

## NOTICE

TO: Depot Network

DATE: April 25, 2024

RE: **New Handling Commissions Effective May 1, 2024**

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Good afternoon,

The BCMB's Board of Directors had its quarterly meeting on April 24, 2024, and approved several decisions, including a change to the handling commissions.

### The Decision

**The BCMB's Board of Directors approved an 18.6% decrease to the average handling commission based on calculations in the 2023 Annual Update Report (AUR). The new handling commissions are effective May 1, 2024, to April 30, 2025. The new handling commissions can be found on pages 5-6 in the [Handling Commission By-law](#) on the BCMB website. The [2023 Annual Update Report](#) is also available on the BCMB website.**

### The Process

Handling commissions are reviewed annually through a process described within the [Handling Commission By-law](#).

Section 13.5 of the Handling Commission By-law indicates that should the average handling commissions currently in effect "differ in amount by more than +/- 0.3 of 1%, **the Board shall approve** the updated Handling Commissions effective as of May 1." This process was completed at the April 24, 2024, board meeting.

The BCMB recognizes that the 18.6% decrease is a considerable decline as compared to last year's 22.8% increase to the average handling commission. Upon receiving the last AUR in November of 2023, the BCMB Board recognized that the volatility of handling commissions over the past four years is inconsistent with good regulation and established a committee to investigate the causes of this volatility.



## NOTICE (continued)

### Addressing Handling Commission Volatility

The main cause of fluctuation in handling commissions was identified as the type of labor index utilized. Going forward, the BCMB Board adopted the application of the Alberta Consumer Price Index (CPI) quarterly forecast. The use of the Alberta CPI quarterly forecast was determined to meet the principles of transparency, simplicity, credibility, reliability, stability, and reasonability.

The Alberta CPI will be applied within the 2024 Annual Update Report process, applicable to handling commissions effective May 1, 2025, to April 30, 2026.

### Background on Handling Commission Rates

Source	Handling Commission Review 2019 – 2020	Annual Update Report (AUR) 2020 & Covid Subsidy Agreement*			AUR 2021, Covid Subsidy Agreement*		AUR 2022	AUR 2023
Year Applied	2020	2021			2022		2023	2024
Revenue Requirement	\$108,695,422	2020 AUR	Covid Agreement	Actual Applied (2020 AUR + Covid Agreement)	2021 AUR (Not applied due to Covid Agreement)	Rate maintained from 2020 AUR due to Covid Agreement	\$137,621,699	\$112,402,506
		\$101,010,025	\$3,061,684	\$104,071,709	\$119,903,701	\$104,071,710		
% Change from Previous Revenue Requirement	+6.6%	-7.1%	n/a	-4.1%	+15.2% (from Actual Applied), +18.7% (from 2020 AUR)	0.0%	+32.2% (from Actual Applied), +14.8% (from 2021 AUR)	-18.3%
Average HC	5.32	4.95	n/a	n/a	5.23	4.95	6.08	4.95
% Change from Previous Average HC	+8.6%	-7.0%	n/a	n/a	5.7%	0.0%	+22.8% (from Actual Applied), +16.3% (from 2021 AUR)	-18.6%

\*The Covid Subsidy Agreement is not a handling commission and cannot be converted into an average handling commission. Areas in grey identify additional information to understand handling commissions with or without the Covid Subsidy Agreement.