



November 27, 2017

2018 Connect Logistics Service Rate Structure

The Board of the Alberta Gaming and Liquor Commission (AGLC) has approved the 2018 rate structure proposed by Connect Logistics Services, Inc. (Connect). Under the terms of the agreement with the AGLC, Connect must supply the AGLC with a proposed budget to determine the rate structure for the upcoming year.

The warehouse network transition, including moving into the AGLC's new warehouse in the fall of 2018, is well underway. This transition is taking place during a challenging period for Alberta's economy. The result is that there is upward pressure on "per case" operating costs as the fixed costs and incremental transition costs are being distributed over fewer cases moving through the network. Connect has taken every possible measure to ensure the impact to the industry is minimal. However, in 2018 some key rates will increase by approximately 1.0% to cover supply chain costs. Attached is a complete schedule of the new rates that will take effect December 31, 2017.

Connect will continue to support the open Alberta liquor model by offering superior service, regardless of transition, at the lowest possible cost to Retailers, Agencies, and Suppliers in Alberta.

Please contact Connect Logistics Agent Services at 1-800-265-6784 or email Stephen.Dougans@Connect-Logistics.com should you have any questions.

Regards,

Robert MacLellan
Director of Operations
Connect Logistics Services, Inc.

C.C
Jody Korchinski
Vice President, Liquor Services
Alberta Gaming & Liquor Commission

2018 Connect Logistics Service Rates Structure

	2017	2018	% Diff
Receiving			
Full Pallet	\$ 8.47	\$ 8.55	0.9%
Floor Loaded - per Case	\$ 0.42	\$ 0.42	0.0%
Mixed Loads - per Case	\$ 0.38	\$ 0.38	0.0%
Kegs	\$ 2.50	\$ 2.53	1.2%
Bar Code	\$ 0.26	\$ 0.26	0.0%
Assembly			
Full Pallet	\$ 9.28	\$ 9.35	0.8%
Cases	\$ 1.03	\$ 1.04	1.0%
Kegs	\$ 2.66	\$ 2.69	1.1%
Beer Cans	\$ 1.03	\$ 1.04	1.0%
Mega Case	\$ 2.06	\$ 2.08	1.0%
Beer Mega Case	\$ 2.06	\$ 2.08	1.0%
Storage			
< 6 Months			
Wine, Beer, Spirits	\$ 0.46	\$ 0.46	0.0%
Kegs	\$ 3.83	\$ 3.87	1.0%
Mega Case	\$ 0.93	\$ 0.94	1.1%
6-12 Months & Type "C" 0-12 Months			
Wine, Beer, Spirits	\$ 0.97	\$ 0.98	1.0%
Kegs	\$ 4.13	\$ 4.17	1.0%
Mega Case	\$ 1.94	\$ 1.96	1.0%
> 12 Months			
Wine, Beer, Spirits	\$ 1.94	\$ 1.96	1.0%
Kegs	\$ 8.26	\$ 8.34	1.0%
Mega Case	\$ 3.88	\$ 3.92	1.0%
Cooler Storage			
Cooler <6 Months			
Wine, Beer, Spirits (Cooler)	\$ 0.71	\$ 0.72	1.4%
Kegs (Cooler)	\$ 6.09	\$ 6.15	1.0%
Mega Case (Cooler)	\$ 1.47	\$ 1.48	0.7%
Cooler 6-12 Months & Type "C" 0-12 Months			
Wine, Beer, Spirits (Cooler)	\$ 1.55	\$ 1.57	1.3%
Kegs (Cooler)	\$ 6.57	\$ 6.64	1.1%
Mega Case (Cooler)	\$ 3.08	\$ 3.11	1.0%
Cooler >12 Months			
Wine, Beer, Spirits (Cooler)	\$ 3.08	\$ 3.11	1.0%
Kegs (Cooler)	\$ 13.14	\$ 13.27	1.0%
Mega Case (Cooler)	\$ 6.17	\$ 6.23	1.0%
Miscellaneous			
Administration	\$ 0.25	\$ 0.25	0.0%
SKU Setup	\$ 75.75	\$ 76.51	1.0%
Product Allocation (Reg)	\$ 0.21	\$ 0.21	0.0%
Product Allocation (Private)	\$ 0.21	\$ 0.21	0.0%
Hourly VAS Rate	\$ 63.66	\$ 63.66	0.0%