



2022
YEAR IN
REVIEW

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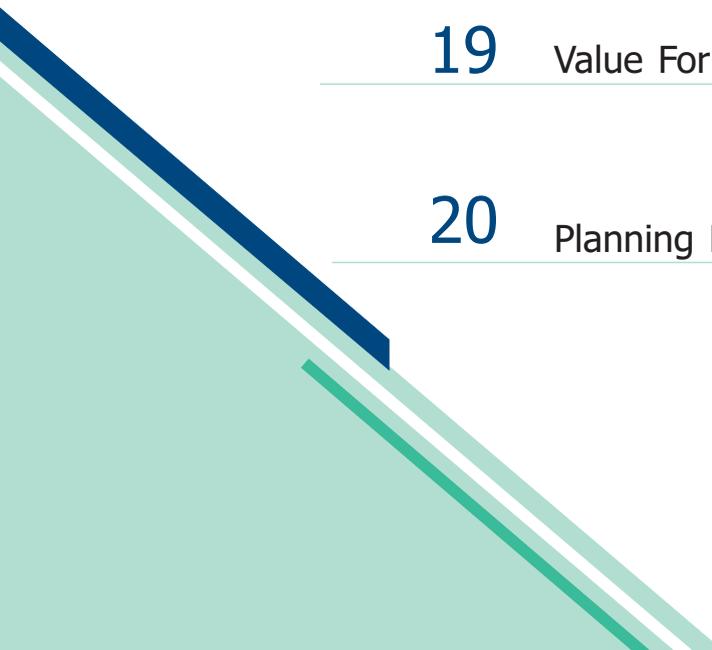
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who we are

Aquatera Utilities is a municipally owned corporation headquartered in the Grande Prairie region and is a leading provider of water, wastewater and solid waste services throughout Alberta. We play an integral role in growing healthy communities while supporting economic development in our service territories.



CORE PURPOSE

Growing Healthy Communities



MISSION

We provide high-quality, environmentally sustainable utility services and optimize value to customers and Shareholders



VISION

Trusted experts delivering ideal solutions and services essential to growing healthy communities

core values



SAFETY

We value each other's safety and the safety of our communities and customers



QUALITY

We provide quality customer service by delivering high-quality products and services



TEAMWORK

Working together to achieve common goals and ensuring ongoing communication with customers and stakeholders



RESPECT

We operate with the utmost respect for our customers, Employees, Shareholders, and the environment

message from the ceo

Over the last year, Aquatera has demonstrated operational excellence and financial resilience, strong customer and community engagement, and a supportive and collaborative culture. Moving forward, we will continue to focus on optimizing our core services, operating with transparency and building a successful future.

In May 2022, Aquatera obtained full operating custody of the City of Wetaskiwin's Water and Wastewater Treatment Facilities for Peace Hills Utilities. We also promoted water reuse through the sale of treated effluent to Pipestone Energy Corp. as an alternative water source for fracturing fluid. Aquatera continues to leverage our knowledge and expertise in the water, wastewater, and solid waste industry to support municipalities and communities.

In 2022, Aquatera provided over \$189,000 in cash and gift-in-kind sponsorships, and an additional \$37,000 to non-profit organizations in our service region through the Bottle Donation Program, a partnership between Aquatera and Recycle Plus. Since inception, this program achieved an incredible milestone in 2022, investing over \$1 million into our communities. Our Employees also took advantage of Aquatera's Employee Matching Program resulting in an additional \$20,000 going back into our communities.

We are also pleased to declare additional dividends once again by providing \$5.3 million in cash dividends to our local Shareholders. As a demonstration of value for service, Grande Prairie utility charges were below the median of comparable Alberta cities surveyed.

Making a positive contribution to the social and economic well-being of the communities where we live and operate requires long-term partnerships based on respect, transparency and trust. In 2022, Aquatera became the official naming rights partner of the Aquatera Outdoor Pool at Muskoseepi Park. The partnership is a five-year naming rights agreement that enriches lives by promoting health and wellness and fostering a sense of community and belonging.

Our people are the driving force behind everything we do. Knowing how our people feel is important to us, so

we were pleased with the participation and quality of feedback we received in our 2022 Employee engagement surveys, indicating that Employee engagement is trending positively. Based on this feedback, we aim to continuously improve our Employees' journey and create an optimal workplace teeming with the power of possibility.

I believe we are strongly and competitively placed in the market, with culture being our competitive edge. It is for this reason that Aquatera was named an Alberta Top 75 Employer for a second consecutive year. To continue building a strong workforce and create an optimal Employee experience, we remained focussed on our attraction and retention strategies through professional development, inclusion and diversity, and succession planning.

We seek to continuously improve performance by empowering our people through IDEA (Innovation, Discovery, Education, Advancement). At its core, IDEA is a people program designed to provide a way of working that creates a culture at Aquatera where we make continuous improvement central to everyone's role.

As we continue to build on Aquatera's strong foundation, we will focus on integrating, developing, and caring for our people; leveraging our collective expertise; optimizing our ways of working; and enhancing our working environment. In doing so, we will preserve the entrepreneurial spirit that has always underpinned our culture, growth, and success.

I would like to thank the Aquatera team for their enthusiasm, engagement and commitment to our communities.



Vaughn Bend
Chief Executive Officer



board of directors



Mary Bulmer
Director



Barbara Feit
Director



Andrew S. Fraser
Director



Lionel Laflamme
Director



Rob Petrone
Director



Dave Urness
Director



Mark Wiltzen
Director



Jude Daniels
Director



Rob Mackin
Director



Abe Neufeld
Director

message from the board chair

Aquatera had a safe, successful year in providing excellent services to existing and new customers. The continued focus on building a strong organization and meeting customer needs was recognized when Aquatera was named an Alberta Top 75 Employer for a second consecutive year.

Employees can take pride in the recognition their organization receives and the culture they are creating in making the company a great place to work.

With a strong growth strategy approved by the Board and a focus on results, the efforts of management and Employees are meeting the economic challenges and ESG (Environment, Social and Governance) requirements associated with a utility company. The evolution of the organization's culture shows the Employees' commitment to meet these challenges through innovation and collaboration by achieving key operating parameters while minimizing the financial impact on customers.

Growth through the company's strategy of providing services to other municipalities continues to progress with a major contract for the City of Wetaskiwin. It is very encouraging to see that Aquatera is being considered by other municipalities to provide their region with our services based on Aquatera's organizational strengths, expertise and excellent safety and operational records.

With operating contracts in place, or under development with other municipalities, the Board is confident that the company's strategy will continue to grow returns to its Shareholders. The Board-approved strategy is growth through leveraging its core competencies and building a strong organization with individuals with expertise and experience to fill important management and development leadership roles.

The Board has full confidence that the corporation has the ability to sustain high company and performance standards while meeting the expectations of our existing and future customers.

The Board and CEO have built positive relationships which support the company's strategies and meets

the Board's oversight responsibilities for the company. The internal and external third-party audits confirm the integrity of the company's operations.

The Board has undertaken its annual program of recruiting future Directors with the skills and experience necessary for ensuring proper guidance and oversight systems are in place.

I would like to thank all of the company's Directors for their contributions and commitment over the past year. Corporate governance is well managed by the Board's composition. Our independent Board is an essential part of company governance to meet the Shareholder's expectations of growth and results that benefit the regions they represent.

As my term ends it has been a pleasure to be part of the Board since 2011. As a Director and past Board Chair, I look forward to supporting Lionel Laflamme as the new Board Chair. I would also like to recognize Dave Urness as a long-term member of the Board who will complete his term in June 2023.

It has been gratifying to serve Aquatera and the Grande Prairie Region for the last 12 years and I am very confident in the ability of the Board and company leadership to further advance business results at the same high standards of performance that we have all come to expect.



Jim Smith
Board Chair



2022 highlights



SAFETY AND HUMAN RESOURCES

1.98 Total Recordable Incident Rate (TRIR)

91% Certificate of Recognition (COR™) internal audit score

2022 Alberta Top Employer



COMMUNITY GIVING

\$189,000+ in sponsorships (cash and gift-in-kind) in all communities we serve

\$70,000+ gift-in-kind services provided for Sunrise House and Coordinated Care Campus

\$9000+ cash donated to contracted service communities

\$20,000+ donated through the Employee Sponsorship Matching Program



BOTTLE DONATION PROGRAM

\$37,000+ donated through the Bottle Donation Program

\$1M+ raised since the program's inception



CUSTOMER SERVICE

7,065 work orders completed

21,189 Account Services calls received

42 Net Promoter Score (NPS) positive customer engagement results - *50 is considered world class*



GROWTH

Obtained full operating custody of the City of Wetaskiwin's Water and Wastewater Treatment Facilities

Relief operations support in Hamlet of Grande Cache, Teck Coal Limited and Town of Millet

Celebrating second successful year of operation in the Municipality of Jasper



SOLID WASTE

14,837,980 kgs of garbage collected curbside

11,800 kgs of Styrofoam processed at the Eco Centre

1,108,500 kgs of recycling diverted from the Landfill

1,350,000 kgs of recycling collected curbside

5,879 MWH of electricity generated from captured landfill gas (enough to power 2,700 homes for an entire year)



WATER | WASTEWATER

22.5M litres per day average daily water usage

8,498,635 m³ raw water diverted

47,891 m³ septic received

108,453 m³ sump received



FINANCIALS

Cash flow from operations \$23.3M

Revenue \$71.4M

Expenses \$59.1M

\$5.3M paid to Shareholders in cash dividends in respect of 2022 earnings

\$16.8M in capital investments

36,800 tonnes in carbon credits



operational excellence

SAFETY

Aquatera's Employees are the driving force behind our strong, safety-focussed culture. They play an integral role in helping Aquatera deepen its understanding of the safety culture within the company, and their perspective ensures we achieve our safety goals related to risk reduction, safety engagement and the provision of water, wastewater, and solid waste services.

In 2022, Aquatera continued to focus on setting proactive safety targets for near miss and hazardous condition reporting, allowing us to reduce health and safety risks in the workplace. Employees have embraced these improvements supporting us in sustaining our safety performance. In 2022, we documented a Total Recordable Incident Rate (TRIR) of 1.98; we're proud to report that we had no lost-time injuries or days. We continue to pursue a goal of zero injuries.

Aquatera's commitment to health and safety extends to the contractors and vendors we work with on a regular basis. To expand on our commitment, we held our first Annual Safety Summit in the spring of 2022, encouraging contractors and vendors to attend and participate in safety discussions to promote risk reduction. The purpose of this event was to introduce Aquatera Employees and contractors prior to commencing work and relay Aquatera's safety processes and expectations. This event was well attended and supported Aquatera's positive safety results in 2022.

The success of our safety focus was also demonstrated through the completion of our Certificate of Recognition (COR™) internal audit. Aquatera achieved a score of 91 per cent, maintaining our Partnership in Injury Reduction Certificate of Recognition.

We continue to focus our efforts on creating a safer work environment and reducing our TRIR.



1.98 Total Recordable Incident Rate (TRIR)



91% Certificate of Recognition (COR™) internal audit score

ENVIRONMENTAL STEWARDSHIP

Aquatera remains a model of environmental stewardship and we continually look for opportunities to reduce our environmental impact. We understand the importance of operating in an ethical and trustworthy manner and in practicing sound environmental management. To meet these goals, our Employees work to ensure compliance and minimize our environmental impact.

Throughout 2022, our work with the Mighty Peace Watershed Alliance (MPWA) and the Peace Airshed Zone Association (PAZA) continued. The MPWA is a watershed protection advisory council that works toward maintaining a healthy watershed while ensuring sustainability. The PAZA is a non-profit organization that conducts ambient air quality monitoring in northwestern Alberta. Aquatera also maintains its membership with the Water North Coalition, a non-profit organization that seeks to ensure that sustainable water systems are available to all northern communities.

To meet future quality and capacity requirements, the Water Treatment Plant (WTP) will need to be upgraded. This upgrade can be phased in over time, increasing

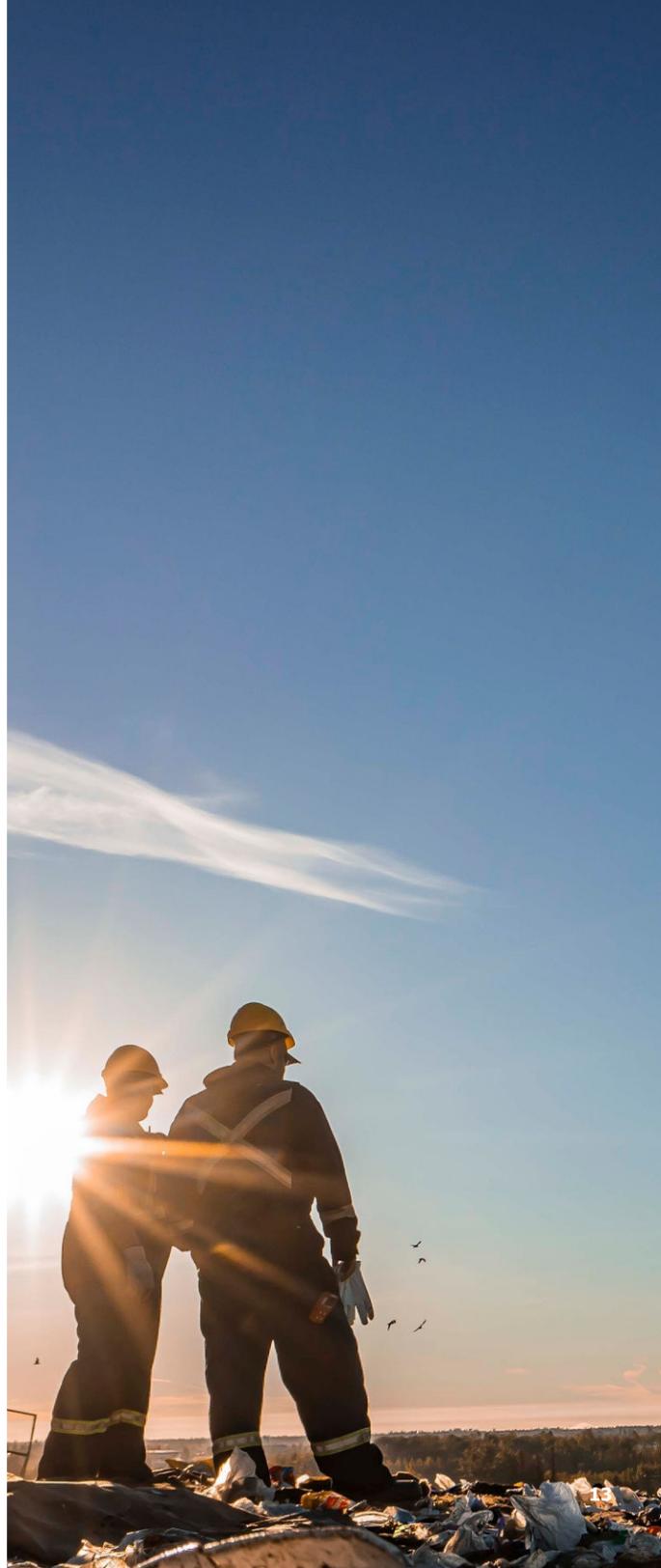
treatment capacity to approximately 100 million litres per day (MLD). Following a conceptual feasibility study to examine expanding the WTP, Aquatera initiated the preliminary design for a new treated water reservoir at the WTP in 2022. Construction is planned to begin in the spring of 2024, facilitating optimization and future WTP capacity upgrades.

In 2022, a Boil Water Advisory was issued in the Town of Sexsmith. This occurred when a contractor struck and broke an Aquatera water main while doing construction in the area. While the advisory was in place, Aquatera banded together with local businesses and organizations to provide support and services to residents and businesses to minimize the impact experienced during the water outage. In each instance of non-compliance, the event is thoroughly reviewed and measures are implemented to correct the issue and prevent reoccurrence. This has resulted in a more reliable system, with processes and resources in place to continue the provision of high-quality drinking water and wastewater effluent.



In 2022, Aquatera focussed on two key initiatives for our solid waste operations. The first initiative involved relocating an area at the Landfill to properly accept and manage asbestos in a space more accessible and safer for customers and operators. The second initiative involved improving the flow and diversion of leachate from Cell 6 and 7 at the Landfill. Leachate is a naturally forming liquid that is collected and re-circulated with other liquids and waste to accelerate decomposition. These initiatives improved reliability and compliance of the process, extending the lifespan of the Landfill. Aquatera assumed management of the Landfill gas field in 2022 and were able to increase gas production above historical levels, including two record breaking months.

In the spring of 2021, the Government of Alberta gathered input on the design of an Extended Producer Responsibility (EPR) Program dedicated to single-use plastic, packaging and paper products, and hazardous products. In partnership with the City of Grande Prairie, Aquatera is working through the initial phase of the EPR Program, with a goal of shifting the cost of recycling away from the consumer and making it the responsibility of the industries that produce these products. The program is intended to support a circular economy, better manage single-use plastics, and reduce greenhouse gas emissions. In November 2022, Alberta's Extended Producer Responsibility Regulation came into effect, giving producers until April 2025 for EPR's to be operational.



stakeholder engagement

COMMUNITY

Aquatera is committed to strengthening and empowering the communities we serve. We invest in programs and initiatives that demonstrate goodwill, positively impact our environment and support our Core Purpose of Growing Healthy Communities.

In 2022, Aquatera contributed \$189,000 to our service region through cash and gift-in-kind sponsorships. In addition to this, Aquatera Employees donated \$20,000 to support causes and initiatives within our service region, a true testament to the character possessed by Aquatera Employees.

In the spirit of Growing Healthy Communities, Aquatera became the official naming rights partner of the Aquatera Outdoor Pool at Muskoseepi Park. The partnership is a five-year naming rights agreement which contributes to enhanced programs, facilities, projects, and services that help enrich people's lives in the community.

This agreement creates a positive impact and benefits not only the facility but the community as a whole.

It was also a successful year for our Bottle Donation Program. In 2022, we raised and donated over \$37,000 to local youth organizations and, since inception in 2004, raised more than \$1 million, an incredible milestone achieved in 2022. The Bottle Donation Program is a partnership between Aquatera and Recycle Plus.



CUSTOMER ENGAGEMENT

Aquatera continued to engage customers throughout 2022, inviting residential and commercial customers to participate in our monthly Win OR Give Customer Satisfaction Survey. This campaign allowed us to engage with customers on a consistent basis while providing an opportunity to contribute feedback regarding changes they would like to see. This input guided the development of targeted marketing campaigns, addressing specific topics important to customers. The results of the 2022 Win OR Give campaign yielded an NPS of 42; anything above 0 is considered good, with 50 considered world class.

With education and communication a top priority in 2022, we introduced a variety of campaigns including our “The More You Know” videos, which allowed us to learn about Aquatera Employees, both personally and professionally. We also showcased our contracted service regions through our “Communities We Serve” videos, highlighting the communities we provide service and support to outside of our Shareholder region, including the City of Wetaskiwin, Municipality of Jasper, Town of Manning, and Town of Hinton.

SHAREHOLDER ENGAGEMENT AND CORPORATE GOVERNANCE

Shareholder engagement is important to our success and 2022 saw meaningful and intentional communication between Aquatera and our Shareholders.

With upcoming Director retirements occurring in 2023, Jim Smith and Dave Urness were reappointed as Directors of the Board for a one-year term at the Shareholders Annual Meeting in 2022. Shareholders also reappointed Jim Smith as Board Chair to the end of 2022, and subsequently

appointed Lionel Laflamme as Board Chair effective January 1, 2023. We also welcomed two new Directors, Mark Wiltzen and Rob Petrone.

Aquatera is committed to transparency and responsible corporate governance practices. In 2022, the Board approved an ESG (Environment, Sustainability, Governance) Scorecard, ensuring proactive target setting for the year. Our governance structure guides our corporate activities and ensures the sustainability of our company and that our corporate values are always reflected in the work we do.

culture, leadership & talent

EMPLOYEE ENGAGEMENT

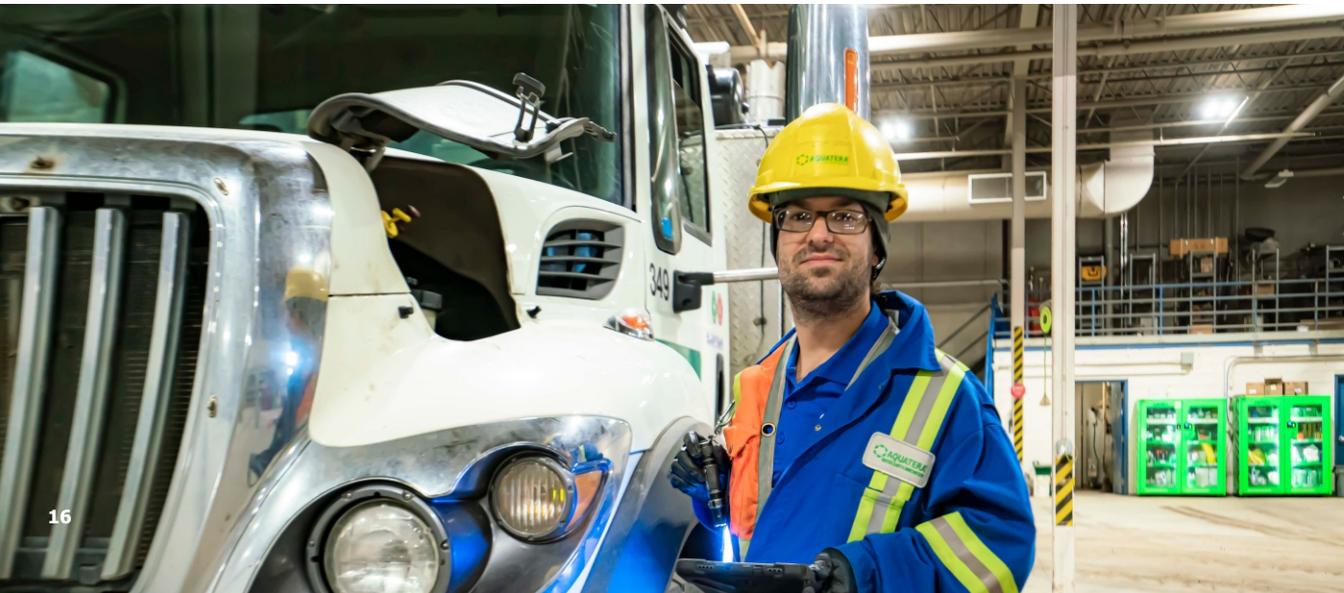
In our working environment, consistent and transparent communication are the cornerstone to building and maintaining a foundation of trust within Aquatera. We led our communication and engagement efforts with clear intention and purpose: preserving and protecting our connections and creating an environment that promotes well-being and invites open dialogue.

To measure Employee satisfaction, Aquatera obtained confidential feedback through our Employee Engagement Surveys which were conducted in May and September. Through qualitative and quantitative data, the survey measures Employee engagement and satisfaction, allowing us to identify positive qualities of Aquatera's culture, as well as areas for improvement. Results of this survey indicate that Aquatera Employees are highly engaged with 85 per cent of Employees participating in the survey. Ninety per cent of Employees who responded to the survey

would recommend Aquatera as an employer of choice.

To increase engagement, Aquatera established focus groups providing a collaborative environment for Employees to discuss the results and identify action items to support continued improvement. This initiative not only supports Aquatera's leadership to better understand Employees but allows Employees to take ownership of Aquatera's culture.

With a strong focus on culture, Aquatera introduced our revitalized continuous improvement program, IDEA (Innovation, Discovery, Education, Advancement). As part of the refresh, Aquatera encouraged open dialogue and varied perspective through bi-weekly cross departmental meetings, and rewarding people for successfully completed IDEA's. This new platform fosters a culture of innovation, accountability, and collaboration. In 2022, 178 IDEAs were submitted for consideration, showing remarkable participation and commitment from Employees.



EMPLOYEE RETENTION, DEVELOPMENT, AND COMPENSATION

We are committed to attracting, retaining, and developing Employees whose values reflect those of Aquatera's, while also harnessing the required skills and qualifications. To attract quality Employees, we focus on creating an environment where people feel valued, offering development opportunities to encourage growth, and providing fair and equitable compensation.

In 2022, Aquatera continued to invest in the essential and specialized development of our Employees required to ensure the provision of high-quality products and services. This year, we also reevaluated Employee development opportunities that were previously put on pause as a result of the pandemic. Focussing on opportunities that strengthened Employee and company growth, we gradually began reintegrating training and development opportunities to support Aquatera's strategic plan.

Aquatera continues to participate in the internship program and in 2022, we retained students for work terms at the Eco Centre, Treatment Plant, and Distribution and Collection sites, and our Finance and Account Services departments. Aquatera continues to proudly provide these programs, and some students have transitioned to mentors, supporting new students.

In 2022, we also retained two engineering students through the co-op program. The students worked on several projects providing support to engineering and operations.

Aquatera's workforce is comprised of both union and non-union Employees. To ensure adequate compensation, union Employees negotiate the terms of employment through a collective bargaining process that is conducted on a multi-year basis. Non-union Employees are evaluated through market comparisons and regular performance reviews on an annual basis, with compensation changes being approved by the Board. Director compensation is reviewed every three years with any changes to Director compensation being approved by Shareholders. As Directors have not received an increase in pay since 2011, a third-party review of Directors compensation was initiated in 2022. At the Shareholders Annual Meeting, Shareholders approved a recommendation to increase Directors compensation, aligning with the third-party analysis.

financial overview

SHAREHOLDERS



City of Grande Prairie



County of Grande Prairie



Town of Sexsmith



Town of Wembley

FINANCIAL AND BUSINESS PLAN OBJECTIVES

Aquatera continues to maintain a strong financial foundation that promotes long-term sustainability. Our investments and borrowings are structured to ensure appropriate cash flows are available to support capital planning and growth.

In 2022, economic activity gradually increased as the impacts of the pandemic began to dissipate. Water consumption remained in a decline from previous years, with billed water volumes below target by 1.3 per cent. The financial impacts required us to pivot and focus on maximizing revenue from outside our core business while expanding our capacity to accommodate regional growth within our Shareholder communities. Cash flow results for 2022 were \$23.3 million.

Under the Unanimous Shareholders Agreement (USA), annual cash dividends are paid at the mandatory rate of five per cent. In addition to the mandatory dividend of \$2.4 million, the Board declared a discretionary dividend of \$2.89 million. Cash dividends to Shareholders in 2022 totalled \$5.3 million.

Debt levels remain very conservative and well within stakeholder expectations.

To date, Aquatera has provided \$259.6 million in benefits to Shareholders directly in the form of cash dividends, franchise fees and payment for service, and indirectly with stock dividends.

value for service

FAIR RATES TO INCREASE CUSTOMER VALUE

We establish fair and affordable rates, while ensuring that our operational requirements are protected, and our investments allow us to continue providing trusted quality, valued service and peace of mind to our customers.

Our goal is to increase customer value by providing utility rates at or below the median of comparable Alberta cities and 2022 saw us meeting that goal.



planning for growth

CAPITAL PROJECTS

As the Grande Prairie region continues to grow, Aquatera anticipates the needs of our communities and prioritizes investments that support future growth and capacity.

Through targeted capital investments, and collaboration with our Shareholders and development community, we are working to improve and develop infrastructure to facilitate this growth.

In 2021, Aquatera began developing State of Infrastructure Dashboards and Criticality Modelling for our linear water and wastewater assets. These tools highlight assets that are nearing end-of-life, allowing Aquatera to identify and prioritize critical infrastructure activities, and make informed decisions regarding rehabilitation or replacement. These tools were further developed in 2022 to include more robust information including consequence of failure, probability of failure, and overall risk rating.

Aquatera installed a sanitary main along 84 Avenue, between 113 Street and 115 Street (Westpointe Drive), as part of the Westpointe Sanitary Diversion Project. This Project involved the diversion of the Westpointe area sanitary sewer system into the 116 Street Trunk Line to provide capacity relief and accommodate future growth. Construction began in 2021 and was finalized in 2022; it will be in service in the spring of 2023.

To support growth in the County, Aquatera has been working with the County of Grande Prairie on development to support the construction and operation of water and



wastewater services for a proposed school in the Five Mile Hall area. Construction began in 2022 and final commissioning will take place in 2023.

Construction of the Clairmont Regional Lift Station and North Interceptor Trunk Sewer Line was completed in 2022, with an official ribbon-cutting ceremony taking place in November. More than 15 years in the making, this project supports growth in the Clairmont region, while eliminating the three oldest lift stations previously servicing the area.

Aquatera completed a Water and Wastewater Master Plan for the Town of Sexsmith which identified short-term upgrades to reduce risks within the current system and support future development. These upgrades began in 2020, including the extension of these services across Highway 2 and 95 Avenue, and were completed in 2022.

A review of the Town of Wembley's wastewater collection system and lift stations identified capacity and risk concerns at all three lift stations, which were addressed in 2020. This included the replacement of Lift Station 1, the installation of a trunk sewer line to eliminate Lift Station 2, and electrical upgrades to Lift Station 3 which were completed in 2021. Final site grading was completed in 2022.



GROWTH

Obtained full operating custody of the City of Wetaskiwin's Water and Wastewater Treatment Facilities

Relief operations support in Hamlet of Grande Cache, Teck Coal Limited and Town of Millet

GROWING THE BUSINESS

Throughout 2022, Aquatera continued to focus efforts on growing our business through service expansion and enhancement. To support our strategic vision, a Business Development Team works with internal and external stakeholders, with the goal of establishing community and government relationships, and encouraging partnerships where it is beneficial to all stakeholders. In 2021, Aquatera responded to an opportunity to provide operations and maintenance services to the City of Wetaskiwin (Peace Hills Utilities). In 2022, Aquatera entered into a partnership and the operations and maintenance of the City's water and wastewater treatment facilities were formally transitioned to Aquatera. The agreement allows the City to benefit from Aquatera's knowledge and expertise in water and wastewater services, while supporting Aquatera's desire to grow with progressive municipal customers.

In 2022, Aquatera was approached by Pipestone Energy Corp. to supply treated

wastewater effluent from the company's Final Effluent Lagoon as an alternative water source for fracturing fluid. The use of treated wastewater effluent promotes efficient water reuse, opposed to using fresh water from alternative water sources like the Wapiti River. Aquatera is always seeking new opportunities to foster growth in the communities it serves and, as a result, conducted this as a pilot project to determine its success and viability for future opportunities. Aquatera supplied treated wastewater effluent from its Grande Prairie final wastewater effluent lagoon for one of Pipestone's hydraulic fracturing operations. The wastewater was safely transferred to site and utilized without incident or environmental impact.

Aquatera's Treatment Plant Contract Operations team continues to provide operational services to the Town of Hinton and the Town of Manning. In 2022, Aquatera was contracted by the Town of Beaverlodge, Municipal District of Greenview, Silver Pointe Village, Teck Coal Limited and West Fraser Hinton Pulp to provide maintenance and support services for their water and wastewater facilities.



conclusion

In 2023, Aquatera will be celebrating a milestone year – 20 years of providing trusted quality, valued service, and peace of mind.

Not only are we proud to serve the communities in which we were established, we are also proud of the positive impact and support we have been able to provide within the communities where we provide contracted services.

As we look toward the future, we will continue to focus on optimizing our core services, driving and nurturing progress, operating with transparency and keeping our minds and hearts open to what the future has to offer.

Our commitment puts Aquatera on the trajectory to deepen our impact on the communities we serve, strengthen our reputation, enhance and expand our core essential services, and diversify our partnerships in this growing region.



