March 15, 2004

NOTICE

TO: All Processors and Recyclers

SUBJECT: Contaminated Glass Shipping Reports

This notice and the accompanying memo are designed to assist processors and recyclers in completing the DR-6 when receiving material from registered curbside programs. This memo is intended to outline how processors and recyclers are to accurately determine and report the amount of redemption material in a load of glass presented by a curbside program.

The attached examples will describe the steps to be taken to determine the amount of redemption weight and CRV payment, and if applicable, any processing payments associated with a load or loads of curbside glass material. Each step of the calculation is described and referenced by a corresponding number on the sample DR-6 and consolidated shipping report to enhance your understanding of how to accurately calculate and report payment amounts.

By following these explicit instructions, processors and recyclers will be able to submit more accurate payment and reporting documents. Should you have any questions on this memo or when filling out a DR-6, please contact any of the local DOR field offices to assist you.

Jim Ferguson
Assistant Director
for Recycling

Attachments
CONTAMINATED GLASS SHIPPING REPORTS

This notice and the attached examples outline the proper steps needed to complete a shipping report when a load of glass being delivered to a processor has an amount of contamination that makes up less than 10% of the total weight of that load. Contamination is identified on the DR-6 as the amount of “shrinkage” in the load. “Shrinkage” is the reduced value of a load due to contamination by dirt, moisture or other non-glass material. These shrinkage adjustments apply only to glass purchases by processors from Curbside programs (CS), Dropoff and Collection programs (CP) and Community Service programs (SP).

The Department requires all processors receiving glass from CS, CP or SP programs to adjust their payments as outlined below. Additionally, any processor who is receiving glass loads where the contamination level exceeds ten percent of the total weight must apply to the Department for approval of its cleaning method before the Department will approve its claims. The requirements of PRC section 2425(h) will be explained in more detail at the end of this notice.

The rates shown in this example are current as of February 1, 2004 and are subject to change. Check for updated rates before completing your shipping reports.

FILLING OUT A STAND ALONE SHIPPING REPORT

SEE EXAMPLE 1

Here are the steps you should take to complete a stand-alone glass shipping report from a CS, CP, or SP (using 36,000 pounds as the received weight and 8% shrinkage for this example):

1. Determine the percentage of shrinkage in the load.

2. In the lower portion of the shipping report that is to be “completed by receiver”, record the shrinkage percentage (8) in the box labeled “Percent of Shrinkage.” This should be recorded as a whole number, not as a decimal.

3. Record the net weight (36,000) shown on the weight ticket in the “Received Weight” box just as you would for any other shipping report. Do not reduce the received weight for the estimated amount of shrinkage.

4. Subtract the Percent of Shrinkage (8) from 100 percent and then multiply the Received Weight, determined in step 3, by this resulting percentage. In our example, it was estimated that the load included eight percent (8%) shrinkage, so you would subtract eight from one hundred and then multiply the resulting ninety-two percent (92% or .92) by the Received Weight. This number is not recorded on the shipping report, but is then multiplied by the prevailing (CS, CP, or SP) commingled rate per pound to determine the refund value paid, which is then recorded onto “Refund...
Value” paid (box C) on the shipping report. (e.g., 100% - 8% = 92% x 36,000 = 33,120 x $0.043 (CS commingled rate) = $1424.16)

5. Divide the Refund Value paid by the prevailing segregated rate per pound (currently .082 cents per pound) and round the result to one decimal place and record this number in the “Total Redemption Weight” box of the shipping report. (e.g., $1424.16 / $0.082 = 17,367.8 lbs.)

6. Multiply the Total Redemption Weight by the prevailing processing payment rate and record the result in the box labeled “Processing Payment” (box D). (e.g., 17,367.8 x $.03726 (current GL processing payment) = $647.12)

7. Sum the Refund Value (box C) and the Processing Payment (box D) and enter that total in the “Subtotal Due” box. (e.g., $1,424.16 + $647.12 = $2071.28)

8. The shipping report is then completed as you would complete any other curbside program shipping report.

FILLING OUT A CONSOLIDATED SHIPPING REPORT
SEE EXAMPLE 2

Here are the steps you should take to complete the individual lines of a consolidated shipping report:

1. Determine the percentage of shrinkage in the load, but don’t record this onto the consolidated shipping report. In this example, we will use eight percent shrinkage.

2. Record the shipper’s “Certification #”, the “Received Date” (in the receipt and log dates column), and the “Received Weight” (from the weight ticket) onto the consolidated shipping report (i.e., one line for each shipper included on the consolidated). Do not reduce the received weight for the estimated amount of shrinkage!

3. Multiply the Received Weight by the prevailing commingled rate for the program type, (currently $0.043 per pound for CS) but do not record this number onto the consolidated shipping report. [Note: this would be the refund value if there was not going to be a shrinkage adjustment]. Divide this number by the segregated redemption rate per pound (currently $0.082 per pound), rounding to one decimal place, and record this amount as the “Redemption Weight”. (e.g., 6,000 x $.043 = $258.00 / $.082 = 3,146.3)

4. Subtract the Percent of Shrinkage from 100 percent and then multiply the Received Weight by this resulting percentage. For example, if you estimated that the load included eight percent (8%) shrinkage, you would
subtract eight from one hundred and then multiply the resulting ninety-two percent (92% or .92) by the received weight. This total, is then multiplied by the prevailing (CS, CP, or SP) commingled rate per pound to determine the refund value paid. The refund value paid is then recorded onto the consolidated shipping report in the “Refund Value” column. (e.g., 100% - 8% = 92% x 6,000 = 5,520.0 x $.043 (CS commingled rate) = $237.36)

5. Divide the Refund Value by the prevailing segregated rate per pound and round the result to one decimal place; record this onto the consolidated shipping report in the “Adjusted Redemption Weight” column. (e.g., $237.36 / $.082 = 2,894.6)

6. Multiply the Adjusted Redemption Weight by the prevailing processing payment rate and record the result onto the consolidated shipping report in the “Proc. Payment” column. (e.g., 2,894.6 x $.03726 = $107.85)

7. Sum the Refund Value and the Proc. Payments and record the total as the “Total Payments”. (e.g., $237.36 + $107.85 = $345.21)

8. Repeat this process for each line on the consolidated shipping report. Sum the columns and post the totals to the cover shipping report.

Note: The above calculations can be built into an automated spreadsheet, so that the individual lines and the column totals on the consolidated shipping report can be generated in a relatively simple manner. If you need help preparing your consolidated reports, please contact the nearest Field Office for assistance.

The Department will be enforcing section 2425(h) of its regulations, which pertains to glass loads that contain more than ten percent shrinkage by weight. These loads are not eligible for program payments unless the processor can demonstrate that it has a method for cleaning the glass sufficiently well for the end product to be used by a container manufacturer or other uses as described in regulations.

Additionally, regulations require the processor to submit and the Department to approve an application explaining the processor’s glass cleaning process and its method for determining the percentage of shrinkage in the loads before program payments will be made. If you have any questions about your cleaning method, please contact the Market Research Branch at (916) 323-5778.

Attachments
**Shipping Report**

**Completed by Shipper:**

- Company Name: Clean America Recycling
- Address: 1776 Constitution Ave., Patriot, CA 9966
- Cert. #: CS9988
- Contact Person: Paul Revere
- Telephone Number:

**Receivers Information:**

- Company Name: International Processors
- Cert. #: PR9966
- Material Type: Glass

**Recycler Payment Request Information:**

<table>
<thead>
<tr>
<th>Redemption Weight (LBS)</th>
<th>Refund (A)</th>
<th>Processing Payment (B)</th>
<th>Subtotal Due A+B</th>
</tr>
</thead>
<tbody>
<tr>
<td>FROM Receipts &amp; Logs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FROM Shipping Reports or Consolidated Reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>17,367.8</td>
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<td></td>
</tr>
</tbody>
</table>

**Completed by Receiver:**

- Weight Ticket #: 10904
- Received Wt. (Lbs.): 36,000.0
- Refund Value (C): 1,424.16
- Processing Pymt. (D): 647.12
- Subtotal Due (C+D): 2,071.28
- Administrative Fee: 10.68

**Receiver Payment Analysis:**

Total Payment Due: 2,081.96

For Quality Glass Incentive Payment Program (Curbside Collection Only):

- QGIP: 8

Civil penalties of up to five thousand dollars ($5,000.00) per day may be assessed for violation of the laws and regulations governing this report. In addition, the submission of false information with intent to defraud is a crime punishable by substantial fines, up to three years imprisonment, or both. Knowing this, I certify under penalty of perjury that the facts presented herein are true and correct to the best of my knowledge.

**Approved for Payment:**

Approved by:

- Signature/Title:
- Date:

Receiver's Signature/Title:

Date:
## CONSOLIDATED SHIPPING REPORT (Detail Form)

**RECEIVING CERTIFIED ADMINISTRATIVE OFFICE**

**NAME:** Clean America Recycling  
**ADDRESS:** 1776 Constitution Ave.  
**Patriot, CA, 99666**  
**CERT. #:** RC8999

<table>
<thead>
<tr>
<th>SHIPPER CERT #</th>
<th>RECEIPT &amp; LOG DATES</th>
<th>RECEIVED WEIGHT</th>
<th>REDEMPTION WEIGHT</th>
<th>ADJUSTED REDEMPTION WEIGHT</th>
<th>REFUND VALUE</th>
<th>PROC. PYMT.</th>
<th>TOTAL PAYMENTS</th>
<th>QGIP Program (CS Only) --Glass Color--</th>
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</thead>
<tbody>
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<td>$188.74</td>
<td>$604.12</td>
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</tr>
</tbody>
</table>

**TOTALS:**  
- RECEIVED WEIGHT: 36,000.0  
- REDEMPTION WEIGHT: 18,878.0  
- ADJUSTED REDEMPTION WEIGHT: 17,367.8  
- REFUND VALUE: $1,424.16  
- PROC. PYMT.: $647.11  
- TOTAL PAYMENTS: $2,071.27  

**MATERIAL TYPE:** GLASS  
**SHIP REPORT #:** 60057894  
**# OF SHIPMENTS:** 5