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C A N A D A

PROVINCE OF PRINCE EDWARD ISLAND

**BEFORE THE ISLAND REGULATORY  
AND APPEALS COMMISSION**

**IN THE MATTER** of The Environmental Protection Act, and The Island Regulatory And Appeals Commission Act, **and IN THE MATTER** of the application of Island Waste Management Corporation for an order of the Commission approving rates for waste management service to come into effect January 1, 2012.

**Introduction**

Island Waste Management Corporation (IWMC) is a Crown Corporation created by an order of the Lieutenant Governor in Council for the purpose of developing, implementing and operating a waste management system to serve Prince Edward Island.

An Act to amend the Environmental Protection Act and the Island Regulatory Appeals Commission Act was passed in the 2<sup>nd</sup> Session of the 62<sup>nd</sup> General Assembly and was given Royal Assent  
June 7, 2005.

The changes to the Act will allow the Island Regulatory and Appeals Commission to review and approve any rate changes or to establish any new rates for services provided by the Island Waste Management Corporation.

**Application**

IWMC hereby applies for an order of the Island Regulatory and Appeals Commission approving rates together with the general rules which relate to these rates, all of which are outlined in **Section A** of this application.

**Grounds**

1. IWMC's mandate is to operate an environmentally-sound and cost-effective waste management program to serve all Islanders. IWMC's approach has been to balance this mandate on a cost recovery basis as much as possible. While having a truly user pay system having rates set at a 'break even' for services rendered would seem like the best alternative, it does not always work in this manner. Some rates are fully based on cost recovery, however if all rates were set in this manner it would lead to individuals and businesses opting out of proper disposal for some materials. Based on a review of various waste management models and the overall success of waste management on Prince Edward Island, it is the opinion of IWMC that the best option, considering all the variables, is to have a waste management program that balances a user pay system with reasonably priced options for all Islanders.
2. The current fee structure for IWMC was approved by The Island Regulatory And Appeals Commission on December 16, 2009 and came into effect on January 1, 2010. Since that date, IWMC has managed to operate at basically break even for the fiscal periods ending March 31, 2010 and March 31, 2011. IWMC seeks approval for a modest increase of 2.5% in household and cottage user fees to basically cover increased costs associated with inflationary increases since its last increase in 2010.

This adjustment, if approved, represents a 1.25% increase per year since the date of our last increase. Based on the fact that any change in rates can only be done in correlation with the annual property tax invoice on an annual basis, it is the opinion of IWMC that this increase is just and reasonable at this time. IWMC seeks IRAC approval for these rate adjustments to allow the Corporation to meet its projected expenditures. Although our fiscal year end is March 31, 2012, we seek rate adjustments as outlined in Section A to come into effect January 1, 2012.

3. IWMC collects its Household User Fees via billing on the provincial property tax invoices. Although these invoices are mailed in late March or early April, the billing period is based on the calendar year of January 1<sup>st</sup> to December 31<sup>st</sup>. Any approved rate changes to IWMC Household and Cottage User Fees would be applied and in conjunction with property tax invoices for the period January 1 to December 31 2012.
4. Order-in Council D2005-507, Dated September 14, 2005 established that IWMC should seek any future rate adjustments through application to the Island Regulatory and Appeals Commission and that such rate applications should seek full cost recovery of its expenditures including those associated with depreciation and amortization. Based on this decision, it is the opinion of IWMC that the Island Regulatory and Appeals Commission has a clear mandate to allow IWMC to seek rates that will allow the Corporation to meet

its financial obligations moving forward.

5. The proposed rate adjustments requested have been determined by projecting IWMC's projected revenue and expenditures moving forward using a combination of historic customer base, waste volumes, and materials received at final disposal facilities from prior years. In addition to looking at this historic data, we have also used various assumptions based on the current economic climate, recent trends, and anticipated inflationary pressures. It is the opinion of IWMC that the information contained in this application represents a just and reasonable representation of Island Waste Management Corporation's current financial position and projected income and expenditures utilizing these assumptions.

Dated October 28, 2011

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Gerry L. Moore  
Chief Executive Officer  
Island Waste Management Corporation

## **EXECUTIVE SUMMARY**

The mandate of Island Waste Management Corporation is to provide a financially-responsible and environmentally-sound waste management program for both the residential and commercial sectors of Prince Edward Island. The Waste Watch Program was developed to balance solid environmental waste management practices and programs at reasonable and measurable costs to Islanders. The objectives of the program have been achieved through collective collaboration of many partners including homeowners, businesses, contractors and IWMC. These combined efforts have resulted in Prince Edward Island becoming a national leader in waste diversion, composting, recycling and proper disposal of waste generated in the province.

Island Waste Management Corporation understands the concept of a truly user pay program and tries to set rates and fees that are reasonable based on the cost associated with services provided. However, we also have to consider the environmental impact on having rates that would deter Islanders from properly disposing of certain types of waste. As an example, our Waste Drop-Off Centers (WWDC's) accept used furniture, appliances, chemicals, paint and other household materials free of charge, but IWMC incurs costs for the transportation and final disposal of these items. It is the view of IWMC that this free service is actually included in the annual household and cottage rates so that individuals will not have to pay additional for disposal of specific items.

The ability to establish true user pay programs would require that each individual only pay for the amount of waste they generate and in turn pay the appropriate fee associated with the collection and final disposal of this material. This approach would seem simple to establish, however in reality it is not. Take household collection as an example--in some jurisdictions a fee is charged to customers based on a per bag or total tip weight of containers. It is often an issue in locations that charge in this manner that individuals will discard waste by leaving it at other residences, or dumping it illegally. On an ongoing basis, IWMC compares rates and programs that are in place on Prince Edward Island to programs and fees in other jurisdictions. Based on data gathered, we believe that structuring rates based on a truly user pay system would have the impact of increased illicit disposal of waste material. While each jurisdiction varies, it is the opinion of IWMC that there are more negative issues surrounding a truly user pay system than the per household blended rate currently in place on Prince Edward Island.

Based on information obtained from the 2011 Provincial Property Tax billing, IWMC provides collection and disposal programs and services for 68,580 family homes and cottages, and final disposal services for over 10,000 commercial customers. Over 75% percent of the revenue collected from these customers is paid directly to private companies to collect and properly dispose these materials. The cost to each customer amounts to just \$2.81 per collection, and this

fee includes the provision and maintenance of two collection carts per household as well as all facility disposal, operating, administration, financing and depreciation costs.

IWMC's management attempts to balance sound environmental waste management practices with sound fiscal responsibility. In this application, IWMC includes information on the costs associated with providing collection services, administration, education, transportation, final disposal and other costs associated with providing waste management services to all Islanders. All costs and financial results are subject to review by an independent board of directors, the Auditor General's Office of the Province of Prince Edward Island, and an annual external audit conducted by a private accounting firm.

## **NOTE TO READER**

This section is designed to take the reader through a step-by-step process to explain why rate adjustments are requested and how the new proposed rates were determined.

### **Current Situation**

As per IWMC's fiscal year end financials (**Appendix 2**) and our Budget Forecasts (**Appendix 3**), it is evident, based on current rates, that the Corporation will be short in meeting its financial requirements moving forward unless it reduces or cuts some of its current services, and/or has a slight increase in its current rates. Prior to seeking any rate adjustments, IWMC looks at means to provide services with no increase in fees. It is the opinion of IWMC management that there are pressures from the general public to actually increase some of our services, and any reduction in services to control costs without an increase in fees would not be viewed as a positive. We therefore feel it necessary, based on our current situation and projected forecast, to seek slight adjustments to our fee structure. Any adjustments in rates are taken seriously by IWMC as we are aware of public concerns on any increase. However, IWMC feels the slight increases we are requesting are justifiable moving forward to cover the projected net income shortfall that has occurred due to a combination of loss of revenue due to slowdown in economic activity and/or modest increases caused by inflationary pressures.

### **Proposed Changes**

IWMC is seeking rate changes that will generate the following additional revenue based on housing counts as of March 28 2011:

<b>Fee</b>	<b>Proposed Increase</b>	<b>Projected Increase In Revenue</b>
Household User Fee	\$5.15 per Unit	\$311,420
Cottage User Fee	\$5.15 per Unit	\$41,766
Cottage Extended	\$5.15 per unit	\$2,070

Commercial Tip Rate	Nil	Nil
WWDC Tip Rate	Nil	Nil
Material Type Rate Changes	(see section A)	\$40,000
<b>Total</b>		<b>\$395,235</b>

### **Rationale for Changes**

Island Waste Management Corporation consistently evaluates user fees associated with the proper disposal of waste and attempts to determine the impacts of charging actual costs for this disposal. Our current system is not a 100% ‘user pay’ system. It can be better described as a ‘cost recovery blended rate system’. The rates charged for Commercial Waste, Household and Cottage User Fees, and Material Type Rates are determined with many factors in mind.

As an example, the rates associated with our Waste Drop Off-Centers could easily be established to reflect the actual costs associated with the nature and volume of waste received at these facilities. However, IWMC also incurs the responsibility to set rates for the betterment of the environment of PEI as a whole. We do not currently charge homeowners for Household Hazardous Wastes (HHW) or for large household items such as fridges, stoves, furniture, etc. The primary reason is that we feel that should there be a charge for these items, individuals may illicitly dump these wastes causing harm to our overall environment. The fee we would have to charge to recover our costs would for some Islanders deter them enough to dispose of harmful waste such as chemicals, paint, fertilizers, etc. in a detrimental manner.

The pros and cons between a truly user pay system and a blended rate system are worthy of discussion, and we deal with these questions on an ongoing basis. We are often asked, “*Why does a single individual pay the same rate as a family of six?*” or, “*Why do I have to pay full homeowner fees if I leave the province for 6 months?*”

IWMC has made the decision that in the best interest of waste management on Prince Edward Island, the current blended rate system is the best alternative when evaluating economics and environmental issues for all Islanders. Based on the customer base size on PEI, the infrastructure capital cost and operating costs for weighing and recording individual household waste is such that it would actually cost more overall than the current system.

**IWMC’s mandate is to balance a cost-effective and environmentally-responsible provincial waste management system to both residential and commercial sectors of PEI.** With this mandate in mind, we constantly evaluate cost effective programs with environmentally responsibilities. Some will say “*we do too much*” while others say “*we do not do enough*”. Our rate structures and fees may at times not always reflect the true cost of providing the service, but

the reader should understand that other realities are considered along with full cost recovery.

### **Evaluating/Comparing other Jurisdictions**

It is valuable for IWMC to regularly evaluate and compare rates and charges for waste management from other jurisdictions in Canada. The difficulty with this process is that each province has different programs and is funded by various means. Prince Edward Island is a leader in waste management in North America. In fact, we are the **only** province in Canada or state in United States that has a provincial/state-wide source separated collection program.

Additionally, and unique to PEI, is the knowledge that we are funded 100% by residential and commercial users. This funding is used to pay for collection and disposal services, to operate and maintain our single commercial and residential waste landfill, and to operate and maintain a compost facility where all organic wastes produced in the Province are composted. In addition, the funds collected from these fees are used to provide and maintain each homeowner with a set of collection carts and to continually provide information and services to over 140,000 Islanders.

In other jurisdictions, costs associated for pick-up and final disposal of waste are blended into municipal/provincial/city tax rates, and true costs for each resident or commercial user is not known. In addition, in most other jurisdictions the homeowner is responsible for the cost associated with the collection carts. In other areas, costs associated with landfills as well as composting and recycling facilities are recovered by a mixture of municipal operations and private companies and/or government-subsidized identities.

When considering the level of service provided on PEI with the fact that all operational costs are paid from revenues collected and without government subsidization, it is the opinion of IWMC management that the proposed rates are comparable to other jurisdictions and in reality are actually more competitive than most other areas.

IWMC does not seek any changes to our existing commercial tip rates and/or our WWDC drop-off fees on this application. Our application only seeks one change in rates other than changes to our household user fees. We seek an increase to the rate for residential contaminated soil from \$35 per tonne to \$40 per tonne. This change is sought so that the fee associated with the disposal of contaminated soil is closer to the actual cost associated with the disposal of this material.



## **SECTION A**

### **RATES AND GENERAL RULES AND REGULATIONS**

#### **Summary Table of Proposed Rate Changes**

A complete list of all current and proposed customer rate and material rate charges are reflected in Appendix 1. Below is a summary of current and proposed rate changes.

<b>Fee Description</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
*Household Annual Fee	\$199.85 per household unit	\$205 per household unit
*Cottage Annual Fee	\$89.85 per cottage	\$95 per cottage
*Cottage Extended Fee	\$114.85 per cottage	\$120 per cottage
Commercial Tip Rate	\$100 per tonne	\$100 per tonne (no change)
WWDC Tip Rate	\$115 per tonne	\$115 per tonne (no change)

\* NOTE: Household Annual Fee and Cottage Annual Fees are charged directly on Prince Edward Island Property Tax Invoices. All other rates are paid based on product received at WWDC locations and/or final disposal facilities.

#### **Summary Table Proposed Material Type Rate Changes**

A complete material type listing for Current IWMC rates and Proposed IWMC rates along with

definitions and descriptions can be found in Appendix 1. IWMC seeks only one Material Type rate change-- for Contaminated Soil Residential.

Material Type	Current Rate	Proposed Rate
Contaminated Soil Residential	\$35 per tonne	\$40 per tonne

## **SECTION B**

### **FINANCIAL INFORMATION AND STATEMENTS**

#### **1. Household and Cottage Count**

Unit	2011 Actual	2011 Revenue	*2012 Projected	*2012 Revenue
Household User	60,470	\$11,510,265	61,075	\$11,914,445
Cottage User	8,110	\$692,920	8,191	\$739,735
Extended Cottage	402	\$10,150	406	\$10,150

**\*NOTE:**Total Revenue for 2011and Projected 2012 is based on housing count information as provided by Provincial Taxation for 2011. The projected increase in total housing and cottage counts is 1% and the rates are as follows: Household User increase from \$199.85 to \$205, Cottage User increase from \$89.85 to \$95 for regular collection, and from \$114.85 to \$120 for extended collection services for cottages. Extended cottage count is only the number of cottages who pay an additional \$25 for extended service beyond regular cottage collection.

#### **2. 2011 Audited Financial Statements**

Island Waste Management Corporation has annual audited financial statements prepared and presented by a private chartered accounting firm. The Audited Financial Statements for the year ended March 31, 2011 have been prepared by Grant Thornton LLP and are

included in **Appendix 2** of this submission. Included in IWMC's Consolidated Financials are the revenue and expenditures of Environmental Industrial Services Inc. (EISI). On April 1, 2010, IWMC received all of the outstanding common shares of EISI from Innovation PEI, a Prince Edward Island Crown Corporation. The transaction was done for a nominal purchase price of \$5. The details of this transaction are outlined on Note 2, page 6 and page 20 of the Consolidated Financial Statements. EISI and IWMC are operated as two independent identities and any inter-company transactions have been adjusted in the Consolidated Financial Statements.

**3. Code of Accounts, Budget, Year to Date, and Forecast**

Attached in **Appendix 3** is Island Waste Management Corporation's Forecast outlining Actual Year ending March 31, 2011, Budget Year ending March 31, 2012, Actual Internal Statements for the Period ending August 31, 2011 and Forecast for Year ending March 31, 2012. In addition, a listing of all code of accounts is provided for backup to line items listed on the statements.

**4. Business Plan Projections**

Island Waste Management Corporation has prepared a 5-year financial projection based on historic information on volumes, increases to housing counts, administration, disposal and other costs as well as assumptions based on historic information and projected economic activity as outlined in **Appendix 4**.

**5. Property Tax Billing Agreement**

The Agreement Between the Province of Prince Edward Island and Island Waste Management Corporation as it pertains to the levy and collection of fees for service respecting waste management is covered in the **Real Property Tax Act**. A copy of Section 9,10 of the Act outlining this arrangement is included in **Appendix 6**. The property tax assessment determines if a property is occupied, and the number of family units is indicated to IWMC. The Waste Management Fee is added to each property where an occupied family dwelling is identified. In the case of multiple family units, the number of units is determined and the rate is applied for each unit.

Cottage fees are applied to properties assessed as 'cottages'. Extended Cottage fees are applied to cottage properties where owners have requested extended service beyond the regular cottage collection months of June, July and August. Extended service is provided only by customer request and is paid initially by the customer directly to IWMC. This extended service fee is then applied to future tax bills until such time as the customer notifies IWMC that it no longer wishes this extended service.

**6. Depreciation and Amortization Rates**

The source data supporting the estimated life of each asset group and the reason for the use of straight line versus declining balance for different asset groups is based on the nature of the asset and the rates outlined by CICA as determined by our external financial auditors, Grant Thornton LLP. Depreciation rates are outlined in the notes to Financial Statements in **Appendix 2**. In addition, Capital Assets as per March 31, 2011 work sheet outlining the depreciation table is provided in **Appendix 5**.

## **SECTION C**

### **CONTRACTED OR PURCHASED SERVICES**

**1. Background**

Over **75%** of Island Waste Managements Corporation's operational expenditures are directly paid to private corporations for the collection and final disposal of waste generated on Prince Edward Island. This section outlines these contracted services.

**2. P.E.I. Energy Systems**

P.E.I. Energy Systems is a privately-operated facility that processes waste material into steam heat that is in turn sold to customers which include private companies, public buildings and institutions. The arrangement between IWMC and P.E.I. Energy Systems is outlined in the agreement attached in **Appendix 7**. The original agreement was between the Province of Prince Edward Island and Trigen Energy Systems (now P.E.I. Energy Systems).

The 30-year agreement dated 1995 outlines that IWMC is to send waste material to the facility and pay a per tonne fee to the owners. The fee paid is based on a formula of \$45 per tonne adjusted to  $(\$45 \times \text{CPI} / 129.2)$  as of 1995. The 2011/2012 forecasted contract

costs are \$1,898,300. The agreement also outlines that any required upgrades to the facility to meet changing environmental regulations is at the expense of IWMC.

### **3. Central Compost Facility (CCF)**

Island Waste Management Corporation is in contract with ADI International (PEI ) Inc. to manage and operate the CCF. The agreement is contained in **Appendix 8**. The term of the agreement was for an initial three years which commenced April 1<sup>st</sup> 2008 and concluded March 31, 2011. The option for a further three-year term was exercised. All organic (compost material) from both residential and commercial customers is diverted from landfill to this facility where it is made into compost. The finished product is owned and sold by ADI International.

IWMC pays ADI International a processing fee based on volume of raw materials received at the facility. The forecasted contract costs for each of the 3 years of the remaining contract are outlined in the agreement. In addition to the contract as outlined above, IWMC as owners of the property, are responsible for major repairs and capital costs associated with the facility. Depreciation costs and rates for the facility are outlined in Note # 4 in Notes to Consolidated Financial Statements on our March 31, 2011 Audited Financial Statements (**Appendix 2**)

### **4. Fly Ash Disposal**

Under the terms of our agreement with P.E.I. Energy Systems, the disposal of fly ash associated with the burning of waste material at the facility is the responsibility of IWMC. The contract for the collection, transportation and final disposal of this material was tendered in 2009. The 5-year contract was awarded to Newalta Corporation and expires on June 1, 2014. The contract for this service is outlined in **Appendix 9**.

### **5. Tire Collection and Disposal**

IWMC has an agreement with the Province of Prince Edward Island for the collection of used tires within the Province. Under the terms of the agreement, the Province collects a levy on all tires sold on PEI which is currently \$4 per tire. Tires are then collected free of charge at tire retailers, service centers, and other drop-off areas. IWMC has a contract for the collection of these tires with Blois Dickieson. In addition, IWMC has entered into a contract for the processing of these used tires with DTR Environmental Services Inc. The six-year agreement commenced in October 2008 and expires in 2014. Copies of these contracts are in **Appendix 10**.

The amount paid in any given year is based on the number of actual tires collected and transported to our holding compound which is located at our East Prince Waste

Management Facility (EPWMF) in Wellington, PEI..

IWMC invoices the Province for any related expenses associated with the collection, transportation and final disposal of all tires with the net result being no cost to IWMC. This is reflected in equal Revenue and Expenditures on IWMC Income Statements.

## **6. Scrap Metal Agreement**

IWMC tendered for the collection and final disposal of all metal product received at WWDC locations as well as product received at EPWMF. The current tender was awarded to A & S Scrap Metal in January of 2008 and expires in December 2012. The price IWMC receives for this material varies depending on market conditions for scrap metal. A copy of this contract is in **Appendix 11**.

## **7. Collection Contracts**

The largest contracts issued by IWMC are for the collection of residential compost, waste and recyclables. The Waste Watch Program offers collection services to **all** of the current 68,580 private homes and cottages in the Province. Each location has waste and compost collected on alternating weeks and blue bag recyclable material picked up monthly.

In addition, each home has additional pickups provided during Spring and Fall Cleanup of waste and compostable items that would not normally be picked up during regular collection. Christmas tree collections are also provided in early January of each year. In total every home has **71** scheduled pick-up calls per year with over **4.75 million** individual collections performed each year Island-wide.

Included in the annual household/cottage user fee is the provision for residential customers to take excess waste, compost, recyclables, or other large items that would not normally be picked up during regular scheduled collections to any of our 6 WWDC locations.

Household Hazardous Waste (HHW), large household items, and white goods are accepted at all WWDC's free of charge. In addition, residential blue bags are accepted at no charge on Saturday mornings.

### **7.1 Compost and Waste Collection Contracts**

IWMC has six contract zones for the collection of waste and compost. Collections are performed on a weekly basis alternating between waste (*black cart*) and compost (*green cart*). In addition, the contractor provides Spring and Fall Cleanup collections to all homes in the each zone. During Spring and Fall Cleanup, customers are permitted to

place at curbside yard debris, as well as non-recyclable plastic and other waste that would not normally be collected during regular collection. In addition, a Christmas tree collection is provided in early January of each year. A copy of each collection zone contract is attached in **Appendix 13**.

Below is a table outlining each collection area, expiry date, current contractor, projected contract payments for 2011 and the unit price per household.

**SUMMARY CHART - COLLECTION CONTRACTS  
FOR WASTE AND COMPOST**

<b>Area</b>	<b>Expiry</b>	<b>Contractor</b>	<b>Contract Payments (2011) *</b>	<b>Unit Price</b>
West Prince	Aug/2012	Superior Sanitation	\$356,456	\$68.00
East Prince	Dec/2015	Label Construction and Sanitation	\$506,249	\$33.53
Central Region	Oct/2012	Superior Sanitation	\$656,604	\$52.00
Capital Region	Oct/2012	Superior Sanitation	\$777,564	\$36.00
Southern Kings	Oct/2012	Superior Sanitation	\$274,407	\$54.75
Eastern Kings	Oct/2012	Myers Industries	\$273,130	\$65.00

\* **NOTE:** Contract payments do not include any fuel adjustments.

## **7.2 Recycling (Blue Bag) Collection Contracts**

IWMC has four collection zones established for the pick up of recyclable materials. Collection is provided to each home in all zones on a monthly basis. Paper products are collected in one blue bag (Blue Bag #1) and all other recyclable materials (plastic, glass, and metals) are collected in a separate blue bag (Blue Bag #2). In addition, bundled cardboard and large metal items are placed beside the bags for collection.

IWMC made significant enhancements to the collection of recyclables in 2010 with the introduction of allowing customers to place all metal materials curbside along with their regular blue bag material. This change allowed customers to place metal items out 12 times a year vs. the previous two times during only Spring and or Fall Cleanup. The change also allowed for a second compostable collection week during Spring and Fall Cleanup to provide flexibility to homeowners for their yard and garden maintenance. These improvements to the Waste Watch Program came with **NO** increased costs to the customer and/or IWMC. All recyclable materials are taken to a facility that sorts and

bales the items for shipment to companies that use the material for reuse.

Expenses and/or revenue generated from collected material is the responsibility of the collection contractor. Copies of the Collection Contracts for Recyclables is included in **Appendix 14**. Below is a table showing area, expiry date, current contractor, contract payments expected for 2011, and household unit price.

**SUMMARY CHART - COLLECTION CONTRACTS  
FOR RECYCLABLE MATERIAL**

Area	Expiry	Contractor	Contract Payments (2011) *	Unit Price
Prince County	June/2013	Superior Sanitation	\$296,010	\$15.00
Central Region	June/2013	Superior Sanitation	\$256,642	\$24.77
Capital Region	June/2013	Superior Sanitation	\$269,772	\$12.49
Eastern Area	June/2013	Superior Sanitation	\$309,413	\$26.95

\* **NOTE:** Contract payments do not include any fuel adjustment.

**8. GreenIsle Environmental Inc.**

IWMC owns and operates the Waste Watch Drop-Off Centers (WWDC's) located in Brockton, Wellington, New London, Murray River, and Dingwells Mills. The Corporation contracted out the location for the Capital Region. The Initial contract dated July 1, 2002 was extended to June 29<sup>th</sup> 2010. A new contract was signed dated June 30<sup>th</sup> 2010 and expires June 2015. The agreement is attached in **Appendix 15**.

**9. Miltonvale Park Agreement**

IWMC entered into an agreement with the Community of Miltonvale Park dated July 10, 2000 to provide the area residents with infrastructure for the delivery of domestic water services. The agreement called for IWMC to set aside in trust \$200,000 to be used to help the community hook up to a central water system. In early 2011 the community advised



IWMC that it had reached agreement with the City of Charlottetown to provide domestic water to the community and as a result it requested the in trust payment from IWMC. This payment was recorded in note #6 on IWMC's 2011 Audited Financial Statements. A copy of this agreement is included in **Appendix 16**.

**10. Atlantic Canada Electronic Stewardship (ACES)**

The Province of Prince Edward Island implemented an Electronic Products Stewardship Program pursuant to the Materials Recycling Regulations under the *Environmental Protection Act*. The Program was officially launched on PEI on July 1, 2010. An original one-year agreement was reached between IWMC and ACES to perform various collection, transportation and administration functions with respect to the program. The original one-year contract was extended on July 1, 2011. A copy of the current agreement between IWMC and ACES for providing these services is provided in **Appendix 17**.

**11. Groundwater Monitoring Services**

IWMC tenders out groundwater monitoring services for existing IWMC locations as well as for former closed landfills. The most recent contract for providing these services is included in **Appendix 18**.

**12. Cover Material and Equipment Rental**

IWMC tenders for major heavy equipment rental and providing cover material services for IWMC's East Prince Waste Management Facility in Wellington. The most recent contract for providing these rentals and services is outlined in **Appendix 19**.

**13. Other Smaller Contracts**

IWMC also has numerous other contracts for services such as snow removal, grass cutting, freon removal, cleaning services, pest control, etc. It is the policy of IWMC to tender and or seek competitive bids for any significant financial service and or products.

## Current Disposal RATES 2011

Household Collection Fee \$ 199.85 per year  
 Cottage Collection Fee \$89.85 June 1 - Sept 30  
 Extended Cottage Collection Fee \$ 114.85 May 15 - Oct 31  
**Current Disposal Rates**

Material Type	UOM	WWDC			EPWMF			PEI ES			CCF		
		Rate	Min	Max	Rate	Min	Max	Rate	Min	Max	Rate	Min	Max
Residential Waste	TN	115	5	20	100	5	20	100	5	20	N/A		
Commercial Waste	TN	115	5		100	5		100	5		N/A		
Residential Compost	TN	115	5	20	115	5	20	N/A			100	5	
Commercial Compost	TN	115	5		115	5					100	5	
Construction Demolition	TN	115	5		100	5		100	5		N/A		
Yard Trim - Residential	TN	115	5	20	115	5	20	N/A			100	5	
Yard Trim - Commercial	TN	115	5		115	5		N/A			100	5	
Cont. Soil - Commercial	TN	100	15		85	15		N/A			N/A		
Cont. Soil - Residential	TN	35	15		35	15		N/A			N/A		
Contaminated Material	TN	155	15		155	15		155	15		N/A		
Confidential Material	TN	N/A			125	15		125	15		N/A		
Household Haz. Waste	EA	Nil			Nil			N/A			N/A		
Sludge	TN	N/A			115	5		N/A			115	5	
Mixed Waste	TN	230	50		230	50		230	50		230	50	
Silage Wrap - Recyclable	TN	30	5		30	5		N/A			N/A		
Silage Wrap - Waste	TN	115	5		100	5		100	5		N/A		
Recyc. Residuals - Waste	TN	N/A			100	5		100	5		N/A		
Recycl. Residuals - Compost	TN	N/A			N/A			N/A			100	5	
Appliances - White Goods	TN	Nil			Nil			Nil			N/A		
Landlord Permits	TN	115	5	20	100	5	20	100	5	20	NA		
Tires - Inbound	TN	Nil			Nil			N/A			N/A		
Metals	TN	110	5		110	5		N/A			N/A		
Blended Rate	TN	115	5		115	5		N/A			N/A		
Asbestos	TN	N/A			160	30		N/A			N/A		
Bio-Medical - Residential	TN	Nil			Nil			Nil			N/A		
Recyclables	TN	45	3		45	3		N/A			N/A		
Oil Tank	EA	25	25		25	25		N/A			N/A		
Illicit Material	TN	66	5		50	5		50	5		50	5	
International Waste	TN	N/A			N/A			350	95		N/A		
Pollution Grit	TN	115	5		N/A			N/A			N/A		
45 Gallon Drum	EA	5	5		5	5		N/A			N/A		
Pharmaceuticals	TN	Nil			Nil			N/A			N/A		
INTLWaste DND	TN	N/A			N/A			400	95		N/A		
Oil Saturated Waste	TN	N/A			N/A			165	15		N/A		
Residential Bulk Material	TN	Nil			Nil			N/A			N/A		
Asphalt Shingles	TN	40	5		40	5		40	5		N/A		
Mini Bins	EA	7	7		7	7		N/A			N/A		
Public Scale	EA	5	5		5	5		5	5		5	5	
Fryer/Cooking Oil	TN	Nil	Nil	Nil	Nil	Nil	Nil	N/A			N/A		
Blue/Black Bags	EA	NA			15	15		15	15		15	15	
OOP Contaminated Material	TN	NA			NA			230	15		NA		
OOP Confidential Material	TN	NA			NA			200	15		NA		
OOP Oil Saturated Waste	TN	NA			NA			240	15		NA		

UOM= (Unit of Measure)

TN=(Tonne)

EA=(Each)

N/A=(Not Applicable)

Nil=(No Charge or Fee)

WWDC=(Waste Drop Off Center)

EPWMF=(East Prince Waste Management Facility)

PEI ES=(PEI Energy Systems)

CCF=(Central Compost Facility)

OOP=(Out of Province)

## Proposed Disposal RATES 2012

Household Collection Fee \$ 205 per year  
 Cottage Collection Fee \$95 June 1 - Sept 30  
 Extended Cottage Collection Fee \$ 120 May 15 - Oct 31  
**Proposed Disposal Rates**

Material Type	UOM	WWDC			EPWMF			PEI ES			CCF		
		Rate	Min	Max	Rate	Min	Max	Rate	Min	Max	Rate	Min	Max
Residential Waste	TN	115	5	20	100	5	20	100	5	20	N/A		
Commercial Waste	TN	115	5		100	5		100	5		N/A		
Residential Compost	TN	115	5	20	115	5	20	N/A			100	5	
Commercial Compost	TN	115	5		115	5					100	5	
Construction Demolition	TN	115	5		100	5		100	5		N/A		
Yard Trim - Residential	TN	115	5	20	115	5	20	N/A			100	5	
Yard Trim - Commercial	TN	115	5		115	5		N/A			100	5	
Cont. Soil - Commercial	TN	100	15		85	15		N/A			N/A		
Cont. Soil - Residential	TN	40	15		40	15		N/A			N/A		
Contaminated Material	TN	155	15		155	15		155	15		N/A		
Confidential Material	TN	N/A			125	15		125	15		N/A		
Household Haz. Waste	EA	Nil			Nil			N/A			N/A		
Sludge	TN	N/A			115	5		N/A			115	5	
Mixed Waste	TN	230	50		230	50		230	50		230	50	
Silage Wrap - Recyclable	TN	30	5		30	5		N/A			N/A		
Silage Wrap - Waste	TN	115	5		100	5		100	5		N/A		
Recyc. Residuals - Waste	TN	N/A			100	5		100	5		N/A		
Recycl. Residuals - Compost	TN	N/A			N/A			N/A			100	5	
Appliances - White Goods	TN	Nil			Nil			Nil			N/A		
Landlord Permits	TN	115	5	20	100	5	20	100	5	20	NA		
Tires - Inbound	TN	Nil			Nil			N/A			N/A		
Metals	TN	110	5		110	5		N/A			N/A		
Blended Rate	TN	115	5		115	5		N/A			N/A		
Asbestos	TN	N/A			160	30		N/A			N/A		
Bio-Medical - Residential	TN	Nil			Nil			Nil			N/A		
Recyclables	TN	45	3		45	3		N/A			N/A		
Oil Tank	EA	25	25		25	25		N/A			N/A		
Illicit Material	TN	66	5		50	5		50	5		50	5	
International Waste	TN	N/A			N/A			350	95		N/A		
Pollution Grit	TN	115	5		N/A			N/A			N/A		
45 Gallon Drum	EA	5	5		5	5		N/A			N/A		
Pharmaceuticals	TN	Nil			Nil			N/A			N/A		
INTLWaste DND	TN	N/A			N/A			400	95		N/A		
Oil Saturated Waste	TN	N/A			N/A			165	15		N/A		
Residential Bulk Material	TN	Nil			Nil			N/A			N/A		
Asphalt Shingles	TN	40	5		40	5		40	5		N/A		
Mini Bins	EA	7	7		7	7		N/A			N/A		
Public Scale	EA	5	5		5	5		5	5		5	5	
Fryer/Cooking Oil	TN	Nil	Nil	Nil	Nil	Nil	Nil	N/A			N/A		
Blue/Black Bags	EA	NA			15	15		15	15		15	15	
OOP Contaminated Material	TN	NA			NA			230	15		NA		
OOP Confidential Material	TN	NA			NA			200	15		NA		
OOP Oil Saturated Waste	TN	NA			NA			240	15		NA		

UOM= (Unit of Measure)

TN=(Tonne)

EA=(Each)

N/A=(Not Applicable)

Nil=(No Charge or Fee)

WWDC=(Waste Drop Off Center)

EPWMF=(East Prince Waste Management Facility)

PEI ES=(PEI Energy Systems)

CCF=(Central Compost Facility)

OOP=(Out of Province)

## DEFINITIONS

### **-FEE TYPES-**

#### Household Collection Fee

For one family unit, for one calendar year, this fee provides for: one set of carts, consisting of a waste cart, compost cart and mini bin, replacement and or repair of waste and compost carts, monthly collection of recyclable material, bi-weekly collection of waste and compost carts on alternating weeks, a Spring and a Fall cleanup collection and a Christmas tree collection. This fee also allows for the free drop off at any WWDC of recyclable material on Saturday mornings, household hazardous waste on designated days, white goods and residential bulk material any time during operating hours;

#### Cottage Collection Fee

For one cottage unit, for the period June 1 - Sept 30, this fee provides for: one set of carts, consisting of a waste cart, compost cart and mini bin, replacement and or repair of waste and compost carts, monthly collection of recyclable material and bi-weekly collection of waste and compost carts on alternating weeks. This fee also allows for the free drop off at any WWDC of recyclable material on Saturday mornings, household hazardous waste on designated days, white goods and residential bulk material any time during operating hours;

#### Extended Cottage Collection Fee

Provide the same as above for the period May 15 - October 31.

### **-MATERIAL TYPE LISTING-**

#### **Residential Waste**

Waste generated from Residential Sector, this material is capped at \$15 a load, does not include metal or C&D. Regular Household Waste;

#### **Commercial Waste**

Waste generated from Commercial Sector, any loads charged to a commercial account will be considered commercial waste;

#### **Residential Compost**

Compost generated from Residential Sector, this material is capped at \$15 a load;

#### **Commercial Compost**

Compost generated from Commercial Sector, any loads charged to a commercial account will be considered commercial compost;

#### **Construction Demolition Debris**

Waste generated from the construction, demolition or renovation of a structure;

#### **Yard Trimmings - Residential**

Leaves, branches, grass clippings, generated from Residential Sector, this material is capped at \$15 a load;

#### **Yard Trimmings - Commercial**

Leaves, branches, grass clippings generated from Commercial Sector, any loads charged to a commercial account will be considered commercial yard trimmings;

#### **Contaminated Soil - Commercial**

Hydro carbon contaminated soil from a Commercial Establishment. Must have a permit (Dept of Environment, Energy and Forestry.) for disposal if greater than a ½ tonne truck load. A maximum of 3 tonnes can be accepted at any WWDC;

#### **Contaminated Soil - Residential**

Hydro carbon contaminated soil from a Residential Dwelling. Must have a permit (Dept of Environment, Energy and Forestry.) for disposal if greater than a ½ tonne truck load. A maximum of 3 tonnes can be accepted at any WWDC;

#### **Contaminated Material**

Commercial Bio-Medical Waste, Sharps, petroleum contaminated absorbents, ammonium nitrate materials, creosote materials etc. All commercial bio-medical & sharps must have a permit.(Dept of Environment, Energy and Forestry.) for disposal. Loads of Creosote, ammonium nitrate and petroleum contaminated absorbent material only require a permit if greater than ½ tonne truck;

#### **Confidential Material**

Material which has to be destroyed/disposed of while the customer is on site. Confidential Paper is no longer burned, customers are to be informed that is to be shredded and recycled. Only if the customer provides documentation requiring them by law to destroy by burning will they be issued permission to burn paper or other confidential material;

#### **Household Hazardous Waste**

Paint, household cleaning chemicals, propane cylinders (20lbs and less), car batteries etc - **RESIDENTIAL SOURCE ONLY**. A weight is not entered for this material type, **it is measured by EACH customer**. Simply place a 1 in the Inbound Weight field next to the material type.

Commercial Hazardous waste is not accepted, businesses must make their own arrangements with a certified hazardous waste hauler ;

#### **Sludge**

Bio-solids from a waste water treatment facility;

#### **Mixed Waste**

Material which does not meet IWMC Sorting Guidelines, commercial and/or residential hauler refusing to sort material. Contamination must be 10% or more of the entire load for commercial and 5% or more of the entire load for residential;

#### **Silage Wrap - Recyclable**

Farm silage wrap clean enough to recycle;

#### **Silage Wrap - Waste**

Farm silage wrap not clean enough to recycle;

#### **Recyclable Residuals - Waste**

Recyclable Haulers Only, Residuals from the blue bag stream too dirty or unacceptable to recycle, ie. dirty bottles, plastics, cans or non recyclable plastics;

#### **Recyclable Residuals - Compost**

Recyclable Haulers Only, Residuals from the blue bag stream too dirty, wet or unacceptable to recycle, ie. wet paper, wet cardboard, boxboard, waxed cardboard, wrapping paper, etc;

#### **Appliances - White Goods**

Fridges, stoves, washers, dryers, deep freezers, dishwashers, hot water tanks, microwave ovens, dehumidifier. No charge to the customer;

**Landlord Permits**

Landlords disposing of tenant materials. Must be placed in the appropriate compost, waste, recyclable & mixed waste facility containers and/or location. A Special Disposal Permit is to be issued and a copy of the transaction ticket attached to the permit. **NOTE: C&D material is not covered by a landlord permit;**

**Tires - Inbound**

This category is only to be used at EPWMF for tires from tire bins located throughout the Island and any WWDC. Process as Vehicle 98, MS Tire Recovery account;

**Metals**

All metals other than Appliances - white goods. Metals are accepted at all WWDC's and is charged according to tonnage (**note: GreenIsle prefers small amounts (½ tonne) large amounts are directed to scrap metal dealer;**)

**Blended Rate**

Rate used when customers do not want to have each material type weighed separately at the WWDC's. Please inform customers of difference in costs. Material still has to be sorted;

**Asbestos**

Asbestos contaminated material must be taken to WL. Amounts larger than a few small pieces, must have a permit (Dept of Environment, Energy and Forestry.) for disposal;

**Bio-medical - Residential**

Bio-Medical Waste and sharps from Residential Sector only, these can be put to the cash account, there is no charge but records must be maintained at the scale house;

**Recyclables**

Recyclable Blue bags and recyclable material (paper, corrugated cardboard, container glass, plastics, cans). Recyclables are free on Saturdays Only ;

**Oil Tank**

Oil tanks received at Waste Watch Drop-Off Centers through the tank recovery program. A weight is not entered for this material type, it is measured by EACH tank. Simply place a 1 in the In box next to the material type;

**Illicit Material**

Litter and illicitly dumped garbage. This material type is only to be used if approval has been given by the Disposal Manager. It must be identified as such by the hauler, this material does not have to be sorted;

**International Waste**

International Waste material generated on ships and planes which must be burned. Must have a permit (Dept of Environment, Energy and Forestry) for disposal;

**Pollution Grit**

Used at Charlottetown WWDC only. This is used when receiving the grit material from the Charlottetown water & sewage plant;

**45 Gallon Drum**

Metal 45 gallon drums received at WWDCs. Like oil tanks, a weight is not entered for this material type, it is measured by EACH drum. Simply place the number of drums received in the In box next to the material type;

**Pharmaceuticals**

Drugs, medications, and cytotoxic material received from a residential source (**ie: Take It Back Program locations**). Accepted at WWDCs only.

**Residential Source does not require a permit;**

**INTL Waste DND**

International Waste material generated by Department of National Defense (DND) which must be burned. Accepted at EFW only.

**Oil Saturated Waste**

Material such as rags and absorbents soaked in oil. Permit is required from Dept of Environment, Energy and Forestry. This is used only at EFW

**Residential Bulk Material**

Used at the WWDCs only. This includes bulk material from **households**, not within the residential curbside collection guidelines (over 75 lbs, larger than 4 feet in length, width or depth) i.e. mattresses, box springs, large furniture and carpet. This will be processed as a cash transaction with no charge;

**Asphalt Shingles**

Loads containing only asphalt shingles, if the asphalt shingles are mixed with other C&D material it cannot be processed as Asphalt Shingles must be C & D. Educate customer on benefits of keeping shingles separate.;

**Mini Bins**

Customers can purchase mini-bins at all WWDC's (Except Charlottetown). The charge is \$5 per mini-bin and is processed as an Each, put the number of purchased bins in the outbound weight field;

**Public Scale**

Public requesting a transaction for the weight only of their load. Fee is for per weigh.

**Fryer/Cooking Oil**

Cooking oil from residents and IC&I sector.

**Blue/Black Bags**

Charge to customer (residential or IC&I) for **EACH** blue, black or other non-transparent bags contained within the load.

**ADI Paper**

Paper taken from the Central Compost Facility to PEI Energy Systems for Incineration.

**OOP Contaminated Material**

Commercial Bio-Medical Waste, Sharps, petroleum contaminated absorbents, ammonium nitrate materials, creosote materials etc from out-of-province going into PEI Energy Systems for incineration. A permit from the Dept of Environment, Energy and Forestry is required.

**OOP Confidential Material**

Material from out-of-province going into PEI Energy Systems which has to be destroyed/disposed of while the customer is on site. Approval to receive this material must be given by the Disposal Manager.

**OOP Oil Saturated Waste**

Material such as rags and absorbents soaked in oil from out-of-province. Permit is required from Dept of Environment, Energy and Forestry. This is used only at PEI Energy Systems.

**ISLAND WASTE MANAGEMENT CORPORATION**  
**2nd QUARTER FORECAST FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

	<b>Actual March 31, 2011 (audited)</b>	<b>Actual 5 months ended Aug 31, 2011 (in house)</b>	<b>Previously Submitted Budget March 31, 2012</b>	<b>Forecast March 31, 2012</b>
<b>Revenue</b>				
Household user fees	12,706,248	5,345,135	12,899,000	12,855,600
Disposal fees	8,125,159	3,555,643	7,933,800	7,951,600
Tires	797,764	365,065	810,000	800,000
Decommissioning and monitoring	24,800	1,155	30,000	30,000
Other	219,407	64,894	130,000	139,500
	<hr/>	<hr/>	<hr/>	<hr/>
	21,873,378	9,331,892	21,802,800	21,776,700
<b>Expenditures</b>				
Administration	1,289,420	584,363	1,318,300	1,337,900
Advertising, education and public relations	98,898	42,488	114,600	112,000
Operational costs				
Residential collection	8,645,058	3,713,533	8,522,900	8,569,000
Disposal	6,626,148	2,766,675	6,703,800	6,965,000
Tire collection and disposal	797,764	365,065	810,000	800,000
Decommissioning and monitoring	24,800	1,403	30,000	30,000
	<hr/>	<hr/>	<hr/>	<hr/>
	17,482,088	7,473,527	17,499,600	17,813,900
<b>Income before depreciation and interest and other expense</b>	4,391,290	1,858,365	4,303,200	3,962,800
Depreciation and amortization	2,520,047	1,141,712	2,800,000	2,720,000
Interest on long-term debt	1,602,299	652,047	1,550,100	1,550,100
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Income before Other Expense</b>	268,944	64,606	(46,900)	(307,300)
Other expense	200,000	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net income (loss)</b>	68,944	64,606	(46,900)	(307,300)

**ISLAND WASTE MANAGEMENT CORPORATION**  
**Projections for year ended March 31, 2012, 2013, 2014, 2015 & 2016**  
**Based on No Increase in Rates**

	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11	Projected 2011/12	Projected 2012/13	Projected 2013/14	Projected 2014/15	Projected 2015/16	
<b>REVENUE</b>											
Household user fees (sch 1)	11,797,553	11,933,624	12,093,389	12,295,454	12,706,240	12,855,600	12,984,200	13,114,000	13,245,200	13,377,600	
Disposal fees (sch 2)	7,675,975	7,919,702	8,148,471	8,170,621	8,125,159	7,951,600	7,988,500	8,025,800	8,063,400	8,101,400	
Tires	748,556	1,149,178	1,360,000	952,323	797,764	800,000	800,000	800,000	800,000	800,000	
Decommissioning and monitoring	33,426	26,234	24,447	23,615	24,800	30,000	30,900	31,800	32,800	33,800	correlates to below expense
Other	59,015	145,697	196,343	56,952	219,411	139,500	139,500	139,500	139,500	139,500	
	20,314,525	21,174,435	21,822,650	21,498,965	21,873,374	21,776,700	21,943,100	22,111,100	22,280,900	22,452,300	
<b>EXPENDITURES</b>											
Administration (sch 3)	1,137,083	1,178,286	1,259,048	1,228,510	1,289,415	1,337,900	1,397,100	1,439,000	1,482,200	1,526,600	
Advertising, education and PR (sch 4)	137,249	120,995	100,014	117,789	98,897	112,000	115,400	118,800	122,400	126,100	
Operating costs											
Residential collection (sch 5)	7,961,355	8,161,583	8,447,807	8,438,007	8,645,057	8,569,000	8,653,200	8,743,200	8,852,100	8,922,800	
Disposal (sch 6)	6,136,744	6,498,842	6,648,962	6,717,380	6,626,150	6,965,000	7,107,000	7,297,300	7,492,900	7,694,000	
Tire collection and disposal	748,556	1,149,178	1,360,000	952,323	797,764	800,000	800,000	800,000	800,000	800,000	
Decommissioning and monitoring	33,426	26,234	24,447	23,615	24,800	30,000	30,900	31,800	32,800	33,800	3% increase
	16,154,413	17,135,118	17,840,278	17,477,624	17,482,083	17,813,900	18,103,600	18,430,100	18,782,400	19,103,300	
Earnings before dep'n and interest	4,160,112	4,039,317	3,982,372	4,021,341	4,391,291	3,962,800	3,839,500	3,681,000	3,498,500	3,349,000	
Depreciation and amortization	2,175,474	2,101,913	2,179,633	2,214,043	2,520,050	2,720,000	2,731,000	2,651,000	2,477,000	2,477,000	see capital asset sch
Interest on long-term debt	1,855,135	1,783,212	1,697,210	1,651,261	1,602,299	1,550,100	1,494,500	1,435,300	1,372,200	1,304,900	per amortization sch, only
	129,503	154,192	105,529	156,037	268,942	(307,300)	(386,000)	(405,300)	(350,700)	(432,900)	loan Scotia Capital
Other expense	-	-	-	-	200,000	-	-	-	-	-	
<b>Net income (loss)</b>	129,503	154,192	105,529	156,037	68,942	(307,300)	(386,000)	(405,300)	(350,700)	(432,900)	

**ISLAND WASTE MANAGEMENT CORPORATION**  
**Projections for year ended March 31, 2012, 2013, 2014, 2015 & 2016**  
**Based on Proposed Rate Increase**

	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11	Projected 2011/12	Projected 2012/13	Projected 2013/14	Projected 2014/15	Projected 2015/16	
<b>REVENUE</b>											
Household user fees (sch 1)	11,797,553	11,933,624	12,093,389	12,295,454	12,706,240	12,944,800	13,341,800	13,475,200	13,610,000	13,746,100	
Disposal fees (sch 2)	7,675,975	7,919,702	8,148,471	8,170,621	8,125,159	7,961,600	8,028,500	8,065,800	8,103,400	8,141,400	
Tires	748,556	1,149,178	1,360,000	952,323	797,764	800,000	800,000	800,000	800,000	800,000	
Decommissioning and monitoring	33,426	26,234	24,447	23,615	24,800	30,000	30,900	31,800	32,800	33,800	correlates to below expense
Other	59,015	145,697	196,343	56,952	219,411	139,500	139,500	139,500	139,500	139,500	
	20,314,525	21,174,435	21,822,650	21,498,965	21,873,374	21,875,900	22,340,700	22,512,300	22,685,700	22,860,800	
<b>EXPENDITURES</b>											
Administration (sch 3)	1,137,083	1,178,286	1,259,048	1,228,510	1,289,415	1,337,900	1,397,100	1,439,000	1,482,200	1,526,600	
Advertising, education and PR (sch 4)	137,249	120,995	100,014	117,789	98,897	112,000	115,400	118,800	122,400	126,100	
Operating costs											
Residential collection (sch 5)	7,961,355	8,161,583	8,447,807	8,438,007	8,645,057	8,569,000	8,653,200	8,743,200	8,852,100	8,922,800	
Disposal (sch 6)	6,136,744	6,498,842	6,648,962	6,717,380	6,626,150	6,965,000	7,107,000	7,297,300	7,492,900	7,694,000	
Tire collection and disposal	748,556	1,149,178	1,360,000	952,323	797,764	800,000	800,000	800,000	800,000	800,000	
Decommissioning and monitoring	33,426	26,234	24,447	23,615	24,800	30,000	30,900	31,800	32,800	33,800	3% increase
	16,154,413	17,135,118	17,840,278	17,477,624	17,482,083	17,813,900	18,103,600	18,430,100	18,782,400	19,103,300	
Earnings before dep'n and interest	4,160,112	4,039,317	3,982,372	4,021,341	4,391,291	4,062,000	4,237,100	4,082,200	3,903,300	3,757,500	
Depreciation and amortization	2,175,474	2,101,913	2,179,633	2,214,043	2,520,050	2,720,000	2,731,000	2,651,000	2,477,000	2,477,000	see capital asset sch
Interest on long-term debt	1,855,135	1,783,212	1,697,210	1,651,261	1,602,299	1,550,100	1,494,500	1,435,300	1,372,200	1,304,900	per amortization sch, only
Other expense	129,503	154,192	105,529	156,037	268,942	(208,100)	11,600	(4,100)	54,100	(24,400)	loan Scotia Capital
	-	-	-	-	200,000	-	-	-	-	-	
<b>Net income (loss)</b>	129,503	154,192	105,529	156,037	68,942	(208,100)	11,600	(4,100)	54,100	(24,400)	



## **APPENDIX 5**

### **DEPRECIATION RATES**

#### **1. Introduction**

Based on The Island Regulatory and Appeals Commission Order dated January 5, 2006, one of the recommendations was for IWMC to review its depreciation and amortization rates.

Since this time, IWMC has brought recommendation to the attention of its external auditors and as a result have implemented the following changes as suggested by the auditors and professional appraisal of assets.

#### **2. Central Compost Facility**

During 2008, IWMC obtained third party opinion on the useful life of certain components of the compost facility. It was determined that the useful life ranged from 10 to 25 years for various capital components of the facility. Effective April 1, 2007, the change in depreciation was recognized prospectively on a straight line basis over the remaining useful lives of these assets. These new rates have been put in place and reflected continuously in audited financial statements commencing on statements ending March 31, 2008.

#### **3. Waste Water Treatment**

In February 2009, IWMC opened a wastewater (leachate) treatment facility and obtained third party professional engineering opinion as to the estimated useful life of the various components of this new asset. These depreciation rates are also reflected in Note 4 to the March 31, 2011 Audited Financial Statements.

#### **4. Landfill Cells**

During 2011, management reassessed the total capacity of the landfill from 745,000 cubic meters to 850,000 cubic meters and the remaining useful life of the cells went from 3, 4 and 5 years to 2, 4 and 10 years respectively. The effect of this change was recognized prospectively on a straight-line basis over the remaining estimated life of the cells.

#### **5. All Other Assets**

In conjunction with discussions with our professional accountants/auditors, it was determined that the remaining assets of IWMC have been and will continue to be depreciated as reflected in Note 4 to the March 31, 2011 Audited Financial Statements.

Appendix 6 – 19 is not available electronically for the following agreements and contracts:

- Appendix 6 Property Tax Agreement
- Appendix 7 PEI Energy Systems Contract
- Appendix 8 Central Compost Facility Contract
- Appendix 9 Fly Ash Disposal Contract
- Appendix 10 Tire Collection/Disposal Contracts
- Appendix 11 Scrap Metal Contract
- Appendix 12 Household Hazard Waste Contract
- Appendix 13 Compost Waste Collection Contracts
- Appendix 14 Recycling Collection Contracts
- Appendix 15 GreenIsle WWDC Contract
- Appendix 16 Miltonvale Park Agreement
- Appendix 17 Atlantic Canada Electronic Stewardship
- Appendix 18 Groundwater Monitoring Services
- Appendix 19 Cover Material & Equipment Rental