

TO: SENATOR ROBERT HARTWELL AND MEMBERS OF THE SENATE NATURAL RESOURCES AND ENERGY COMMITTEE



FROM: RAY DUBE, SUSTAINABILITY MANAGER FOR COCA-COLA BOTTLING CO. OF NNE

SUBJECT: TESTIMONY

DATE: MARCH 4, 2014

I am submitting this written testimony in addition to my verbal testimony given on Thursday, February 27, 2014.

As Sustainability Manager for the company, I handle the sales of recycling commodities and all matters pertaining to the management of the deposit systems in the five Bottle Bill states in which we do business, including dealing with the major problems of redemption fraud. I also am responsible for education in sustainability and recycling efforts that are ongoing in our service territories.

1. In the sales of commodities, we mirror the activities of your local MRF operator or solid waste district. We sell aluminum and mixed metals, paper and cardboard, and most types of rigid plastics. In addition to the usual recyclable materials, we sell two materials that most local programs don't; namely, shrink wrap and other  forms of LDPE (e.g., grocery bags and saran wrap) and plastic strapping from  freight.

In regards to the revenue we receive from these commodities, more than 95 percent of the income comes from the sale of aluminum and PET (i.e., soda and water bottles, etc.). The sales of these materials are critical for your recyclers. The high percentage of their income coming from aluminum and PET sales results in the determination that they need more of this material to offset the costs of the other, less valuable material that they collect. Removing these items through a separate deposit system decreases their revenue and therefore increases fiscal pressure on the States residents and taxes. Whereas eliminating that separate deposit system and increasing the volume of these commodities would increase revenue and should ultimately maintain or even decrease overall recycling and solid waste rates.

Our belief is that expansion of the bottle bill to include more PET would decrease recycling revenue for local recycling programs, and cost the tax payer more money.

2. Managing Bottle Bills: Bottle Bills are extremely complex, with many different layers and almost no checks and balances. In the last 13 years of dealing with Bottle Bills, I have uncovered millions of dollars in fraud and incorrect billing. It is my experience that the problems in the Bottle Bill exist equally on both the manual side as well as the automation side. For manual redemptions, fraud ranges from short-filling bags or mixing in non-deposit containers to large organized, cross-border redemption operations. A simple Google search of Bottle Bill fraud will give you examples of these organized operations with fraud totals running in the tens of millions of dollars. The most recent local case was Green Bee redemption in Kittery, ME. The last tally we received from the ME Attorney General's office was \$938,000 in theft 5 cents at a time. For automated redemptions, the issues are just as abundant but tend to be much harder to catch. Issues as simple as billing for unauthorized item or billing for stores that are in other bottlers territories. Billing the same

store to multiple distributors, creating billing with no actual backup data, and scrap shortages due to fabricating bills and machine fraud by fishing the machines with the same bar-codes repeatedly. Example attached.

3. Education: For the last 3.5 years, we have been working on helping both students and adults understand what our company and industry do for sustainability and recycling. In 2013, we presented at 80 events covering 100 days. In our presentations, we discuss saving trees by using plastic pallets and trays. We discuss the plastics we recycle other than PET bottles. We fully discuss the process to recycle PET soda and water bottles as well as many other things. The first thing about our presentation that most people find fascinating is what our recyclables turn into and how local most of it is:

- a. Used shrink wrap into Trex decking; Pennsylvania
- b. Plastic strapping into New Balance sneakers; New Hampshire & Massachusetts
- c. Cardboard into Parker Brother games (such as Monopoly); Massachusetts and
- d. Soda bottles into North Face fleece and Patagonia jackets; New Hampshire & Massachusetts and of course “Stuffing into VT Teddy Bears”

We also discuss recycling from the home using curbside recycling or a local transfer station.

The second thing about our presentation that shocks people is that many of these recycled commodities are in short supply, especially here in the Northeast.

If you'd like to see testimony from our local business partners you can watch our video at:

<http://www.ccnne.com/Corporate.aspx>

In short, because a commercial interest has evolved for bottle bill materials, there are many industries that are willing to pay for these commodities. The need for state governments to regulate the collection of these materials no longer exists. Local manufacturers like Polartec Foss & Poly Recovery will pay for these commodities. There is therefore an incentive for Waste Management companies like Casella to collect them aggressively at the municipal level.

Thank You for the opportunity to share part of our story and if there are any questions please feel free to contact me or Andrew MacLean for further details.

Sincerely,

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