



December 4th, 2024
Commissioner Katie Dykes
Department of Energy and Environmental Protection
79 Elm Street
Hartford, CT 06106

Dear Commissioner Dykes:

Coca-Cola Beverages Northeast Background

Coca-Cola Beverages Northeast is proud to be an independent and locally operated Coca-Cola bottler. We have three sales centers (South Windsor, Naugatuck, Waterford) and one production facility (East Hartford) in the state. Across our four facilities in the state, we employ over 750 associates with great pay and benefits. For every associate we directly employ, we indirectly support 7 more jobs in the state, including in our supply chain and at retail. With our great team of associates, we service over 5,700 unique customer locations that span all over the state. To give a total economic impact, we support roughly \$500 million in GDP in Connecticut on a yearly basis.

Beyond our expansive footprint of employees and customers, we are also proud of our work within the community. With a combination of monetary and product donations, we support the Governor's Prevention Partnership, Connecticut Food Bank, Connecticut Foodshare, Cardinal Shehan Center, the Hartford Boys and Girls Club, and the United Way Southeastern Connecticut, among others. We happily partner with and support these organizations as we realize we are only as strong as the communities we serve.

CTRV Background

Our request for a "denomination-free" label stemmed from our desire to avoid two label changes in a short time period as well as any possible changes in the future. Our industry faced a significant expansion of the scope of beverages and beverage containers required to

have a 5¢ refund value effective January 1, 2023. Then the law required that these containers as well as the previous deposit containers switch to a 10¢ refund value effective January 1, 2024.

These labeling changes are expensive and take time to design, approve, put into production and introduce into the supply chain. This is especially true when entire product lines need to be changed subject to a time constraint. It is also particularly problematic given the length of time that it can take for re-labeled containers to appear on store shelves due to manufacturer, distributor, and retail inventories and slow movement of many of these types of beverages (*i.e.*, they do not turn over as quickly as some other beverages). Beyond labeling cost and logistics concerns, there are wasteful implications of these changes as outdated label inventories and printing plates need to be disposed.

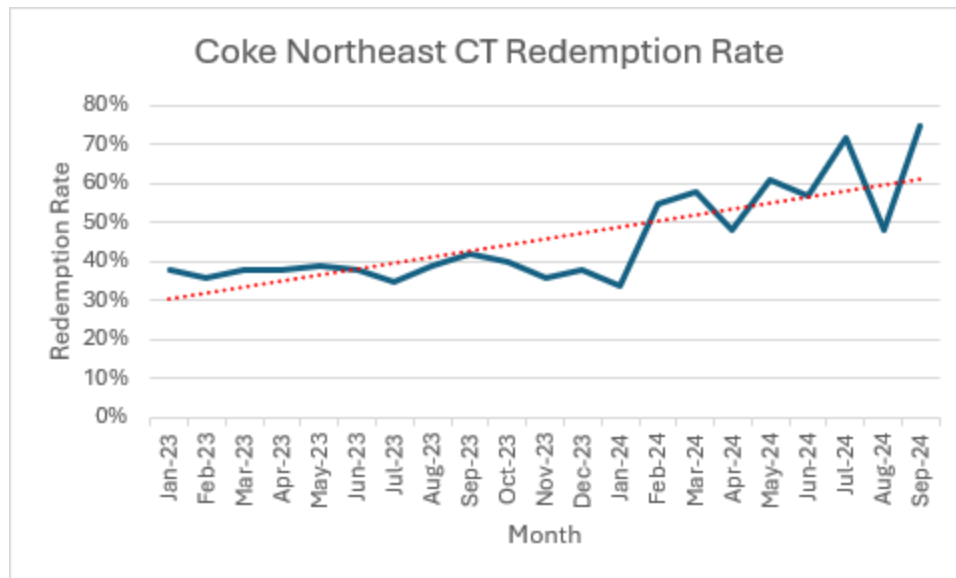
Our pursuit of the CTRV option was intended to avoid two label changes on the same product – a goal that it achieved. It also provided us with the opportunity to have a longer runway to switch over carbonated beverage and water containers to CTRV ahead of the 2024 deadline and do a better job managing inventories and minimizing waste. For those benefits, we are grateful.

Continuing Use of CTRV

We strongly urge the Department to leave its order in place permitting the use of CTRV indefinitely. The CTRV option was adopted by us and many other deposit initiators, precisely because it would avoid the need for future changes. To undo the order now would result in a third label change for expansion containers and a second label change for the vast majority of our remaining products that have adopted CTRV on their labels. This change in policy would be more problematic for us than simply going to 10¢ labels in the first place because CTRV was not considered a temporary measure. While that was proposed in an early draft of DEEP's order, that approach was rejected for precisely the reason noted above – it would be worse to introduce a temporary label that then had to be replaced than to simply begin marking containers with 10¢.

The Confusion Hypothesis vs. Redemption Reality

With our own internal data, we can clearly say that an increased redemption value has profoundly increased the redemption rate in Connecticut. Below is a quick summary of the Coca-Cola Beverages Northeast redemption rate from January 2023 – September 2024.



As you can see, the redemption rate held relatively steady for all of 2023 at roughly 40%. However, starting January 1st 2024, there is a sharp increase in the redemption rate. This increase then carries on upwards throughout the rest of 2024. With this data, we can demonstrate a clear trend that more and more consumers are getting into the habit of returning their bottles and cans over time. This goes to show that customers confused by the CTRV label are in the minority as over 70% of the state is now redeeming their bottles and cans each month.

To close, I repeat my appreciation for your consideration of our perspective on the labeling issue and hope that you will leave in place the order permitting use of CTRV. We are a locally operated bottler who wants to do right by friends, neighbors, and colleagues. To us, the answer is clear. With the continued use of CTRV, redemption rates continue to climb in each passing month and the department is accomplishing its goal of increasing the redemption rate in the state. Another costly and timely label change will do little to nothing to increase the rate of redemption further while burdening local companies like us.

I hope we are able to work together to come to a sensible solution. If you have any questions or concerns regarding anything laid out above, please reach out; we are happy to help!

Best Regards,

Mike DeFeo, General Manager of Coca-Cola Beverages Northeast South Windsor Facility

