



ANNUAL REPORT 2017


 **AQUATERA**[®]
WATER EARTH INNOVATION



Photo of our Water and Wastewater Treatment Plant Administrative Building.

Aquatera is an environmentally and socially responsible company, delivering trusted quality, valued service and peace of mind.



ATERA

TABLE OF CONTENTS

Message from the CEO	1
Message from the Board Chair	2
Corporate Overview	4
Engage Stakeholders	5
Community Investment	6
Drive Our Culture	7
Employee Engagement & Training	8
Grow Our Business	9
Highlights	10
Core Utility Services	11
Financial Overview	12



Aquatera Corporate Team

Back Row: Jeff Pieper, Bonny Dennis, Jeff Johnston, Bernd Manz; Front Row: Chelsea Lewis, Meredith Pilkington, Tracey Anderson

I'm very proud of the contributions of every Aquatera team member in living out our values of Safety, Quality, Respect and Teamwork to achieve what was our best year to date, in many respects.

We've highlighted our successes here within these pages, giving you a snapshot of what we were able to accomplish in 2017.

These accomplishments didn't happen overnight – rather they are the result of deliberate focus over time. I'm most grateful to work with such a strong Aquatera Corporate Team (ACT) aligned and supportive of each other – essential to the positive results we achieved together.

My thanks to all Aquatera team members who Help Grow Healthy Communities by providing essential services contributing to the quality of life of our customers!

Bernd Manz, P.Eng. ICD.D
CEO, Aquatera





Back Row: Dave Urness, Gerry Marcotte, Andy Beal, Abe Neufeld, Jim Smith; Front Row: Liz Soria, Catherine Connolly, Darlene Halwas

2017 was a big year for Aquatera. We acquired a new pipeline and manhole restoration company, and began the push of water service west to Wembley and sewage treatment service to Clairmont.

Perhaps most importantly, however, is that Aquatera continued to focus on customer, employee, stakeholder and shareholder satisfaction, leading to impressive results.

First, Aquatera developed into a very efficient company. There are still improvements to make, but continuous improvement is a part of our culture. Second, expense to revenue ratios dropped significantly, while quality, employee satisfaction and customer satisfaction all increased. And third, the focus on value remains a long term initiative.

The Board of Directors look forward to serving the Company, the Community and Aquatera's people in the years ahead. We thank you for the opportunity to serve.



Andy Beal
Chair, Aquatera Board of Directors



CORE PURPOSE

HELPING GROW HEALTHY COMMUNITIES

Operational Excellence in the Town of Manning

We have been working with the Town of Manning since 2014 when we responded to their request for an operational evaluation and operational services at their regional water treatment plant.

Since that time, our role has expanded to include water and wastewater treatment as well as oversight on water distribution and wastewater collection.

“When you contract services with Aquatera you get the entire team for support. We have received a variety of services from Aquatera including electrical, instrumentation, operations and training on uni-directional flushing. Aquatera staff [are] a pleasure to work with, responsive to our needs and available 24/7 to get the job done.”

– Dennis Egyedy, Chief Administrative Officer, Town of Manning

CORPORATE OVERVIEW

WHO WE ARE

- Providers of high quality regional utility services and customer value
- Partners with business and industry
- Steward of Air, Land and Water

CORE VALUES

- Safety
- Teamwork
- Quality
- Respect

2020 VISION

To be the most innovative municipal company in Canada by 2020, we will:

- Generate \$25 million in cash flow
- Be below the median Alberta utility rates
- Double our dividends to shareholders
- Enhance the public trust by prudently managing company risks



Bottle Donation Cheque Presentation to
YMCA of Northern Alberta



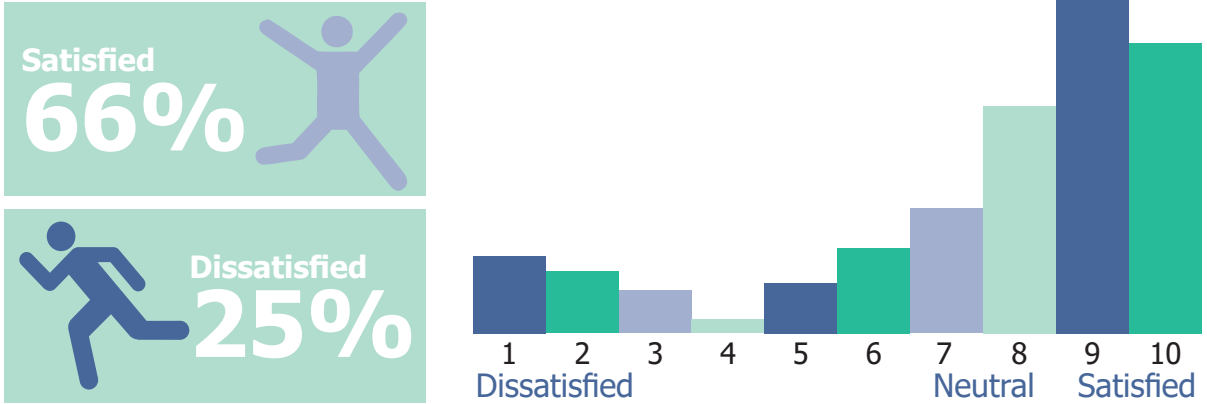
Litter Pickup Sponsorship
Program Recipients



2017 Aboriginal Job Shadow Intern

ENGAGE STAKEHOLDERS

In 2017, Aquatera invited residential and commercial customers to participate in our **Net Promoter Score Survey (NPS)** for purposes of gauging customer satisfaction. Our “Win Your Water” campaign allowed us to engage with customers on a monthly basis, while providing them an opportunity to contribute feedback regarding changes they would like to see. This input allows us to create more targeted communications campaigns to educate our customers on specific issues that are important to them. Aquatera’s 2017 NPS was **41**. This is calculated by subtracting the percentage of Dissatisfied customers (scoring 1-6) from the percentage of Satisfied customers (scoring 8-10).



The results of our Customer Satisfaction Survey highlight the areas where Aquatera excelled. Below are the top trends where customers were extremely satisfied with our services. While many customers were satisfied with our prices, the most common response for improvement was to provide lower rates.

Customer Service	Education	Communication	Scheduled Pickup
Contests	Fair Prices	Clean, safe water	Online Payments

COMMUNITY INVESTMENT



\$113,000+ in
Cash Donations



\$46,000+ in
In-Kind-Donations



Over 900,000 kilograms
diverted from Landfill in
partnership with Habitat for
Humanity Restore



\$5,000 donated for
Litter Pickup Program



In 2017, Aquatera proudly received the **BUSINESS PARTNER OF THE YEAR AWARD** from Goodwill. This award recognizes a business, company or organization that invests considerable resources in their community.

Aquatera supports Goodwill annually by waiving all tipping fees at our landfill. This is extended to a number of local non-profit organizations.



\$46,000+ raised through
the 2017 Bottle Donation
Program and more than
\$800,000 since inception



Engaged with thousands
of customers at local
community events

DRIVE OUR CULTURE

We are a **LEAN** company, which means we have purposefully instilled a culture and set of techniques as a way of doing business that identifies and eliminates unnecessary activities across our organization, from a customer perspective, ensuring that work is completed with less effort, time and improved quality.

The **AQUATERA WAY** was developed with the overriding principle that each and every employee can see the flow of value to the customer and has the ability and autonomy to improve. The Aquatera Way has facilitated a standardized and flexible approach to seeing, improving and sustaining change in our organization.



100+ JDI's (Just Do It's)
\$275,000 in savings



Aquatera was selected as the first recipient of the **International Continuous Improvement Excellence Award for North America** from Leading Edge Group. This award was established to recognize and honour organizations that implement sustainable continuous improvement programs. This award demonstrates our continued dedication and commitment to our community.



Continuous Improvement efforts led to the Revenue Direct Expense Ratio of 61.3%, exceeding our target of 63.3%

SAFETY is one of our Core Values. We value each other's safety and the safety of our communities and customers. On a daily basis, we strive to ensure every employee goes home pain and injury free.



96%
on COR™
External Safety
Audit

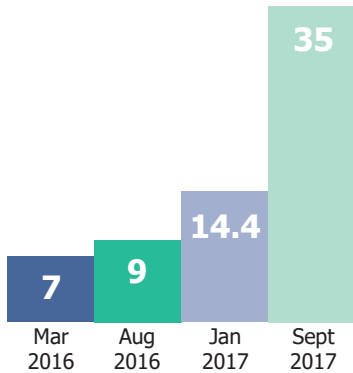
“ I feel very confident in Aquatera's safety program. It's one of the reasons I stay with this company, because they are not interested in taking shortcuts.
- Sarah Kaut, Solid Waste Operations Assistant Manager ”



ZERO
Total Recordable
Incident Record

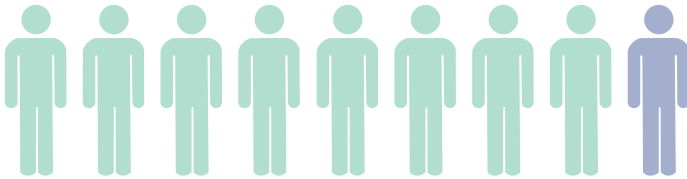
EMPLOYEE ENGAGEMENT & TRAINING

Aquatera employees are highly engaged and skilled. With many operators having dual certification levels they equip the company to provide expert support to other communities and industries. It's important to us that not only do Aquatera staff continue to develop the fundamental specialized skills to ensure the necessary capacity to deliver high quality products and services, but that they enjoy the work they do and are engaged in their work to help grow healthy communities.

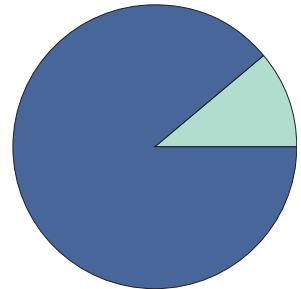


35

Employee **NET PROMOTER SCORE SURVEYS** conducted in 2017 indicated that Aquatera employees are highly engaged. Those surveys collect both qualitative and quantitative data. This accurately measures employee engagement and allows the employees to identify the positive qualities of the company's culture and work environment, while also identifying areas for improvement. Aquatera's 2017 NPS was **35**, not far from a 'World Class' Score.



For a second year, Aquatera collaborated with Grande Prairie School Boards, CAREERS the Next Generation and NAIT to be the industry partner for the dual credit program for high school students. Eight students enrolled in the **INTERNSHIP PROGRAM** and one student enrolled in the **ABORIGINAL JOB SHADOW PROGRAM**. They gained work experience with both our Distribution and Collection team and at our Water and Wastewater Treatment Plants.



In 2017, **89%** of Aquatera employees received formal training to further their skills and abilities.



In 2017, Aquatera hosted our 9th **WATER WEEK NORTH CONFERENCE** in Grande Prairie. This event raised awareness of Aquatera's expertise while offering applicable water and wastewater industry-related training. More than 100 industry professionals were in attendance.

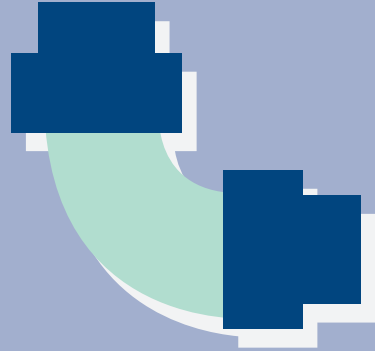


83% of Aquatera employees have received their **YELLOW BELT**, ensuring each one of us is equipped to make continuous improvement changes in our workplace.

GROW OUR BUSINESS

As a leader in innovation we are working to expand our business outside of our core services by creating new opportunities to earn revenue. These additional revenues will help keep our rates as low as possible for our residential and business customers, while maintaining our high quality, reliable utility service, and increase value to our shareholders.

Aquatera's goal to generate \$25 million in cash flow by 2020, increases returns to our municipal shareholders by **GROWING THE BUSINESS** through both expansion and service enhancement from both Municipal Services and Services to Industry.



Aquatera continues to pursue new shareholders as a sustainable method of growing our business. In 2017, we continued to collaborate with the Town of Wembley on the **WATER TO WEMBLEY** Project. Wembley has submitted an Expression of Interest to become an Aquatera Shareholder.

2017 CAPITAL EXPENDITURES amounted to \$12 million.

In 2017, construction began on a line that will see Clairmont wastewater treated at the Grande Prairie plant.

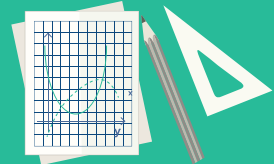
In addition, the first phase of the City's downtown enhancement project was completed. Old mains were replaced to support intensified redevelopment plans.



We maintain \$290 million worth of assets to keep water, wastewater and solid waste services running smoothly



We replaced 2,500 aging meters in Grande Prairie



New development water and wastewater infrastructure valued at \$3.2 million was transferred to Aquatera in 2017

Emergency Support Provided to the Village of Hines Creek

In 2017, the Village of Hines Creek was in need of operational support for their water treatment plant when they were suddenly left without a certified operator on staff.

In keeping with our core purpose of Helping Grow Healthy Communities, we respond quickly to requests for assistance.

“We were very fortunate that Aquatera was able to provide us with quality operators. [They] gave us a clear outline of operations to our water treatment plant...Requirements outlined under our approval with Alberta Environment were handled with efficiency. I would not hesitate to enter into another operation and maintenance agreement with Aquatera should the need arise.”

– Leanne Walmsley, Acting Chief Administrative Officer, Village of Hines Creek

Before leaving the Village of Hines Creek we were happy to help train operators and ensure the Village was able to operate the water treatment plant on its own.

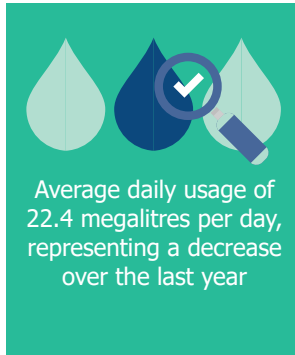
In 2017, our focus remained to pursue companies aligned with Aquatera’s core business. We will pursue **ACQUISITIONS** in industries where we have significant knowledge to support sustainable, long-term business operations and growth.

Aquatera acquired Advanced Trenchless Inc., a company based in Edmonton that provides restoration services to extend the life of underground pipe without the need for excavation and replacement.

In 2017, Aquatera acquired the remaining 10% of Watchhorn Rentals Ltd., located in Fairview Alberta. Watchhorn Rentals Ltd. was re-branded to Sustainable Water Solutions Inc. (SWS), providing water and wastewater solutions primarily to industry work camps.



CORE UTILITY SERVICES

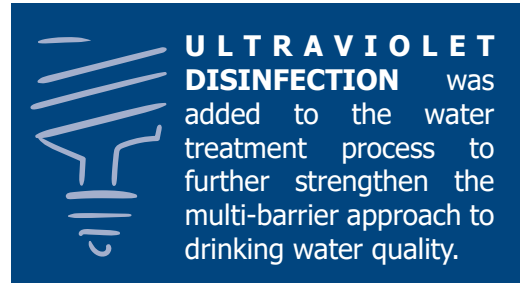


The **WATER TREATMENT** plant is capable of producing approximately 52 million litres of water per day (ML/D), the equivalent of **21 Olympic swimming pools!** In 2017, the average daily usage was 22 ML/D, equivalent to 9 Olympic swimming pools, with a summer peak of 32 ML/D. Aquatera is well positioned with facility capacity to service our current and new customers into the future.

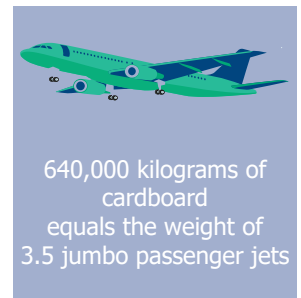
The **BIOREACTOR** Landfill Gas to Energy Project is reducing our environmental footprint. Captured methane gas is used by the adjacent treatment plants to generate onsite power and heat. Verified emission credits will generate revenue in future years.



The Consulting Engineers of Alberta awarded Aquatera with an **AWARD OF MERIT** for Innovation respecting the Bioreactor Landfill Gas to Energy Project.



WHAT RECYCLING LOOKED LIKE IN 2017...



FINANCIAL OVERVIEW

Aquatera retains sufficient cash flow to fund operations, infrastructure growth and business development. We fund our capital projects from cash (utility rates), infrastructure charges (development), debt (borrowing) and grants (government funding).



Shareholder	2017 Cash Dividend \$
City of Grande Prairie	2,882,615
County of Grande Prairie	627,577
Town of Sexsmith	289,424
Total Cash Dividend 2017	3,799,616

Aquatera has provided \$128.1 million in shareholder benefits since 2003.

