



AQUATERA[®]

WATER EARTH INNOVATION

YEAR IN REVIEW

2020





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Photo Credit | Jenn Labrecque
Corporate Assistant

Message from the Chief Executive Officer

At the beginning of 2020, we never could have imagined that the coming year would bring the devastating human and economic impacts of the COVID-19 pandemic. A thoroughly disrupting event that left no country or community unscathed and still continues today.

As an essential service provider, our customers and communities rely on us to preserve life, health and basic societal functions for the delivery of clean, safe, reliable water and solid waste services. Being in a position critical to the well-being of others motivated our dynamic response to the pandemic.

We updated our Emergency Response Plans in collaboration with the Grande Prairie Regional Emergency Partnership (GPREP), established contingency plans for uninterrupted service in case of outbreak, brought in additional supplies and backup equipment, established protocols to protect employees and customers, and utilized technology to facilitate exceptional customer service.

While the year has presented many challenges, it has also inspired opportunities for growth and progress. Difficult times like these remind us of our strengths and abilities when we work collectively as a team.

To support our customers, Aquatera implemented the Payment Deferral Program, providing customers with financial relief through flexible payment options free of penalties and interest.

In 2020, Aquatera provided over \$101,900 in cash sponsorships, \$6,800 in gift-in-kind, and an additional \$47,000 to non-profit organizations in our service region through the Bottle Donation Program, a partnership between Aquatera and Recycle Plus. Our employees also took advantage of Aquatera's Employee Matching Program, donating to local organizations.

We are also pleased to declare additional dividends once again and provide \$4.4 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.

While we all anxiously anticipate that recovery and a sense of normality will be restored in the coming months, the health and safety of both our employees and our communities is extremely important to me. I am proud to say that during this time, we managed to keep cases of COVID-19 very low and Aquatera's Total Recordable Incident Rate (TRIR) for 2020 was 0.8. Maintaining a TRIR of less than 1.00 is considered world class. This result is a testament to our employees commitment and their ability to work safely in the face of ever-changing challenges in 2020.

Over the last year, we have demonstrated operational excellence and financial resilience, strong customer and community engagement, a supportive and collaborative culture, and made a compelling strategic shift to strengthen our foundation.

We will continue to focus on optimizing our core services, operating with transparency and a successful future. I would like to thank the Aquatera family for their enthusiasm, engagement and commitment to our communities.

Vaughn Bend
Chief Executive Officer



Message from the Board Chair

The past year was like no other in recent memory. The global pandemic created unforeseen challenges for our customers and communities with many significant negative effects on individuals, families and businesses big and small. Aquatera provides one of the most essential services to our communities and 2020 results were exceptional considering the circumstances. On behalf of the Board of Directors I want to thank our employees and the families that supported them in 2020.

The Board of Directors and all of the companies' employees and shareholders have a deep appreciation for what was done to prepare, mobilize and assist people to manage the risks to individuals while ensuring quality and reliable services. Employees worked together to endure unprecedented challenges this year, they worked collaboratively with other key community resources to provide critical products and services. Aquatera employees have responded well to sustain operations while achieving strong safety and reliable performance.

Economic and financial challenges resulting from the pandemic were met head on by management and employees. Reduced revenues were offset by cost saving decisions made by each department resulting in only a slight reduction in dividends to our shareholders.

While dealing with the urgent issues of the pandemic, the company has also been able to establish a strategy that will see the company grow by targeting other municipal customers. Just as we have worked together to endure unprecedented challenges this year, the Board is equally excited about the groundwork that has been done to identify other communities that will benefit from the high quality of service that Aquatera is known for.

Studies conducted in 2020 have provided further direction of opportunities for business and operations improvements which will be included in future department plans. The proposed 2021 capital budget totals approximately \$46M, demonstrating our commitment to support our regional shareholders in their improvement and development plans.

The organizational culture continues to reflect positively on the transition in leadership and the growth of all of us in meeting our obligations as team members. The important focus on safety will continue and employee development to support new and existing operations will be incorporated into department plans.

The extraordinary challenges in 2020 will continue to test the resolve and abilities of the organization. The Board has full confidence that our company will respond and adapt to continue to maintain the health and integrity of our employees while meeting the expectations of our existing and future customers.

On behalf of myself and the Board of Directors, it has been a pleasure to serve Aquatera and the Grande Prairie region in 2020.

Jim Smith
Board Chair



BOARD OF DIRECTORS



Rita Andreone
Director



Mary Bulmer
Director



Jude Daniels
Director



Andy Fraser
Director



Lionel Laflamme
Director



Rob Mackin
Director



Abe Neufeld
Director



Dave Urness
Director

CORPORATE OVERVIEW

Who we are

Aquatera is a municipally owned corporation and the leading provider of water, wastewater and solid waste services in the Grande Prairie region. We play an integral role in 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 PURPOSE

Growing Healthy Communities

CORE VALUES



SAFETY

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



QUALITY

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



RESPECT

We are environmental stewards, always striving to exceed environmental standards, while seeking to minimize the environmental impact of our services



TEAMWORK

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

2020 HIGHLIGHTS



+\$108,700 in sponsorships (cash and gift-in-kind) in all communities we serve

\$47,000 donated through the Bottle Donation Program, over **+\$937,000** donated to date

\$1,100 matched through the Employee Sponsorship Program



88% internal safety audit score

6.8% healthy employee turnover rate

55 Net Promoter Score (NPS)

50 is considered world class positive staff engagement results



21.4M litres per day (MLD) average daily water usage

21,371m³ average daily potable water flow

8,160,195m³ raw water diverted

48,239m³ volume of septic

40,653m³ volume of sump

1,636 service requests completed



2,725,133 kgs of recycling diverted from Landfill

11,940 kgs of Styrofoam processed at the Eco Centre

1,499,960 kgs of recycling collected curbside

16,186,226 kgs of garbage collected curbside

7,424 MWh of electricity produced from the Bioreactor Landfill



\$4.4M paid to Shareholders in cash dividends

\$35M in capital investments

40,000,000 kgs in carbon credits

STAKEHOLDER ENGAGEMENT

CUSTOMER SATISFACTION

COMMUNITY

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

As the impacts of COVID-19 continued to be felt across our service region, Aquatera remained committed to supporting and investing in our communities. This includes providing financial support, rallying behind community initiatives and forming partnerships to support those in need during difficult times.



GIVING BACK

In 2020, Aquatera contributed \$108,775 to our service region through cash and gift-in-kind sponsorships. It was also a successful year for our Bottle Donation Program. In 2020, we raised and donated over \$47,000 to local youth organizations and, since inception, have raised more than \$937,000. The Bottle Donation Program is a partnership between Aquatera and Recycle Plus.

WIN OR GIVE

Aquatera continued to engage customers throughout 2020, inviting residential and commercial customers to participate on our monthly 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. Every month, a recipient is randomly selected and has the choice to Win their water or Give their water to a local, non-profit organization.



Photo Credit | Brittany Trudeau
Marketing & Communications Specialist

SHAREHOLDER ENGAGEMENT

Shareholder engagement is important to our success and 2020 saw meaningful and intentional communication between Aquatera and our shareholders.

Prior to the declaration of the COVID-19 pandemic, Aquatera held an interactive Retained Earnings Workshop with our shareholders to gather insights and perspectives on risk tolerance and satisfaction. Following the declaration of the pandemic, we turned to virtual meetings to conduct engagement activities. This included our Annual Shareholders Meeting, where Jim Smith was appointed as Board Chair for a term of one year, and our Business Planning Session, where we discussed the current challenges faced regionally and future plans and growth strategies.

In August, Aquatera held a ribbon cutting ceremony, in coordination with the County of Grande Prairie, to celebrate the opening of the Dimsdale Bulk Water Station. The new station offers customers an additional location to access bulk water, while contributing to growth and development in the County.

CULTURE, LEADERSHIP & TALENT

EMPLOYEE ENGAGEMENT

We have adopted a strengths and competency-based talent management approach to recruit, hire, develop and promote people with the right skills. All employees have the opportunity to identify their career goals and create plans to accomplish those goals. When our employees are enthusiastic about their work and working toward achieving their ambitions, it enhances their motivation and well-being resulting in improved productivity, increased value and enhanced customer satisfaction.

Although 2020 saw a reduction in employee development and training, due to COVID-19, Aquatera continued to invest in the essential and specialized development of our employees required to ensure the provision of high-quality products and services. As the external environment stabilizes, training and development will be focussed on opportunities that support organizational needs and growth.

With this new working environment, consistent and transparent communication was the cornerstone to building and maintaining a foundation of trust within Aquatera. We led our communication and engagement efforts with the clear intention and purpose of strengthening connections with our staff. One of our most successful engagement activities was our weekly Virtual Town Hall with our CEO, providing a venue for employees to ask questions and stay current on issues, initiatives and company successes. These meetings have continued into 2021.

A Net Promoter Score (NPS) survey conducted in January and September of 2020 indicated that Aquatera employees are highly engaged. Through qualitative and quantitative data, the NPS measures employee engagement and satisfaction, allowing us to identify positive qualities of Aquatera's culture and environment, as well as areas for improvement.



We recognize the power of diversity and the role it plays in fostering ingenuity and creativity. As we continue to face new challenges and innovate new solutions, we know the diversity in our teams will give Aquatera a competitive advantage to recruit and retain the best people.

Amber Walsh
Human Resources Manager



IDEA

Aquatera consistently focusses on continuous improvement initiatives to provide more value to our customers.

In July 2020 Aquatera conducted a strategic review of our Lean program to identify what practices are serving us, and what we can improve upon. Our goal was to refresh our Continuous Improvement Program - expanding the opportunity for participation, recognizing improvement initiatives that align with our Core Values, and rewarding employees' efforts.

In December 2020 we introduced employees to our new Continuous Improvement Program, IDEA, with implementation occurring in January 2021.

IDEA is a simple platform that recognizes and rewards great ideas within the company through Innovation, Discovery, Education and Advancement. The goal of IDEA is to promote **I**nnovation, challenge employees to **D**iscover new ways to do business, **E**ducate each other on changes happening within the company, and **A**dvance the organization through continuous improvement.

Throughout 2020 we saw a tremendous commitment from all our employees who have taken the initiative to drive improvements that yield high-impact results for our company and, in turn, our customers.



OPERATIONAL EXCELLENCE

SAFETY

Aquatera's employees were the driving force behind our strong, safety-focused response to the pandemic. Protecting their health and safety, along with that of our customers and communities was our top priority. At the onset of the pandemic, we conducted a COVID-19 Hazard Assessment within each work group and job function to determine potential risks, mitigations and controls.

As public health measures were being enacted, we were able to quickly transition a number of our team members to productively working from home. For members in critical roles that required physical presence, we implemented enhanced measures and protocols to ensure their health and safety, and the provision of water, wastewater and solid waste services.

To support our ongoing safety efforts, Aquatera implemented SiteDocs in 2020. SiteDocs is a digital safety management system that allows workers to easily access critical information and procedures necessary to do their jobs safely, report and respond to hazards and incidents in real time and enhance our safety culture.

Our focus this year was on setting proactive safety targets for near miss reporting and hazardous condition reporting, allowing us to reduce health and safety risks in the workplace. Employees have embraced these improvements, playing an integral role in sustaining our safety performance. In 2020 we documented a Total Recordable Incident Rate (TRIR) of 0.81 and one Lost Time Injury. We continue to pursue a goal of zero injuries.

The success of our safety focus was also demonstrated through the completion of our Certificate of Recognition (COR™) external audit. Aquatera achieved a score of 88 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 safety incidents to zero.



Safety is a core value in all our areas each and everyday. We continue to recognize the importance of employee safety including physical, psychological and social health, safety, and overall well-being of our employees.

Brian Laustsen
Safety Manager

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 environmentally ethical and trustworthy manner and practicing sound environmental management. To meet these goals, our employees work to ensure compliance and minimize our environmental impact.

Our landfill gas collection system reduces greenhouse gas emissions by capturing landfill gas collected from decomposing landfill waste. The Bioreactor Landfill Gas-to-Energy Project technology at our Landfill converts this gas to energy, providing heat and electricity to our Water and Wastewater Treatment Plants.

Our work with the Mighty Peace Watershed Alliance and Wapiti River Water Management Plan led to the development of a watershed management process to ensure appropriate management and stewardship of the water resources in the Wapiti River. In 2019, involved stakeholders, including Aquatera, formed a project team to identify potential hazards to the source water within the Wapiti Watershed, following by the assessment of risks. This work was completed in 2020 with a plan to release the final report in 2021.

Aquatera is a member of the Peace Airshed Zone Association, a non-profit organization that conducts ambient air quality monitoring in northwestern Alberta.

In 2020 Aquatera submitted a renewal application for our Wastewater Works Operating Approval and conducted an Environmental Capacity Study of both raw wastewater influent and treated wastewater effluent. The recommendation was for Aquatera to implement UV disinfection within the Wastewater Treatment Plant. This is expected to take place in 2023/2024.

As part of Aquatera's 25-year, long-term Water Act Licence, we conduct comprehensive monitoring of the Wapiti River to assess the effects of our discharge on the aquatic environment. In 2020 Aquatera commenced the second iteration of our Long-Term Monitoring Program. We diligently meet or exceed the requirements within our operating approvals.



Our goal is to provide exceptional customer service and peace of mind to every customer we serve. We take pride in providing high quality, environmentally sustainable services to our customers.

Andrea Gallivan
Account Services Manager 13

FINANCIAL OVERVIEW

FINANCIAL AND BUSINESS PLAN OBJECTIVES

Aquatera continues to maintain a strong financial foundation that promotes long-term sustainability and value to our customers and shareholders. Our financial management practices are structured to ensure sufficient funds are available to operate, repair and replace our infrastructure, and invest in the growth of Aquatera.

Operational efficiency and customer service remain key areas of focus. Our 2020 operating budget concentrated on these by maximizing revenues outside of our core business and expanding our capacity to serve our shareholders, as growth in their respective regions continues.

The onset of the COVID-19 pandemic changed our business focus substantially. With closures to industry and the hospitality sectors, water consumption decreased significantly, with billed water volumes below target by 6.4 per cent. The financial impacts required us to focus on reducing operating

expenses. Due to these focussed efforts, cash flow results for 2020 were \$25.4 million, with an original target of \$25.5 million.

Under the Unanimous Shareholders Agreement (USA), annual 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 million. Dividends to shareholders in 2020 totalled \$4.4 million.

The return on equity for 2020 is 10.3 per cent. Debt levels are projected to rise slightly to fund investments in our Capital Plan. Debt to equity levels will remain well within the established limit of 1:1 into the future.

To date, Aquatera has provided \$228 million in benefits to shareholders directly in the form of cash dividends, franchise fees and payment for service, and indirectly with stock dividends.

2020 DIVIDENDS PAID TO SHAREHOLDERS



City of Grande Prairie
\$3,294,086



County of Grande Prairie
\$724,316



Town of Sexsmith
\$349,942

VALUE FOR SERVICE

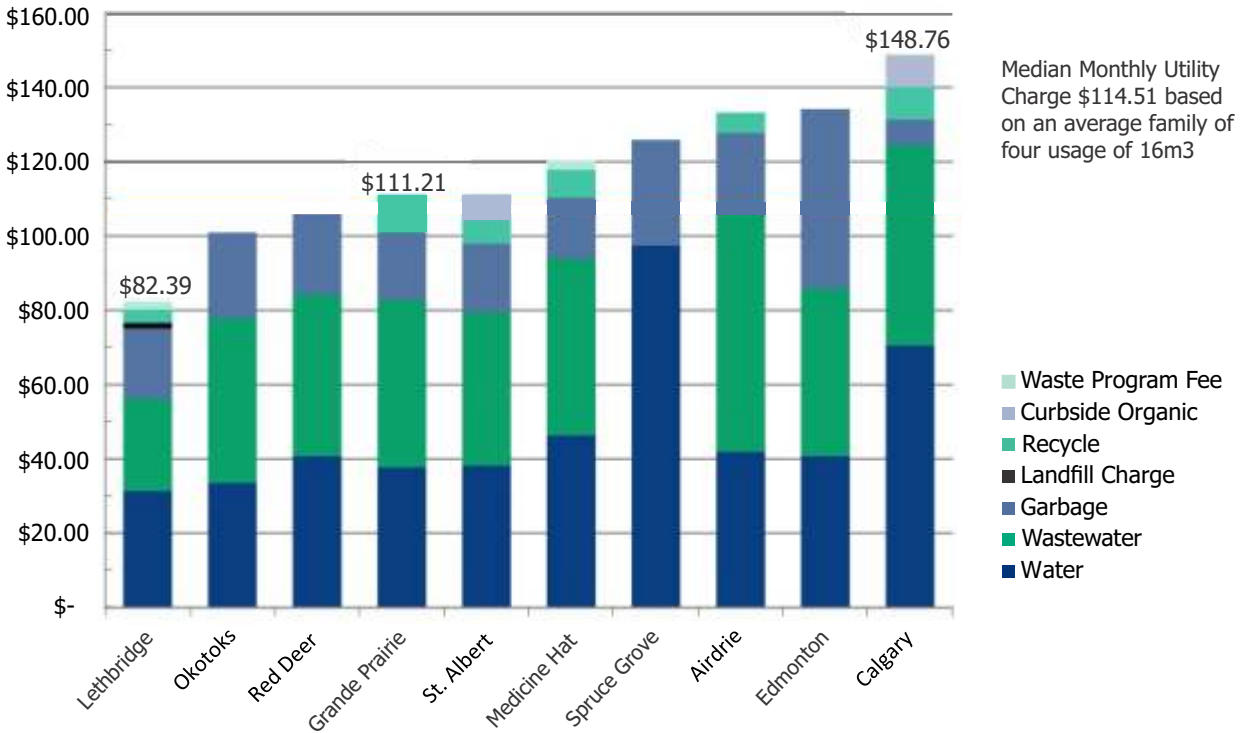
FAIR RATES TO INCREASE CUSTOMER VALUE

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

Our goal is to provide high quality utility services at rates at or below the median of comparable Alberta municipalities and 2020 saw us meeting that goal. Aquatera rates for 2020 were below the median at \$111.21.

2020 UTILITY RATE COMPARISONS

Franchise Fees Excluded



Median Monthly Utility Charge \$114.51 based on an average family of four usage of 16m3

Municipal Water Franchise Fee - Reflects 10% of both fixed and variable rates for water revenue that is collected and goes directly to our shareholders.
Municipal Sewer Franchise Fee - Reflects 10% of both fixed and variable rates for wastewater revenue that is collected and goes directly to our shareholders.
Solid Waste Franchise Fee - Reflects charges that allow us to build and maintain our infrastructure in Grande Prairie only.

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 the community, we are working to improve and develop infrastructure to facilitate this growth.

The West Water Transmission Line was completed in 2020, supplying a second water feed to the City of Grande Prairie, providing critical redundancy for the existing water supply line.

A review and update to the Landfill Master Plan was completed in 2020, identifying a need for a storm water management system for the transfer station area, and providing direction for future landfill expansions. The storm water management system is scheduled for construction in 2021.

Construction of a bulk water station at the Dimsdale Booster Station was completed in 2020, with upgrades to a section of Range Road 73.

Construction of the Clairmont Regional Lift Station and North Interceptor Trunk Sewer is currently underway and expected to be completed in 2022. This project will support growth in the Clairmont area, while eliminating the three oldest lift stations in 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.

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 to eliminate Lift Station 2, and electrical upgrades to Lift Station 3 which will be completed in 2021.

In 2020, Aquatera officially implemented a new asset management software program, Cityworks. This program allows operations employees to track, maintain and report on assets, and update asset information in real-time. Asset data collected in Cityworks will assist in the development of a 25-year long-term asset management plan.



Aquatera's municipal roots provides a deep understanding for creating effective solutions and partnerships for future growth in the communities we serve.

Lora Brennan
Chief Operating Officer



GROWING THE BUSINESS

In 2020, Aquatera continued its efforts on growing our business through service expansion and enhancement. Priorities included Municipal Services and Service to Industry. Through the development of our 2020-2024 Strategic Plan, we identified a 15-year growth plan with a three-step approach: Now, Next, Not Yet, that will focus on organic growth in our core business sectors. To support our strategic vision, a Business Development Team was formed, with the goal of establishing community and government relationships, and encourage partnerships where it is beneficial to all stakeholders.

Aquatera's Treatment Plant Remote Operations team continues to provide contracted services to the Town of Hinton and the Town of Manning. In 2020, Aquatera extended the service contract with the Town of Manning until 2024. The Town of Hinton has contracted services until 2023.

Additionally, Aquatera was contracted by the Town of Spirit River and the Town of Fairview to provide electrical and instrumentation troubleshooting and repair services of their facilities.

Aquatera responded to an opportunity with the City of Wetaskiwin to provide operational and maintenance services.

Prior to the end of 2020, Aquatera identified an opportunity to respond to a Request for Proposal for the Municipality of Jasper to operate and maintain the municipality's wastewater treatment facilities.

Aquatera entered into a contract with the Village of Hythe to assist with the annual discharge of their sewage lagoon and provide training to the Village's treatment operators.



I am excited to be involved in Aquatera's new 15 year strategic growth plan. Focussing on our core competencies of water, wastewater and solid waste services is key to enhancing our future success.

Wayne Drysdale
Senior Vice President of
Business Development



CONCLUSION

For more than 17 years, residents in the Grande Prairie region have entrusted Aquatera to deliver trusted quality, valued service and peace of mind to the communities we serve.

Aquatera embodies our continuing commitment to deliver on this promise, while expanding our core essential service offerings to communities outside of our current service region.

Operational Excellence provides the foundation for success, ensuring the continued delivery of high quality utility services and the opportunity to grow and enhance our core business.

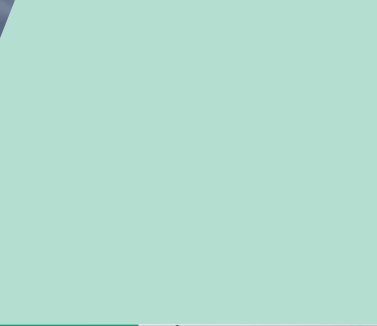
Customer and Shareholder Engagement remain an area of focus for Aquatera. Stakeholder connection and satisfaction is vital for Growing Healthy Communities, and future success.

Our success strongly depends on attaining the right Culture, Leadership and Talent. In an environment of increasing transformation, it is imperative to attract progressive talent and develop an innovative culture.

Cultivating a robust revenue stream will support Financial Success and strengthen Aquatera's External Growth Plan, allowing us to expand the delivery of our core essential services.

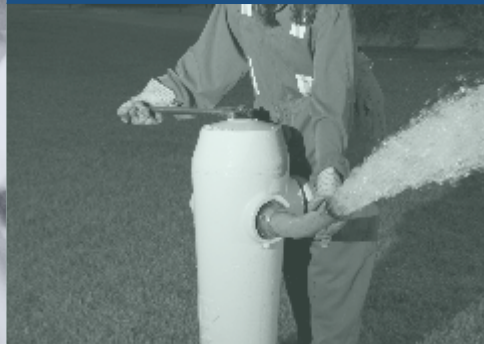
Our clear direction on organizational objectives puts Aquatera on a trajectory to deepen our impact on the communities we serve, strengthen our reputation, and attract and diversify our partnerships.

Aquatera remains connected to our Vision, Mission and Core Values – the enduring ideals that serve as our compass as we navigate our way into the future.



AQUATERA[®]

WATER EARTH INNOVATION



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