

2021 YEAR IN REVIEW



Photo Credit: Jenn Labrecque



TABLE OF CONTENTS

OPERATIONAL EXCELLENCE	8
STAKEHOLDER ENGAGEMENT	10
CULTURE, LEADERSHIP & TALENT	13
FINANCIAL OVERVIEW	15
VALUE FOR SERVICE	16
PLANNING FOR GROWTH	17

MESSAGE FROM THE CEO



Vaughn Bend
Chief Executive Officer

In 2021, Aquatera embarked upon a second year of unprecedented disruption due to the COVID-19 pandemic. While the year presented many challenges, it also inspired opportunities for growth and progress. During this time, we were reminded of our strengths and abilities when we

work collectively as a team. We drew from this strength to support the communities in which we live and work, and identify new opportunities to drive sustainable and inclusive growth.

Aquatera strives to meet its Core Purpose of Growing Healthy Communities by providing essential utility services and investing our time, dollars and in-kind services into the areas where we work and live. One area we have focussed on recently is our environment, social and governance policies, practices, and performance. In 2021 the Board approved the Environmental, Social, and Governance (ESG) Policy which provides a transparent framework that guides our continued efforts and evolution as a caring organization, delivering on our commitment of Growing Healthy Communities.

In 2021, Aquatera provided over \$115,000 in cash and gift-in-kind sponsorships, and an additional \$48,000 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 resulting in an additional \$7,390 going back into our communities.

We are also pleased to report that we were able to deliver on our 2021 financial targets in the face of the pandemic and declare a \$4.5 million dividend to our shareholders.

On the customer side, we were keenly aware that a number of customers were affected negatively by the pandemic and in spite of increasing costs we were able to keep our utility rates at or below the median cost of similarly sized municipalities in the province. Our local customer service representatives worked tirelessly with vulnerable customers during this period.

The energy of recovery brings with it an excellent opportunity to advance our business. With that in mind, we took targeted actions to drive long-term profitability with a disciplined approach to expense management and prudent capital investment to position Aquatera for future growth.

Our business focus on providing our core utility services to municipal customer led to Aquatera acquiring two significant contracts. On July 1, 2021, Aquatera obtained full operating custody of the Municipality of Jasper's Wastewater Treatment Facilities. On September 23, 2021, Aquatera obtained full operating custody of Silver Pointe Village's Water Treatment Plant and Lagoon System, part of Parkbridge Lifestyle Communities. We look forward to strengthening these relationships and fostering ongoing, long-term partnerships.

Our Core Purpose of Growing Healthy Communities, along with our values of Safety, Teamwork, Quality, and Respect are the bedrock of our culture and provide us the strength and focus to improve our performance every day.

I would like to thank the Aquatera employees for their enthusiasm, engagement, and commitment to our communities. As we move forward, what will unite us is our promise to provide trusted quality, valued service, and peace of mind to our customers for the long-term.

WHO WE ARE

Aquatera is a municipally owned corporation and a leading provider of water, wastewater, and solid waste services in the Grande Prairie region and beyond. Our business is to provide high-quality utility services and sustainable solutions for stakeholders and the environment.



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



MESSAGE FROM THE BOARD CHAIR



Jim Smith
Board Chair

In 2021, Aquatera employees continued to excel in operational safety, and in sustaining a high-quality standard of service that our customers and communities have come to expect. The excellent work done to address the ongoing impact of the global pandemic has persisted and the corporation has continued to deliver an essential service while adapting to workplace change and unpredictable operational issues.

The focus on safety, by both leadership and employees, continues to improve workplace systems and is an essential element in developing and maintaining a healthy workplace culture. Employees and their families can take pride in the culture they contributed to and in making the company a great place to work.

Economic and financial challenges resulting from the pandemic were again met head on by management and employees. Reduced revenues were offset by cost saving decisions made by each department.

With operating agreements in place, or under development in other municipalities, the Board is confident that the company's return to its Shareholders will continue to grow. The Board has approved management's strategy of growth through leveraging its core competencies.

The organization's leaders have grown the management strength of the company. This, along with the acquisition of new talent and development of employees, will position the company well to continue to execute its strategy in the future.

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.

I would like to thank Rita Andreone and Abe Neufeld for their contributions and time served as Board Members (ended June 2021).

On behalf of myself and the Board of Directors, it has been a pleasure to serve Aquatera and the Grande Prairie Region in 2021.

BOARD OF DIRECTORS



Rita Andreone
Director



Mary Bulmer
Director



Jude Daniels
Director



Barbara Feit
Director



Andrew S. Fraser
Director



Lionel Laflamme
Director



Rob Mackin
Director



Abe Neufeld
Director



Dave Urness
Director

2021 HIGHLIGHTS



COMMUNITY GIVING

\$115,000+ in sponsorships (cash and gift-in-kind) in all communities we serve

\$48,000+ donated through the Bottle Donation Program

\$7,390 donated through the Employee Sponsorship Matching Program



HUMAN RESOURCES

9.8% Healthy turnover rate

Grande Prairie Chamber of Commerce Awards of Distinction Nominee

37 Net Promoter Score (NPS)
50 is considered world class positive staff engagement results

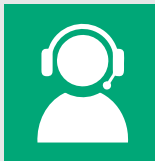


FINANCIALS

\$4.5M paid to Shareholders in cash dividends

\$31M in capital investments

35,000,000 kgs in carbon credits



CUSTOMER SERVICE

1,366 service requests completed

22,015 phone calls completed



WATER | WASTEWATER

22.3M litres per day (MLD) average daily water usage

8,546,196 m³ raw water diverted

45,778 m³ septic received

97,056 m³ sump received



SOLID WASTE

15,479,940 kgs of garbage collected curbside

10,980 kgs of Styrofoam processed at the Eco Centre

1,377,100 kgs of recycling diverted from the Landfill

1,340,080 kgs of recycling collected curbside

5,290 MWh of electricity produced from landfill gas (enough to power 4,215 homes/year)

OPERATIONAL EXCELLENCE

SAFETY

Aquatera's employees were the driving force behind our strong, safety-focussed response to the ongoing pandemic. Protecting their health and safety, along with that of our customers and communities was our top priority. Aquatera remained proactive with the continued implementation of enhanced safety measures and protocols to reduce risks and ensure the provision of water, wastewater, and solid waste services.

In 2021, Aquatera continued to focus 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 2021, we documented a Total Recordable Incident Rate (TRIR) of 1.51; we're proud to report that we had no lost-time injuries or days. 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™) internal audit. Aquatera achieved a score of 89 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.



Safety means everything to me and so does this award. I believe safety should be preconditioned to all of us. We need to work together and do things safely. A great safety speech isn't about telling staff to improve safety, it's a unique opportunity to motivate staff to work together for a common good and that's my intention.

Steve Petricevic
2021 Aquatera Safety Champion

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.

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 its discharge on the aquatic environment. In 2020, Aquatera commenced the second iteration of our Long-Term Monitoring and Mitigation Program, which was completed in 2021. Aquatera diligently meets or exceeds the requirements within our operating approvals.

In 2021, Aquatera completed 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, which will be completed in 2023/2024.

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 the final report released in 2021.

In 2021, Aquatera focussed on innovation, shifting away from traditional solid waste operations. An internal study was completed to determine the benefits of an industrial waste shredder to shred waste prior to it being compacted into the Landfill. Shredding waste significantly reduces volume, allowing more waste to be placed in a landfill cell, prolonging its lifecycle. Since the study, Aquatera has implemented a shredder at the Landfill with a goal of reducing airspace used per tonne of waste disposed and extending the Landfill's useful life.

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.

STAKEHOLDER ENGAGEMENT

COMMUNITY

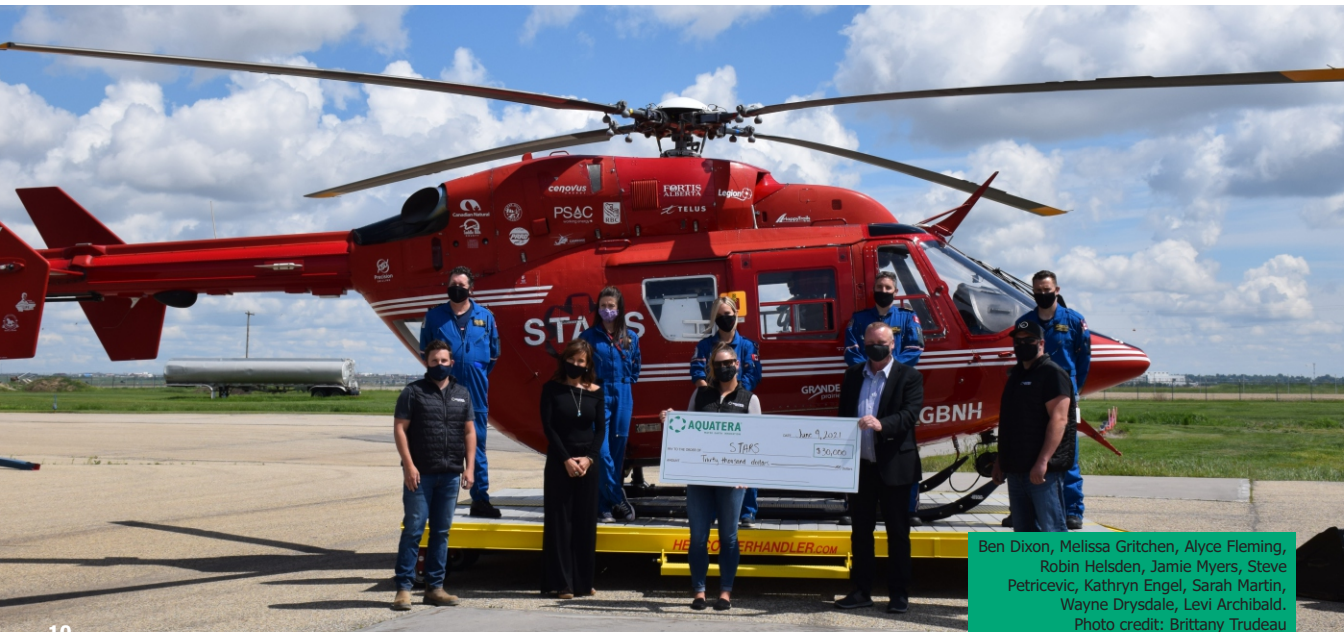
Aquatera is committed to strengthening and empowering the communities we serve. We invest in programs and initiatives that positively impact our environment, and support our Core Purpose of Growing Healthy Communities.

As the impacts of COVID-19 continued to be felt across our service region, Aquatera remained committed to revitalizing our communities by harnessing opportunities to invest in our communities. This included providing financial support and rallying behind community initiatives.

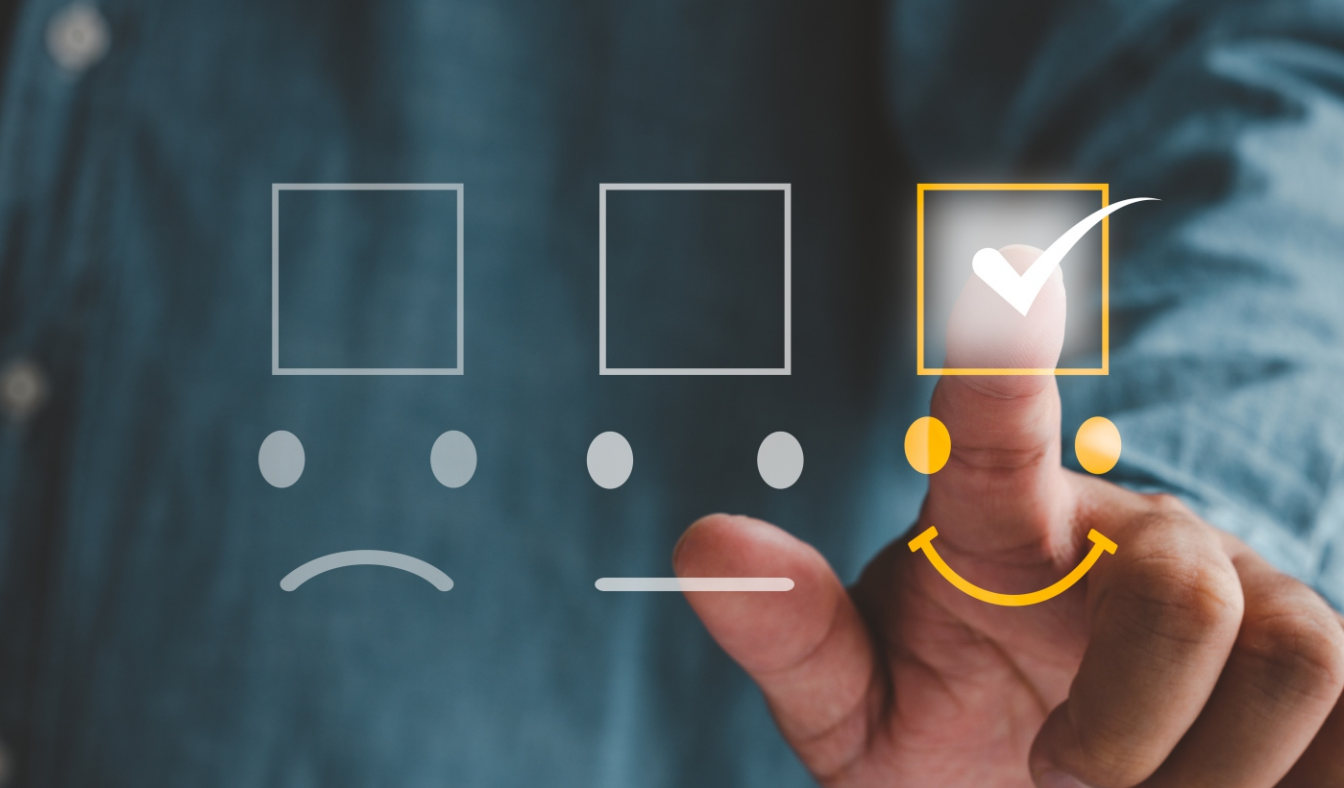
In 2021, Aquatera contributed \$115,000 to our service region through cash and gift-in-kind sponsorships. This included providing

\$30,000 over three years in support of STARS. Additionally, we saw an increase of support through our Employee Matching Program, where employees can donate to local, non-profit organizations, and Aquatera will match the donation up to \$100. In 2021, employees donated \$3,695, which Aquatera matched for a total donation of \$7,390.

It was also a successful year for our Bottle Donation Program. In 2021, we raised and donated over \$48,000 to local youth organizations and, since inception to the end of 2021, raised more than \$985,000. The Bottle Donation Program is a partnership between Aquatera and Recycle Plus.



Ben Dixon, Melissa Gritchen, Alyce Fleming, Robin Helsden, Jamie Myers, Steve Petricevic, Kathryn Engel, Sarah Martin, Wayne Drysdale, Levi Archibald.
Photo credit: Brittany Trudeau



CUSTOMER ENGAGEMENT

Aquatera continued to engage customers throughout 2021, 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. 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, or anonymously to another Aquatera customer.

In November 2021, a residential and commercial customer satisfaction survey was conducted by a third-party contractor to gauge how Aquatera's service is perceived. Three hundred and fifteen (315) residential respondents were recruited randomly by telephone (240) and social media (75), and 100 commercial respondents were recruited by telephone. Aquatera achieved an Net Promoter Score (NPS) of 16 among the combined population, indicating that the majority of customers are satisfied with the services provided.

SHAREHOLDER ENGAGEMENT

Shareholder engagement is important to our success and 2021 saw meaningful and intentional communication between Aquatera and our Shareholders.

Due to the ongoing pandemic, we turned to virtual meetings to conduct engagement activities. This included our Annual Shareholders Meeting, Business Planning Session, and quarterly Board Meetings.

In 2021, a third-party consultant was hired to conduct a targeted stakeholder feedback review and the findings for this review will be concluded in early 2022. The selection of stakeholders involved in the review included

Shareholders, Developers and the Grande Prairie Chamber of Commerce.

At the Annual General Meeting, Jim Smith was appointed as Board Chair for a term of one year, and Jude Daniels, Andy Fraser, and Rob Mackin were reappointed as Directors. At a Business Planning Session held in October, Shareholders were presented with an opportunity to provide feedback on Aquatera's draft two-year Business Plan. The Business Plan, which identifies regional rate changes that will occur in 2022/2023, the capital projects, and investment required over this time, and highlights of the 15-year growth plan was approved by the Board in November.



CULTURE, LEADERSHIP & TALENT



EMPLOYEE ENGAGEMENT

Consistent and transparent communication remained 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. One of our most successful engagement activities was our Virtual Town Hall, providing a venue for employees to stay connected and apprised of company updates.

An Employee Satisfaction Survey conducted in March and October of 2021 indicated that Aquatera employees are highly engaged. Through qualitative and quantitative data, the survey measures employee engagement and satisfaction, allowing us to identify positive qualities of Aquatera's culture and environment, as well as areas for improvement.

DIVERSITY AND INCLUSION

In recent years, it has become increasingly evident that diversity and inclusion provide multiple benefits to organizations and their employees. In 2021, Aquatera launched its first Diversity and Inclusion Survey to determine how well Aquatera represents diversity in our region. One hundred employees responded, approximately 65 per cent, sharing a range of information including age, ethnicity, gender identification, and sense of belonging. Results indicate that diversity within Aquatera reflects and aligns with diversity in our region.



SUCCESSION PLANNING AND DEVELOPMENT

We have adopted a strengths and competency-based talent management approach to recruit, hire, develop, and promote people with the required strengths and competencies. In 2021, the Board approved a new succession plan process for the Chief Executive Officer and Chief Operations Officer roles. Development plans for other key roles continue to be established.

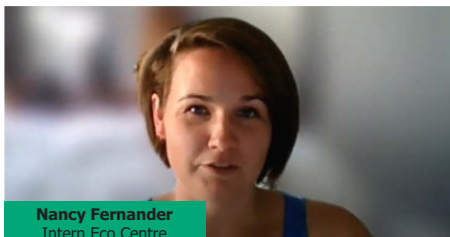
Although 2021 saw a pause in employee development and training due to the pandemic, Aquatera continued to invest in the essential and specialized development of our employees required to ensure the provision of high-quality products and services.

As part of this commitment Aquatera has proudly been hosting Water Week North, a water and wastewater conference dedicated to providing learning and training opportunities to owners and operators in northern Alberta. In 2021, Water Week North took place virtually, welcoming operators from across Alberta and bringing together workshops and technical presentations to support

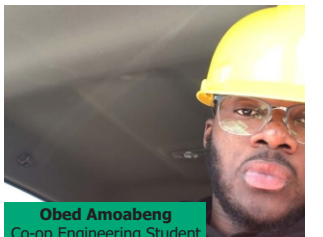
continuing education. Delivering this conference virtually provided flexibility to attendees, allowed Aquatera to expand its audience, and resulted in increased interaction and engagement. Aquatera looks forward to revitalizing this conference in 2023, with the enhanced Water | Earth | Innovation Conference.

As the external environment stabilizes, training and development will be reevaluated, focussing on opportunities that align employee's development plans with the company's needs and growth plans.

Aquatera continues to participate in the internship program and co-op student programs through various educational institutions. In 2021, we retained a student for the Eco Centre, the Treatment Plant and the Engineering Team. These students from Northwestern Polytechnic, NAIT, and the University of Alberta provided support on several projects and as a result of the successful work terms, Aquatera continues with these programs, hiring more students in 2022.



Nancy Fernander
Intern Eco Centre



Obed Amoabeng
Co-op Engineering Student



Garret McKinney
Intern Treatment Plant

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.

Operational efficiency and customer service remain key areas of focus. Our 2021 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.

In 2021, the pandemic continued to impact revenues. Water consumption remained in a decline from previous years, with billed water volumes below target. The financial impacts required us to pivot and focus on reducing operating expenses. Cash flow results for 2021 were \$25.7 million, above our

original target of \$25.2 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 \$2.1 million. Dividends to Shareholders in 2021 totalled \$4.5 million. After a two-year waiting period, the Town of Wembley received its first Shareholder dividend.

The return on equity for 2021 is 8.7 per cent. Debt levels have decreased; debt-to-equity levels will remain within the established limit of 1:1 into the future.

To date, Aquatera has provided \$239.3 million in benefits to Shareholders directly in the form of cash dividends, franchise fees and payment for service, and indirectly with stock dividends.

2021 SHAREHOLDERS DIVIDENDS



City of Grande Prairie
\$3,385,982



County of Grande Prairie
\$764,828



Town of Sexsmith
\$366,673

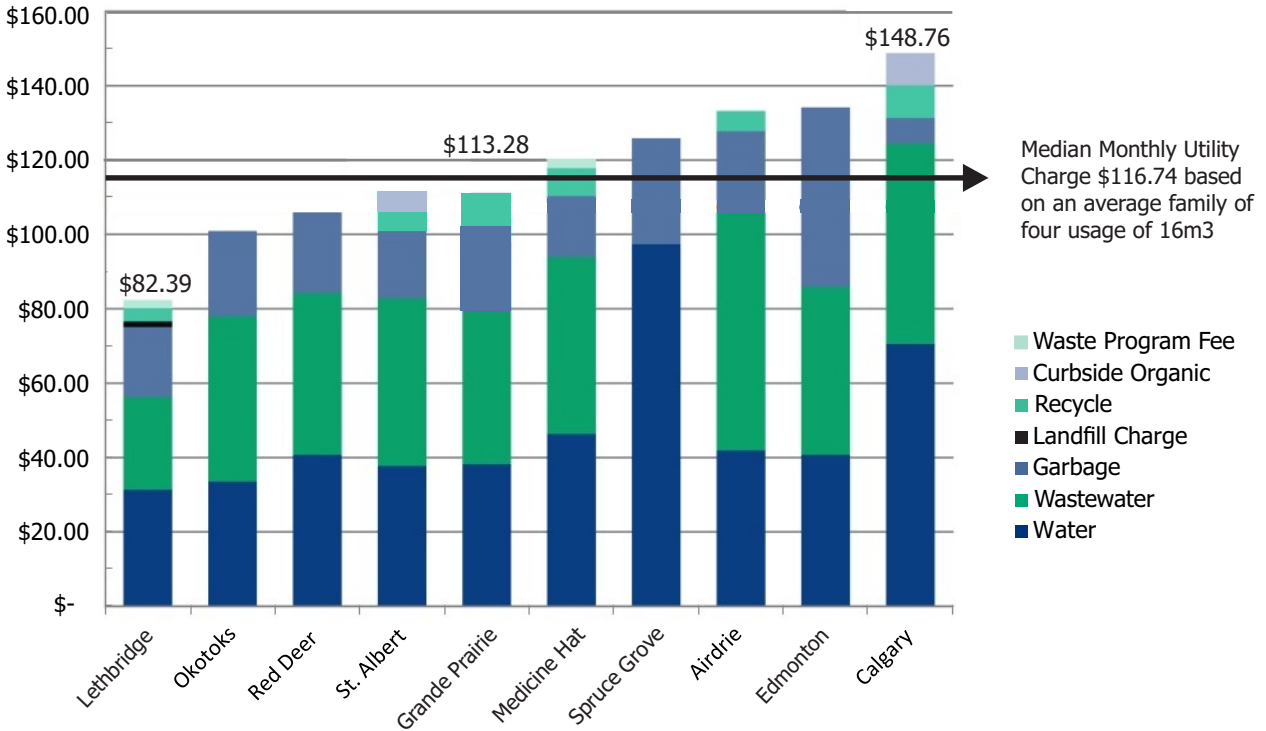


Town of Wembley
\$26,428

VALUE FOR SERVICE

2021 UTILITY RATE COMPARISONS

Franchise Fees Excluded



FAIR RATES TO INCREASE CUSTOMER VALUE

Aquatera establishes its rates using the Full Cost Service Utility model. This ensures customers rates are reasonable and reflective of the service level received, while allowing Aquatera to maintain the utility system over the long-term.

Our goal is to increase customer value by providing utility rates at or below the median of comparable Alberta municipalities and 2021 saw us meeting that goal. Aquatera rates for 2021 were below the median at \$113.28.

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.

Aquatera Utilities Inc. 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 June 2020 and was completed in October 2021.

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, and continued throughout 2021. They are expected to be 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 to eliminate Lift Station 2, and electrical upgrades to Lift Station 3, which were completed in 2021.



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 will be further developed in 2022.



GROWING THE BUSINESS

Throughout 2021, Aquatera continued to focus efforts on growing our business through service expansion and enhancement. To support our strategic vision a Business Development Team was formed with the goal of establishing community and government relationships, and to encourage partnerships where it is beneficial to all stakeholders.

In 2021, Aquatera responded to a Request for Proposal (RFP) issued by the Municipality of Jasper, to operate and maintain their treatment facilities. Aquatera was the successful proponent and, on July 1, 2021, obtained full operating custody of the Municipality of Jasper's Wastewater Treatment Facilities.

Aquatera entered into a one-year contract with the Village of Hythe to provide training for the Village's operators, as well as support and oversight of their facilities. This contract was successfully executed and completed on

December 31, 2021. An additional contract was secured with the Village of Hythe to install a chlorine analyzer, remote monitoring, and alarms for additional protection of the Village's system.

In 2020, Aquatera identified an opportunity to enter into a contract with Silver Pointe Village, to operate and maintain their water treatment plant and sewage lagoon. In 2021, Aquatera was named the successful proponent and began operating the facilities in September 2021.

Aquatera's Treatment Plant Remote Operations team continues to provide contracted services to the Town of Hinton and the Town of Manning. In 2021, Aquatera was contracted by the Town of Beaverlodge and Creekside Manufactured Home Park to provide maintenance and repair services for their water and wastewater facilities.



CONCLUSION

For more than 18 years, residents in the Grande Prairie region have entrusted Aquatera to deliver on trusted quality, valued service and peace of mind.

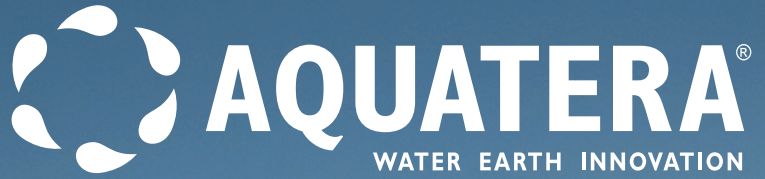
Although 2021 brought extended uncertainty, Aquatera continued to demonstrate operational excellence, strong customer and community engagement, financial resilience, and a supportive and collaborative culture.

As we look toward the future, we will continue to focus on optimizing our core services, growing our business through the provision of excellent customer service.

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

As we enhance and expand our core essential services outside of the Grande Prairie region, customers and communities can expect to receive the same value and quality of service that Aquatera prides itself on.

Aquatera is confident that we will emerge from this challenging time stronger than ever.



GROWING HEALTHY COMMUNITIES

www.aquatera.ca