each of the UCA insurance categories of property, building, vehicle, and general liability and other.

- f) Please explain the approach taken by the DCA for allocating repairs and maintenance costs from tax returns and/or financial statements for depots that have the DCA fill out UCAs (i.e., 'Table 1 Only' filers and 'Full with DCA' filers), and please provide any supporting documentation.
- g) When the breakout of repairs and maintenance costs between the UCA categories of building (lines 715-717), equipment (line 722) and vehicle (line 729) is not provided by the depot, how does the DCA allocate these costs?
  - i. Are these repairs and maintenance costs allocated on a percentage basis between the different line items in the UCA? If so, what are the percentages used to assign repairs and maintenance costs to these UCA categories? If not allocated on percentage basis, please explain what method is used.
- h) Please provide the total repairs and maintenance costs reported by those depots that have the DCA fill out their UCAs. Please also provide totals for each of the UCA repairs and maintenance categories of building, equipment, and vehicle.
- i) Please provide the As Accepted amounts for repairs and maintenance expenses (UCA lines 715 to 717) separated into the 13 building groups.
- j) For each of the 13 building groups, please provide the number of depots and total square footage of depots that reported \$0 for repairs and maintenance expenses (UCA lines 715 to 717).

## **ABDA-DCA-23**

### **Subject: Building Size Cap**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) (the “**Phase I Report**”)
- 2018.11.07.Depot.Building.Size.Cap.Policy.BOARD.APPROVED. (“**Size Cap Policy**”)

#### **Preamble:**

The Depot Building Size Cap Policy at section 3 directs the DCA to review the volume clusters applied during each HCR. Section 3 states:

Due to the variability of Containers processed in the system, and thus the implied variability in square footage requirements, maximum square footage will be determined based on size categories which in turn are based on annual Container returns. As part of each HCR, the DCA will review the volume clusters as identified in the below table, and if required, make changes based on, but not limited to, any of the following criteria:

- a. The percent change between members of each grouping;
- b. The number of depots in each grouping; and
- c. The total volume processed by the system.

The categories below will form the basis for the DCA’s review of volume clusters. In general, volume clusters will follow the structure in the table below, but the specifics are subject to change by the DCA.

Volume Cluster	Annual Container Returns
1	0 – 999,999
2	1,000,000 – 1,999,999
3	2,000,000 – 2,999,999
4	3,000,000 – 6,999,999
5	7,000,000 – 14,999,999
6	15,000,000 – 24,999,999
7	25,000,000 +

The Phase I Report at pages 38 and 39 states:

Using the methodology outlined in the BCMB's Depot Building Size Cap Policy, we have analyzed building volume groups to be used. We have considered the percent change in volume and efficiency between members of each group, the number of depots in each group, and the total volume processed in each group to create four building volumes groups with the following volume ranges:

- Fewer than 2,999,999 containers
- 3,000,000 – 6,999,999 containers
- 7,000,000 – 24,999,999 containers
- Greater than 25,000,000 containers

The reduction in the number of volume groups as compared with those recommended by the policy is due to the minimal (less than 100 square feet) differences in square footage cap suggested when using seven volume clusters.

**Request:**

- a) Please provide a list of all depots showing their geographic classification (rural, urban, or metro) and their size in square feet, before and after the application of the maximum square footage cap.
- b) Please provide a list categorizing all depots into the seven volume clusters specified at section 3 of the Depot Building Size Cap Policy, broken down by location category and total square footage, before and after the application of the square footage cap.
- c) Please provide revised versions of Phase I Report Tables 34 and 36 and Figure 16, and the resulting Total System building cost, based upon using the following five volume clusters:
  - Fewer than 2,999,999 containers
  - 3,000,000 – 6,999,999 containers
  - 7,000,000 – 24,999,999 containers
  - 25,000,000 – 29,999,999 containers
  - Greater than or equal to 30,000,000 containers
- d) Please provide revised versions of Phase I Report Tables 34 and 36 and Figure 16, and the resulting Total System building cost, based upon using the seven volume clusters proposed in the Depot Building Size Cap Policy.

e) Please provide revised versions of Phase I Report Tables 34 and 36 and Figure 16, and the resulting Total System building cost, based upon using the following eight volume clusters (similar to request 'd', but with the final cluster split apart):

- Fewer than 999,999 containers
- 1,000,000 – 1,999,999 containers
- 2,000,000 – 2,999,999 containers
- 3,000,000 – 6,999,999 containers
- 7,000,000 – 14,999,999 containers
- 15,000,000 – 24,999,999 containers
- 25,000,000 – 29,999,999 containers
- Greater than or equal to 30,000,000 containers

## **ABDA-DCA-24**

### **Subject: Building Costs**

#### **References:**

- 2025.10.15.Phase.1.and.Phase.II.Schedules.DCA (Doc 33) (the “**Phase Schedules**”)

#### **Preamble:**

Schedule 10C of the Phase Schedules includes three volume clusters (4, 7, and 12) that show no escalation in building costs between the study system and the total system, matching the depot ratio of 1 for the cluster. However, clusters 10 and 18 saw a decrease in costs calculated for the total system despite also having depot ratios of 1.

#### **Request:**

- a) Please explain how the DCA determined the Total System costs from the Study System for building costs in Schedule 10C of the Phase Schedules.
- b) Please review the Total System costs determined for volume clusters 4, 7 and 12 and confirm whether any adjustments are appropriate. If adjustments are appropriate, please do so and update the Revenue Requirement accordingly. If not confirmed and not adjusted, please explain why.

## **ABDA-DCA-25**

### **Subject: Depot Real Estate Information**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) (the “**Phase I Report**”)
- 2025.08.11.Real.Estate.Expert.Final.Report.CBRE (Doc 27) (the “**2025 Real Estate Expert Report**”)

#### **Preamble:**

The 2025 Real Estate Report on pages 4-5 states:

Market transaction information depicting details of each lease transaction including location, area size, lease terms and rental rates were collected and categorized into each group by commencement date. 13 subgroups were further created within each year of our research to represent the 13 group categories for which fair market lease values were to be established...

...

Ranges of market rents were established for each individual group from which an average lease rate was obtained.

...

A similar methodology was implemented in the determination of realty taxes, utility costs, insurance and maintenance expenses associated with operating bottle depot facilities within each of the 13 building groups. The team supplemented their analysis with extracted expense information from recent appraisal reports completed by licensed appraiser's in CBRE's Calgary and Edmonton offices. **Combining this with the data provided from MNP LLP** relating to the actual expenses reported by the individual depots and expense details relating to the lease comparables utilized within our analysis, expense figures for each group were determined from the extracted samples to complete the attached summary table. [emphasis added]

#### **Request:**

- a) Please provide the location category used by the CBRE that was assigned to each Depot.
- b) Please provide the As Accepted amounts for Utilities separated into the 13 building groups.

- c) For each of the 13 building groups, please provide the number of depots and total square footage of depots that reported \$0 for Utilities expenses.
- d) Please provide the As Accepted amounts for condo fees separated into the 13 building groups.
- e) For each of the 13 building groups, please provide the number of depots and total square footage of depots that reported \$0 for condo fees.
- f) Please provide the As Accepted amounts for lease costs and capital cost allowance (split between building and leasehold amounts) separated into the 13 building groups.
- g) For each of the 13 building groups, please provide the number of depots and total square footage of depots that reported \$0 for lease costs and CCA (split between building and leasehold amounts).
- h) For each of the 13 building groups, please provide the range of market rents and operating expenses (realty taxes, utility costs, insurance and maintenance expenses), established for the building group as well as the average lease rate and operating rates established for the building group.
  - i. For each building group, disclose how many market transactions informed the ranges established for that building group.
  - ii. For each building group, explain how the averages were established from the ranges (e.g. simple average or weighted average) and the rationale behind using that methodology.
- i) Please provide the market transaction information applied by the CBRE in determining its recommended rent and operating expenses (realty taxes, utility costs, insurance and maintenance expenses), with each transaction categorized into one of the 13 building groups. As applicable, please include the address or location, building or area size, rental rate, lease term, when the lease started, and if the lease was known to include tenant improvements and allowances.
- j) Please provide the data shared by MNP LLP with CBRE for use in their analysis.



## **ABDA-DCA-26**

### **Subject: Volume Forecast Updating**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) (the **"Phase I Report"**)
- 2025.10.15.Volume.Forecast.Update.DCA (Doc 34) (the **"2025 Volume Forecast"**)

#### **Preamble:**

The Phase I Report at page 57 states:

**...we used all available historical container return and sales volume data** to test two forecasting approaches. The first approach was to forecast based on historical return volume ("return volume forecast"). The second was to forecast based on return rates, that is returns as a percentage of sales ("return rate forecast").

To choose between forecasting approaches, it was important to evaluate forecast accuracy using genuine return data. To accomplish this, we split the historical data into two portions: training data and test data. ...

In our process, ... We used the training data as an input for the Excel forecasting function to generate test period forecasts for three one-year periods that aligned with previous Target Years... [emphasis added]

As shown in the 2025 Volume Forecast at the 'Data' tab:

- Historical return volume data goes back to the year 2002 for most container streams; whereas
- Historical sales data only goes back to the year 2014.

#### **Request:**

- a) Please provide copies of the Excel spreadsheets and other documents used to generate the test period forecasts and to evaluate the forecasting accuracy.
  - i. If such spreadsheets and other documents are not available, then please provide the complete data set used to generate the test period forecasts and evaluate the forecasting accuracy.

- b) Please explain whether or not the accuracy of the return rate forecast was impacted by the fact that the return rate forecast approach has a shorter period of historical data than the return volume forecast approach.
- c) Please assess the accuracy of the return volume forecast in comparison to the return rate forecast for the DCA's three one-year test periods, with the historical volume data constrained to the period of available sales data (i.e., 2014-2025).
  - i. Please provide the results of your assessment, broken down by container stream.
  - ii. Please compare the accuracy of this assessment with the original return volume forecast and return rate forecast approaches, and explain whether this assessment has any impact on accuracy.

## **ABDA-DCA-27**

### **Subject: Management Fees and Other Costs**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")

#### **Preamble:**

The Phase I Report states on pages 51-52:

...there is a difference of \$4.5 million between the As Reported and As Accepted overhead costs. This reduction was primarily due to the removal of expenses identified by depots as management fees in the "other costs" section of the UCA. In discussion with these depots, it was identified that these management fees were profit sharing between related companies and there was no service provided; as such, they were removed. The other drivers of this reduction were removing items mis-categorized by depots as expenses (such as including container purchases/deposits, which instead appear on Table 9) and re-categorizing "other costs" into more specific categories as appropriate (such as labour or building costs).

#### **Requests:**

- a) Please provide the total As Reported and As Accepted amounts for "management fees" reported in the "other costs" of the Overhead Costs (UCA Table 7) section of the UCA. Please show these costs as allocated to their Small, Medium and Large and also Rural, Urban and Metro depot categories.
- b) Please provide the total As Reported and As Accepted amounts for "other costs" on the Overhead Costs (UCA Table 7) section of the UCA. Please show these costs as allocated to their Small, Medium and Large and also Rural, Urban and Metro depot categories.
- c) Please provide the As Reported and As Accepted costs broken down by the descriptions used by Depots who submitted "other costs". Please show these costs as allocated to their Small, Medium and Large depot categories.
- d) Please provide a reconciliation of the \$4.5 million difference. In the reconciliation, please include a breakdown of:
  - i. How much of the \$4.5 million was removed and how much was retained and allocated to As Accepted costs; and

- ii. The specific categories of costs (such as labour or building costs) into which the retained As Accepted costs were designated, and how much was allocated to each category.

**ABDA-DCA-28**

**Subject: Small Depot UCA Filings**

**Requests:**

- a) Please provide the number of depots that were designated as 'Full with DCA' UCA filers for 2024.
- b) Please provide the number of depots that would have been designated as 'Full with DCA' UCA filers for 2024 if the statuses were based only on the previous year's volumes and not multiple years of past volumes.
- c) Please provide the As Reported amounts for Professional Fees by depots designated as 'Full with DCA' UCA filers.
- d) Please provide the number of depots that were designated as 'Table 1 Only' UCA filers for 2024.
- e) Please provide the number of depots that would have been designated as 'Table 1 Only' UCA filers for 2024 if the statuses were based only on the previous year's volumes and not multiple years of past volumes.
- f) Please provide the As Reported amounts for Professional Fees by depots designated as 'Table 1 Only' UCA filers.

## **ABDA-DCA-29**

### **Subject: Errata**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")
- 2025.10.29.Phase.II.Report.DCA (Doc 32) ("**Phase II Report**")

#### **Preamble:**

The following items appear to be editorial errata.

#### **Requests:**

a) The Phase I Report on page 58 states:

...we compared the forecast with the actual returns from those periods and evaluated test period forecast accuracy using **three** error measures as follows... [emphasis added]

There were four measures listed afterwards. Please review and update.

b) The Phase I Report on page 58 states:

For the remaining **seven** container streams... [emphasis added]

Only four container streams followed. Please review and update.

c) The Phase I Report at page 71 and Phase II Report at page 5 make reference to an "income tax expense". This may be an old reference. Please review and update.

d) The Phase II report page 7 refers to the average number of containers received per pallet during 2018. Please review and update the year if appropriate.

e) In the Phase I Report, the scatter plots use colours that can be hard to distinguish (particularly the black and dark green). The colours are also applied inconsistently to depot size groupings. For example, see Figures 8 and 9 on page 29. Please provide figures with colours that are more easily discernable and that are consistent across depot size groupings.

## **ABDA-DCA-30**

### **Subject: Errata**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")
- 2024 DCA Annual Update Report (Attached to this IR as Appendix "F") (the "**2024 AUR Report**")

#### **Preamble:**

The Phase I report page 39 states:

During the 2024 AUR, the application of the cap removed 5.0% of total reported square footage (or 45,000 square feet).

However, the 2024 AUR Report page 19 states:

Overall, the application of the cap removed a total of 3.57% of total reported square footage (or 34,631 square feet) from the Total System. This compares to the 2023 AUR's cap removing 3.58% of total reported square footage (33,074 square feet). Of the 33,100 square feet removed, 13,400 square feet was related to a single Depot with an exceptionally large building.

#### **Request:**

Please advise what the correct statement should be on page 39 of the Phase I Report.

## **ABDA-DCA-31**

### **Subject: Errata**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")
- 2025.10.29.Phase.II.Report.DCA (Doc 32) ("**Phase II Report**")
- 2025.10.15.Volume.Forecast.Update.DCA (Doc 34) ("**Volume Forecast**")

#### **Preamble:**

The 'Data' tab in the Volume Forecast has a blank cell: F273. Given the volume history for the container stream, this appears to be an error.

The Volume Forecast has a 2024 calendar volume of 2,174,618,873 containers. This is different from the 2,246,895,791 containers stated in Phase I Schedule 10a, Phase II Schedule 23, the Phase I Report at pages 14 and 64, and the Phase II Report at page 30. The total difference is 72,276,918 containers or 3.3% of the actuals for the year.

#### **Requests:**

- a) Please review the 'Data' tab of the Volume Forecast at cell F273 and confirm whether it ought to be blank. If confirmed, please explain why.
- b) Please identify the correct container volume for the calendar 2024 year and update any incorrect documents as appropriate.



## **ABDA-DCA-32**

### **Subject: Errata**

#### **References:**

- 2025.10.29.Phase.I.Report.DCA (Doc 31) ("**Phase I Report**")
- 2025.10.15.Volume.Forecast.Update.DCA (Doc 34) ("**Volume Forecast Update**")

#### **Preamble:**

The Phase I Report indicates that the volume forecast includes actual return volumes for August 2025. The Phase I Report at page 58 states:

In our process, training data comprised of all available historical return and sales volume data up to and including August 2025.

Additionally, the 'Chart' tab in the Volume Forecast does not identify August as a forecasted month for 2025-26 in cell F5.

This is consistent with the Volume Forecast Updates used in the Annual Update Reports, where the month of August included actual return volumes (although some container streams were forecasted for sales and return rates).

However, the Volume Forecast Update only includes forecast amounts for August 2025 (row 293), not actual return volumes. This appears to be an error.

#### **Request:**

Please confirm whether the lack of actuals data for August 2025 in the Volume Forecast Update was an error. If not an error, then please explain.