



DCA Responses to DRP Information Requests

Revised Responses to ABDA-DCA-1 and ABDA-DCA-3
Prepared for Beverage Container Management Board

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Prepared by MNP

Chris Lavin FCMC

National Consulting Leader

780-733-8640

Chris.Lavin@mnp.ca

Chris Hartman CMC

Senior Manager, Consulting

780-733-8617

Chris.Hartman@mnp.ca

Information Request Response	
In Response to HCR Document #:	38.2025.11.27.DCA.Information.Request.ABDA
Information Request #:	ABDA-DCA-1
Requesting Party:	ABDA
Subject:	Return Margin - Turnover Ratio
Date:	2025.11.27

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 GIFL 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.

Issue/Sub-Issue: CPI Forecast

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.

Response:

Concentric Energy Advisors (“Concentric”) provided the following response:

- a) – (f) Although balance sheet data is available for the Alberta depots for 2023 and 2024, Concentric’s understanding from the DCA is that the balance sheet data is in raw format and has not been aggregated or validated for the depot system. In our previous experience with the 2017 aggregated balance sheet data, there is a substantial amount of effort involved to extract the necessary asset data for each depot. In addition, there is significant variation in the quality and consistency of the accounting data reported by the individual depots, which means that an element of judgment is required in analyzing and categorizing the asset data.

Concentric did not undertake this analysis as part of its initial return margin report for 2025. Our prior analysis of the 2017 balance sheet data allowed us to confirm that the average turnover ratio of 2.31 for the Alberta depots was within the established range of 2.0 to 9.0 that has been used for many years to screen companies for inclusion in the U.S. comparator group. This gave us a degree of confidence that the turnover ratio range was reasonable for purposes of the return margin analysis. If Concentric were to update the calculation of the turnover ratio using more recent balance sheet data provided by the depots, our expectation is that there would not be a meaningful difference in the results. To reiterate, the balance sheet data reported by the depots is imperfect at best, making it difficult to conclude that the resulting turnover ratio precisely reflects the circumstances for the depot system.

While Concentric could undertake such an analysis if the BCMB finds it useful, we anticipate it would take a substantial amount of additional time to develop the updated analysis of the balance sheet data. Specifically, we estimate an additional 40–50 hours of time to update the turnover ratio calculation for the depot system. We understand that the extra cost may not be worth the value of updating that analysis, which is the primary reason we did not include that as part of our original 2025 report.

Note: the DCA confirms that depots’ 2024 balance sheet data was provided to the DCA only in raw format (i.e., PDF files submitted as part of their other financial statements) and has not been validated for the depot system in any way. During the Information Request response process, the DCA has aggregated the Total Assets, Total Liabilities, and Total Equity balance sheet data that was provided, as described in the response to IR # ABDA-DCA-3. Note that this aggregated data is different from the data provided to Concentric and used by Concentric to calculate a system TOR range during the 2019/20 Handling Commission.

Information Request Response	
In Response to HCR Document #:	38.2025.11.27.DCA.Information.Request.ABDA
Information Request #:	ABDA-DCA-3
Requesting Party:	ABDA
Subject:	Return Margin - Depot Industry Information
Date:	2025.11.27

References:

N/A

Preamble:

N/A

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.

Response:

The DCA provides data related to parts a), b), d), e), h), and i) below. This data is provided subject to the following qualifications and limitations.

- Balance sheet data is provided for only depots who submitted balance sheets to the DCA. 186 of the total system's 221 depots (84%) submitted balance sheets. These depots represent 92% of the system's total fiscal year 2024 volume.
- Balance sheet data has not been validated by the DCA in any way. As such, any balance sheet data the DCA reports in response to this IR is "as reported" by depots.
- Total Assets, Total Liabilities, and Total Equity are reported below. Because depots did not necessarily separate either Assets or Liabilities into Current Assets (Liabilities) and Non-Current Assets (Liabilities), and those that did separate them did not do so or label them in a consistent way, the DCA has not attempted to group Assets (Liabilities) into Current versus Non-Current.
- Related to part c) of this IR, depots did not necessarily report Long Term Debt separately, and those that did, did not report or label them in a consistent way. Because of this, the DCA has not attempted to report Total Long Term Debt.
- Related to part d) of this IR, depots did not specify if the Equity they reported was Book Value or Market Value. As such, the DCA reports the aggregate Total Equity on depots' balance sheets below but makes no statement about whether this Total Equity is Book Value or Market Value.
- Related to part h) of this IR, the revenue data reported by the DCA is a combination of calculated revenue according to official manufacturer volume counts for deposit revenue, handling commission revenue, and DVHC revenue; and As Adjusted depot-reported data for miscellaneous revenues. This is consistent with how the Total System revenue data is calculated and reported in the Phase I Report.

- a) Total Assets reported by the 186 depots that provided balance sheets were \$222,910,621.
- b) Total Liabilities reported by the 186 depots that provided balance sheets were \$116,995,376.
- d) Total Equity reported by the 186 depots that provided balance sheets was \$105,915,349.
- e) As Total Assets, Total Liabilities, and Total Equity comprise all balance sheet data provided by depots, there are no additional balance sheet components to report.
- h) Please refer to Phase I Schedule 1 for 2024 revenues in the As Accepted, As Adjusted, Total System, and Target Year. Total Fiscal Year 2024 Revenue for the 186 depots who provided balance sheet data was \$340,740,029. This includes \$227,809,405 in Deposit Revenue, \$108,548,386 in Handling Commission Revenue, \$4,108,619 in DVHC Revenue, and \$273,620 in

Miscellaneous Revenue.

- i) UCA data does not classify employees as full-time or part-time. Phase I Report Table 16 notes that 2,543,015 hours of total labour were performed in the Study System. At 2,080 hours per year, this equates to approximately 1,223 full-time equivalent employees (FTEs).

In relation to parts c), f), and g), Long Term Debt for 2024 and EBITDA and Net Income for years 2020 through 2024 is not available. The DCA provides the following responses to these requests in accordance with the BCMB's Handling Commission Bylaw 2.25.3

- c) As discussed above, depots did not necessarily report Long Term Debt separately, and those that did, did not report or label them in a consistent way. Because of this, the DCA has not attempted to report Total Long Term Debt.
- f) EBITDA for years 2020 through 2024 is not available. This data is not collected on UCAs and it is not used in Handling Commission calculations. While most depots provide financial statements, EBITDA is not reviewed or validated by the DCA, and it may not be calculated or reported by depots in a consistent manner.
- g) Net Income for years 2020 through 2024 is not available. This data is not collected on UCAs and it is not used in Handling Commission calculations. While most depots provide financial statements, Net Income is not reviewed or validated by the DCA, and it may not be calculated or reported by depots in a consistent manner.