CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

BOARD MEETING
9:00 am, June 29, 2026
Council Chambers, Town of Redwater
AGENDA

1) Call to Order

2) Adoption of Agenda

3) Adoption of Minutes – May 25, 2026 Board Meeting

4) Delegation
    a) Brownlee LLP – AUC Update

5) Engineer Report (NONE)

6) Board or Sub-Committee Reports
    a) Strathcona/Ft Saskatchewan Withdrawals Sub-Committee Report
        a. Short Presentation – Jeff Hutton City of Ft Saskatchewan
        b. Hutton Letter – Preferred Methodology
        c. 2027 Estimated - Calculations
    b) Remuneration Sub-Committee update

7) New Business
    a) Blaskovits – Crossing Agreement Fee waiver – Affirming Motion
    b) Disposal of Assets Bylaw Amendments – No comments received yet
    c) July Workshop
        a. USL Workshop Recommendation – Affirming Motion of CEO appointment of USL as facilitator
        b. Anticipated Schedule – Strat Plan, separate interviews
        c. Meeting for Administrative Bylaw
    d) JSB/AUC update:
        a. New AUC Compliance Schedule
        b. WSA/Standby Agreements – update and preliminary work for ingoing
        c. IC (if required) further Board discussion of response

8) Commission Manager Report

9) Givens LLP Report - May 2026

10) Correspondence / Information

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

11) Next Meeting Dates:
    i) Monday, July 27 Workshop Bon Accord (hall?)
    ii) Monday, August 24, 2026 at __________________
    iii) Monday, September 28, 2026 at at __________________

12) Closed Session: **ATIA s19, s 20, s26, s28, & s32**
    a. Possible Delegation and 7(d)(c).

13) Adjournment

CAPITAL REGION NORTHEAST WATER SERVICES
REGULAR BOARD MEETING
MINUTES
Monday, May 25, 2026, at 9:00am
Strathcona County Office, Sherwood Park, Alberta

IN ATTENDANCE

(VM)Mayor Dave McRae, Town of Redwater – Chair
(VM)Councillor Kristen Toms, Sturgeon County Alternate
(VM)Councillor Timothy Larson, Town of Bon Accord - Deputy Chair
(VM)Councillor Patrick Noyen, City of Fort Saskatchewan
(VM)Councillor Sharla St. Germain, Town of Gibbons Alternate
(VM)Councillor Katie Berghofer, Strathcona County
Mr. Eugene Sobolewski, CEO CRNWSC
Mrs. Tara Sobolewski, Executive Clerk CRNWSC
Sadie Miller, City of Fort Saskatchewan
Tim Duhammal, Acting CAO Town of Gibbons
Jeff Ganew, Utilities Sturgeon County
*VM- Voting Member

1) CALL TO ORDER The meeting was called to order at 9:02am

2) ACCEPTANCE OF AGENDA

26-05-001 MOVED by Director Berghofer that the agenda be adopted as presented.

CARRIED

3) APPROVAL OF MINUTES

26-05-002 MOVED by Director Noyen that the minutes of the regular board meeting on April 27, 2026 be adopted as presented.

CARRIED

4) DELEGATION

5) ENGINEER REPORT (NONE)

6) BOARD OR SUBCOMMITTEE REPORTS

a) Strathcona/Ft Saskatchewan Withdrawals Sub-Committee Report

b) Remuneration Sub-Committee update

7) NEW BUSINESS

a) Bear Land – Contract Services – Crossing Agreements

26-05-003 MOVED by Director Noyen that the Board authorize the Commission Manager to entering a contract agreement with Bear Land services to review the existing Crossing agreement templates and enter in a service Agreement for administration of crossing agreements.

CARRIED

b) EPCOR Request to open valves

26-05-004 MOVED by Director Larson that the Board accept the report as information.

CARRIED

c) WCWWA – Regina Conference

26-05-005 MOVED by Director Noyen that the Board authorizes the Commission Manager to arrange for the attendance of Robert Simonowits and Timothy Larson along with the Commission Manager to the 2026 WCW – Water Conference in Regina, Saskatchewan from the dates of September 15 through September 18, 2026.

d) City of Fort Saskatchewan Rates – no additional input received, Ft. Sask. Director provided update
e) Disposal of Assets Bylaw Amendments – No comments received yet

10:15am - meeting recessed

10:20am - meeting resumed

f) Administrative Bylaw – deferred to July Meeting

g) JSB/AUC update:
   a. EPCOR meter – being verified
   b. Responses – New Service pipe/Flow Control to JSB

26-05-006 MOVED by Director Noyen that the Board accept the report as information.

CARRIED

   c. IC (If required) the past mgmt. – questions in this response

10:59am - meeting recessed

11:07am - meeting resumed

h) Water Rates – EPCOR increases from RWCG meeting, may result in proactive response from CRN

26-05-007 MOVED by Director Berghofer that the Board accept the report as information.

CARRIED

i) Strategic Plan – Discussion

26-05-008 MOVED by Director Larson that the board meet on July 27th, 2026 and spend half a day with a facilitator with regards to the Procedural bylaw and half the day with a facilitator on the Strategic Plan

CARRIED

8) COMMISSION MANAGERS REPORT

26-05-009 MOVED by Director Larson that the board accept the Commission Manager's report for information.

CARRIED

9) GIVENS LLP REPORT - April 2026

26-05-010 MOVED by Director St. Germain that the board accept Given's LLP report for information.

CARRIED

10) CORRESPONDENCE/INFORMATION

11) NEXT MEETING DATES:

i) Monday, June 29, 2026 at the Town of Redwater Office
ii) Monday, July 27, 2026 at the **TBD**
iii) Monday September 28, 2026 at the City of Fort Saskatchewan

12) MOVE TO CLOSED SESSION: ATIA s19, s 20, s26, s28, & s32

a) Possible 7(f)(c)

26-05-011 MOVED by Director Toms that the Board move into closed session at 10:40pm.

CARRIED

26-05-012 MOVED by Director St. Germain that the Board return to open session at 10:59pm.

CARRIED

13) Adjournment- 11:41pm

These minutes were approved this _____ day of _______________,2026

____

Chair Commission Manager

Request for Decision (RFD)

Meeting Date: Monday, June 29, 2026 **Agenda Item:** 6a
Topic: **Ft Sask/Strathcona Sub-Committee Report**
Presented By: Commission Manager

Recommendation:

1. **That the Board**
2. **That the Board**

Background:

Upon receipt of the letter from Jeff Hutton (City of Fort Saskatchewan), the sub-committee was not able to meet to review the subject. Provided is:

a) The letter from Jeff Hutton
b) The updated presentation summation to the Sub-Committee/Board
c) The detailed spreadsheet calculations

The City Administrative Staff and Commission CEO have been working on various scenarios and options to get to this point. The Sub-committee directed that the numbers should reflect anticipated 2027 costs and water consumption as a basis for the calculations.

Mr. Hutton's letter focuses on the methodology rather than targeting the specific numbers associated with the various scenarios reviewed because with the AUC matter not yet resolved, the formulas and numbers may change, however the methodology will not.

The preference provided in Mr. Hutton's letter is that the operating costs be calculated on the basis pipe systems required to provide the service to the City and then by allocation, pursuant to the 1980 Agreement with the Minister in the calculation of grant funding for the construction of the 900 mm PCCP pipe and reservoir.

The preferred option for the calculation of the capital costs is the same as operating costs, which is to be calculated on the basis pipe systems required to provide the service to the City and then by allocation, pursuant to the 1980 Agreement with the Minister in the calculation of grant funding for the construction of the 900 mm PCCP pipe and reservoir.

Request for Decision (RFD)

Discussion (benefits/disadvantages):

Since 1984 the CRN has used a uniform rate methodology which was equal to all members. The AUC matter has ruled that for JSB, that operating costs must be segregated (as per the WSA) and apportioned to only the pipe and systems used to supply water to JSB.

Administrative costs are calculated on the basis of actual customer consumption. The water (purchase) rate charged is the actual rate charged to the CRN by EPCOR and Strathcona County.

Alternatives:

None

Financial Implications:

None

Legislation:

Municipal Government Act (MGA) s. 602.09

Intergovernmental:

N/A

Strategic Alignment:

N/A

Enclosure(s):

Attachments 1.

Signature of the Commission Manager: ______________________

CITY OF FORT SASKATCHEWAN
10005 102 Street, Fort Saskatchewan, Alberta T8L 2C5
780.992.6200 | info@fortsask.ca

June 19, 2026

Capital Region Northeast Water Services Commission
P.O. Box 3438
Sherwood Park, AB

Attention: Dave McRae, Chair

Re: Sub Committee Work on Rates

Overall goal
The City's letter to the Commission dated February 11, 2026, stated the following:

> **The City is looking for a fair rate structure and a mechanism to protect that rate structure and protect critical bylaws, now and into the future.**
>
> The City is open to the possibility that a suitable outcome can be reached through good faith discussions without prejudice to its ability to rely on the notice of withdrawal in the event the City's concerns are not resolved.
>
> To ensure clarity, the City is working with the Commission on resolution and the City is simultaneously working on preliminary design of an alternate supply in the event we cannot reach resolution. This dual approach is essential as the City works to "Determine the preferred option to meet future water needs as the City's demands continue to increase." (2023 to 2026 City of Fort Saskatchewan Strategic Plan)

Background
At the April 20, 2026 Sub Committee meeting a number of rate options were presented and discussed. The City of Fort Saskatchewan has had the opportunity to consider these options and is now able to indicate which option best mitigates the City's concern related to imbalance in contribution and benefit (rates).

Request
The City is requesting that the Sub Committee take forward the following motion for consideration by the Board on or before July 31, 2026:

That the CRNWSC establish a customer class for Fort Saskatchewan where rates will be calculated as follows:

- Operation and Maintenance Costs
  - Option A – by pipe then by allocation
- Capital Costs
  - Option A - by pipe then by allocation

Rationale:
Creating a Fort Saskatchewan customer class that more accurately reflects the principle of cost causation helps to mitigate the City's concern related to imbalance in contribution and benefit.

Process
The City is appreciative of and continues to be supportive of the Sub Committee work. At this point the City felt a clearly articulated request may help to bring the Sub Committee's work on rates to a conclusion. If you determine that additional discussion is required by the Sub Committee the City representatives are available and willing to participate.

For your awareness, City Administration is working to bring a decision before Fort Saskatchewan Council by mid September of 2026. It is our hope to have clarity on rates as well as representation so we can provide Council with the full information they need to consider how best to meet the City's future water supply needs.

Administrative Bylaw
This Bylaw remains critical to the City's concerns related to representation. It is our understanding that this matter was tabled to a workshop sometime in July and that the date is TBD. The City looks forward to these discussions.

Sincerely,
Sent via email
Jeff Hutton
City of Fort Saskatchewan

c.c.
Katie Berghofer, Strathcona County
Patrick Noyen, Fort Saskatchewan
Gene Sobolewski, CRNWSC
Sadie Miller, Fort Saskatchewan

Reserve Payment = $9.5 million, Contribution = $450,000/yr

Reserve Payment = River Crossing $9.5 million/Contribution = $450,000/yr

Summary Chart	Water Use	Water Purchase	Administration Cost	Operations/Maintenance Cost Pipe System Allocation	SubTotal $/m3	Capital A Pipe System Benefit	Total A $/m3	
Fort Saskatchewan	2,800,000	$ 1.052	$ 0.147	$ 0.110	$ 1.309	$ 0.087	$ 1.395	$ 3,906,546.72
Sturgeon County	1,620,000	$ 1.052	$ 0.147	$ 0.107	$ 1.306	$ 0.055	$ 1.361	$ 2,205,191.53
Gibbons	300,000	$ 1.052	$ 0.147	$ 0.384	$ 1.583	$ 0.142	$ 1.725	$ 517,441.36
Bon Accord	175,000	$ 1.052	$ 0.147	$ 0.325	$ 1.523	$ 0.120	$ 1.643	$ 287,511.94
Redwater	250,000	$ 1.052	$ 0.147	$ 0.344	$ 1.543	$ 0.159	$ 1.702	$ 425,439.13
JSBWRSC	2,300,000	$ 1.052	$ 0.147	$ 0.160	$ 1.359	$ -	$ 1.359	$ 3,126,181.64
Hwy 28/63	500,000	$ 1.052	$ 0.147	$ 0.065	$ 1.264	$ 0.030	$ 1.293	$ 646,728.68
	7,945,000							**$ 11,115,041.00**

Capital A - By Use - Allocation									**$ 18,220,000.00**	**2025 Reserve**		
Fort Usage/Benefit		**900 mm**		**750mm**		**crossing**			$ 17,700,000			
Net After									**$ 520,000.00**	Remaining		
	Present Value	**$ 12,824,357**		**$ 13,133,635**		**$ 15,000,000**						
	Grant	**30%**		**30%**		**30%**						
		$ 8,977,050		**$ 9,193,545**		**$ 10,500,000**						
	Reserves	**$ 5,000,000**		**$ 3,200,000**		**$ 9,500,000**						
JSBWRSC	34.1%	$ 3,061,820	55.1%	$ 5,067,370		**$ -**						
	Allocation	**$ 915,230**		**$ 926,175**		**$ 1,000,000**	**Total**	**Weighted %**	$ 450,000			
Fort Saskatchewan	57.9%	529,482			100%	$ 1,000,000	$ 1,529,482	**13.9%**	$ 0.09	$ 242,227.71		
Sturgeon County	18.2%	166,669	43.2%	400,171			$ 566,840	**5.2%**	$ 0.06	$ 89,771.77		
Gibbons	8.6%	78,921	20.5%	189,488			$ 268,409	**2.4%**	$ 0.14	$ 42,508.53		
Bon Accord	4.2%	38,871	10.1%	93,330			$ 132,201	**1.2%**	$ 0.12	$ 20,937.04		
Redwater	8.0%	73,580	19.1%	176,666			$ 250,246	**2.3%**	$ 0.16	$ 39,632.07		
							$ 8,129,190	**74.1%**		$ -		
Hwy 28/63	3.0%	27,706	7.2%	66,521			$ 94,227	**0.9%**	$ 0.03	$ 14,922.89	$ 2,841,405	
	100%	915,230	100%	926,175		$ 1,000,000	$ 10,970,594	100%	$ 0.59	$ 450,000.00		6.3 Years Payback

Reserve Payment = $7.5 million, Contribution = $775,000/yr

Reserve Payment = River Crossing $7.5 million/Contribution = $775,000/yr

Summary Chart	Water Use	Water Purchase	Administration Cost	Operations/Maintenance Cost Pipe System Allocation	SubTotal $/m3	Capital A Pipe System Benefit	Total A $/m3	
Fort Saskatchewan	2,800,000	$ 1.052	$ 0.147	$ 0.110	$ 1.309	$ 0.202	$ 1.510	$ 4,229,309.71
Sturgeon County	1,620,000	$ 1.052	$ 0.147	$ 0.107	$ 1.306	$ 0.056	$ 1.362	$ 2,206,158.07
Gibbons	300,000	$ 1.052	$ 0.147	$ 0.384	$ 1.583	$ 0.143	$ 1.726	$ 517,899.03
Bon Accord	175,000	$ 1.052	$ 0.147	$ 0.325	$ 1.523	$ 0.121	$ 1.644	$ 287,737.36
Redwater	250,000	$ 1.052	$ 0.147	$ 0.344	$ 1.543	$ 0.160	$ 1.703	$ 425,865.84
JSBWRSC	2,300,000	$ 1.052	$ 0.147	$ 0.160	$ 1.359	$ -	$ 1.359	$ 3,126,181.64
Hwy 28/63	500,000	$ 1.052	$ 0.147	$ 0.065	$ 1.264	$ 0.030	$ 1.294	$ 646,889.35
	7,945,000							$ 11,440,041.00

Capital A - By Use - Allocation									**$ 18,220,000.00**	**2025 Reserve**		
Fort Usage/Benefit		**900 mm**		**750mm**		**crossing**			$ 15,700,000			
Net After									**$ 2,520,000.00**	Remaining		
	Present Value	**$ 12,824,357**		**$ 13,133,635**		**$ 15,000,000**						
	Grant	**30%**		**30%**		**30%**						
		$ 8,977,050		**$ 9,193,545**		**$ 10,500,000**						
	Reserves	**$ 5,000,000**		**$ 3,200,000**		**$ 7,500,000**						
JSBWRSC	34.1%	$ 3,061,820	55.1%	$ 5,067,370		**$ -**						
	Allocation	**$ 915,230**		**$ 926,175**		**$ 3,000,000**	**Total**	**Weighted %**	$ 775,000			
Fort Saskatchewan	57.9%	529,482			100%	$ 3,000,000	$ 3,529,482	**27.2%**	$ 0.20	$ 564,990.70		
Sturgeon County	18.2%	166,669	43.2%	400,171			$ 566,840	**4.4%**	$ 0.06	$ 90,738.31		
Gibbons	8.6%	78,921	20.5%	189,488			$ 268,409	**2.1%**	$ 0.14	$ 42,966.21		
Bon Accord	4.2%	38,871	10.1%	93,330			$ 132,201	**1.0%**	$ 0.12	$ 21,162.46		
Redwater	8.0%	73,580	19.1%	176,666			$ 250,246	**1.9%**	$ 0.16	$ 40,058.77		
							$ 8,129,190	**62.7%**		$ -		
Hwy 28/63	3.0%	27,706	7.2%	66,521			$ 94,227	**0.7%**	$ 0.03	$ 15,083.56	$ 4,841,405	
	100%	915,230	100%	926,175		$ 3,000,000	$ 12,970,594	100%	$ 0.71	$ 775,000.00		6.2 Years Payback

Cost of Water

- Volume based
- current state
- no options proposed

- Volume used x cost / cubic metre = cost of water

- Cost / cubic metre is blended
- (Cost from EPCOR + cost from Strathcona)/total volume purchased = blended rate

Admin cost

- Volume based
- current state
- no options proposed

- Total admin costs x % of total volume = admin cost attributed to each member/customer

O&M cost – current state

- By Allocation percentages and then segregated into zones of pipe
- Costs are assigned to each member based on volume

1980 ALLOCATIONS

Municipality	Capacity Factors Hwy 28/63 Adjusted m3/min	Adjusted 900mm % of Total	Adjusted 750mm % of Total	Adjusted Online Reservoir % of Total	Southside Pipe % of Total	Adjusted Zone 3 - % of Total	Adjusted Zone 4 - % of Total
Strathcona County		0.00%	0.00%	0.00%		0.00%	0.00%
Fort Saskatchewan	22.02	38.12%	0.00%	0.00%	80.00%	0.00%	0.00%
Sturgeon County	6.93	12.00%	19.39%	15.28%	0.00%	6.11%	53.67%
Gibbons	3.28	5.68%	9.18%	9.65%	0.00%	62.91%	0.00%
Bon Accord	1.62	2.80%	4.52%	4.75%	0.00%	30.98%	0.00%
Redwater	3.06	5.30%	8.56%	9.00%	0.00%	0.00%	33.66%
JSBWRSC	19.70	34.11%	55.12%	57.93%	20.00%	0.00%	0.00%
Hwy 28/63	1.15	1.99%	3.22%	3.39%	0.00%	0.00%	12.67%
Total	57.75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	30,355,090						
		57.75	35.74	34.00	22.02	5.22	9.09
	Total per System:	**100.00%**	**61.88%**	**58.88%**	**38.12%**	**9.03%**	**15.74%**

Operating Costs - Zones

	Year 2024	TOTAL % O & M (Operator Input)
Operations Zone 1 - North Pipe		**35.0%**
Total length (m)	8,477	
900 mm		**17.29%**
Total length (m)	4,188	*49.4%*
750 mm		**17.71%**
Total length (m)	4,289	*50.6%*
Online Control Room		**22.0%**
Online Reservoir		**13.0%**
Operations Zone 2 - South Pipe		**15.0%**
Operations Zone 3 - Gibbons/Bon Accord		**7.5%**
Operations Zone 4 - Heartland/Redwater		**7.5%**
		100%

O&M cost – Option A

- Costs are Totalled
- Costs are then assigned by each pipe zone using AUC formula
- Costs are assigned to each member based on the portion of the pipe that is allocated to them (design/historical amount)

Capital A – By Pipe System/Allocation

- Capital plan already identifies projects by member/customer
- costs are assigned based on 1980 allocation (AUC)

- Assumes 2025 values of projects
- Assumes 30% contribution from Water-For-Life
- JSB Share calculated and removed from share calculation
- Costs are then assigned by each pipe section

- Capital cost x pipe section x allocated % = members annual capital contribution

Reserve Payment = River Crossing $7.5 million/Contribution = $775,000/yr

Summary Chart	Water Use	Water Purchase	Administration Cost	Operations/Maintenance Cost Pipe System Allocation	SubTotal $/m3	Capital A Pipe System Benefit	Total A $/m3	
Fort Saskatchewan	2,800,000	$ 1.052	$ 0.147	$ 0.110	$ 1.309	$ 0.202	$ 1.510	$ 4,229,309.71
Sturgeon County	1,620,000	$ 1.052	$ 0.147	$ 0.107	$ 1.306	$ 0.056	$ 1.362	$ 2,206,158.07
Gibbons	300,000	$ 1.052	$ 0.147	$ 0.384	$ 1.583	$ 0.143	$ 1.726	$ 517,899.03
Bon Accord	175,000	$ 1.052	$ 0.147	$ 0.325	$ 1.523	$ 0.121	$ 1.644	$ 287,737.36
Redwater	250,000	$ 1.052	$ 0.147	$ 0.344	$ 1.543	$ 0.160	$ 1.703	$ 425,865.84
JSBWRSC	2,300,000	$ 1.052	$ 0.147	$ 0.160	$ 1.359	$ -	$ 1.359	$ 3,126,181.64
Hwy 28/63	500,000	$ 1.052	$ 0.147	$ 0.065	$ 1.264	$ 0.030	$ 1.294	$ 646,889.35
	7,945,000							**$ 11,440,041.00**

				Consumption By Pipe Sytem				
Fort Saskatchewan	2,800,000	$ 1.052	$ 0.147	$ 0.084	$ 1.283	$ 0.202	$ 1.485	$ 4,158,004.22
Sturgeon County	1,620,000	$ 1.052	$ 0.147	$ 0.163	$ 1.361	$ 0.056	$ 1.417	$ 2,296,020.91
Gibbons	300,000	$ 1.052	$ 0.147	$ 0.208	$ 1.406	$ 0.143	$ 1.550	$ 464,895.23
Bon Accord	175,000	$ 1.052	$ 0.147	$ 0.208	$ 1.406	$ 0.121	$ 1.527	$ 267,275.23
Redwater	250,000	$ 1.052	$ 0.147	$ 0.272	$ 1.471	$ 0.160	$ 1.631	$ 407,760.79
JSBWRSC	2,300,000	$ 1.052	$ 0.147	$ 0.166	$ 1.365	$ -	$ 1.365	$ 3,138,808.69
Hwy 28/63	500,000	$ 1.052	$ 0.147	$ 0.186	$ 1.384	$ 0.030	$ 1.415	$ 707,275.93
	7,945,000							**$ 11,440,041.00**

				All For One		Capital B All For One	Total B	
Fort Saskatchewan	2,800,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ 0.080	$ 1.422	$ 3,981,811.14
Sturgeon County	1,620,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ 0.080	$ 1.422	$ 2,303,762.16
Gibbons	300,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ 0.080	$ 1.422	$ 426,622.62
Bon Accord	175,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ 0.080	$ 1.422	$ 248,863.20
Redwater	250,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ 0.080	$ 1.422	$ 355,518.85
JSBWRSC	2,300,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ -	$ 1.342	$ 3,087,425.34
Hwy 28/63	500,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ 0.080	$ 1.422	$ 711,037.70
	7,945,000							**$ 11,115,041.00**

Water Purchase

EWSI/Strathcona Combined	$	1.052	
		m3/yr	**% of Total**
Fort Saskatchewan		2,800,000	35.2%
Sturgeon County		1,620,000	20.4%
Gibbons		300,000	3.8%
Bon Accord		175,000	2.2%
Redwater		250,000	3.1%
JSBWRSC		2,300,000	28.9%
Hwy 28/63		500,000	6.3%
		7,945,000	100%

Administration

2027 Admin Costs	**$**	**1,166,001**	$	166,571.57
				0.059489847
		m3/yr		0.666286286
Fort Saskatchewan	$	410,925		
Sturgeon County	$	237,750		
Gibbons	$	44,028		
Bon Accord	$	25,683		
Redwater	$	36,690		
JSBWRSC	$	337,546		
Hwy 28/63	$	73,380		
	$	1,166,001		

Operations and Maintenance **A - BY PIPE/ALLOCATION**

2027 O & M Costs **$ 1,140,900**

Allocation %

	900 mm	**South Pipe System**	**750mm**	**Online Control Rm**	**Online Reservoir**	**Zone 3 Gibbons**	**Zone 4 Redwater/Hwy28 /63**				
	17.3%	**15.0%**	**17.7%**	**22.0%**	**13.0%**	**7.5%**	**7.5%**	**100.0%**			
Fort Saskatchewan	38.1%	80.00%		38.1%							
	$ 75,203.72	**$ 136,908.00**		**$ 95,681.83**				**$ 307,793.55**	**$ 0.110**	**$ 1.309**	$ 1.51
Sturgeon County	12.0%	3.9%	19.4%	12.0%	15.3%	6.1%	53.7%				
	$ 23,672.46	**$ 6,637.21**	**$ 39,178.36**	**$ 30,118.51**	**$ 22,669.96**	**$ 5,229.02**	**$ 45,924.52**	**$ 173,430.03**	**$ 0.107**	**$ 1.306**	$ 1.36
Gibbons	5.7%	1.8%	9.2%	5.7%	9.7%	62.9%					
	$ 11,209.33	**$ 3,142.84**	**$ 18,551.65**	**$ 14,261.65**	**$ 14,312.84**	**$ 53,826.78**		**$ 115,305.10**	**$ 0.384**	**$ 1.583**	$ 1.73
Bon Accord	2.8%	0.9%	4.5%	2.8%	4.8%	31.0%					
	$ 5,521.01	**$ 1,547.96**	**$ 9,137.38**	**$ 7,024.40**	**$ 7,049.61**	**$ 26,511.70**		**$ 56,792.06**	**$ 0.325**	**$ 1.523**	$ 1.64
Redwater	5.3%	1.7%	8.6%	5.3%	9.0%		33.7%				
	$ 10,450.82	**$ 2,930.17**	**$ 17,296.30**	**$ 13,296.59**	**$ 13,344.32**		**$ 28,799.10**	**$ 86,117.30**	**$ 0.344**	**$ 1.543**	$ 1.70
JSBWRSC	34.1%	11.0%	55.1%	34.1%	57.9%						
	$ 67,286.22	**$ 18,865.50**	**$ 111,359.96**	**$ 85,608.38**	**$ 85,915.66**			**$ 369,035.72**	**$ 0.160**	**$ 1.359**	$ 1.36
Hwy 28/63	2.0%	0.6%	3.2%	2.0%	3.4%		12.7%				
	$ 3,935.11	**$ 1,103.31**	**$ 6,512.68**	**$ 5,006.64**	**$ 5,024.61**		**$ 10,843.89**	**$ 32,426.24**	**$ 0.065**	**$ 1.264**	$ 1.29
	$ 197,278.66	$ 171,135.00	$ 202,036.34	$ 250,998.00	$ 148,317.00	$ 85,567.50	$ 85,567.50	$ 1,140,900.00			

$ 1,140,900.00

Operations and Maintenance **B - BY PIPE/CONSUMPTION**

2027 O & M Costs $ **1,140,900**

	900 mm	South Pipe System	750mm	Online Control Rm	Online Reservoir	Zone 3 Gibbons	Zone 4 Redwater/Hwy28 /63				
Consumption % Weighted	**28.3%**	**0.7%**	**18.8%**	**29.0%**	**14.3%**	**2.0%**	**6.9%**	100.0%			
7,945,000	**7,765,000**	**180,000**	**5,145,000**	**7,945,000**	**3,930,000**	**549,520**	**1,890,480**	27,405,000			
Fort Saskatchewan	35.2%	80.00%		35.2%							
	$ **113,926.13**	$ **5,994.88**		$ **116,567.05**				$ **236,488.06**	$ **0.084**	$ **1.283**	$ 1.49
Sturgeon County	20.4%	3.9%	31.5%	20.4%	10.3%	13.6%	53.7%				
	$ **65,914.41**	$ **290.63**	$ **67,442.36**	$ **67,442.36**	$ **16,860.59**	$ **3,102.35**	$ **42,240.16**	$ **263,292.87**	$ **0.163**	$ **1.361**	$ 1.42
Gibbons	3.8%	1.8%	5.8%	3.8%	7.6%	54.6%					
	$ **12,206.37**	$ **137.62**	$ **12,489.33**	$ **12,489.33**	$ **12,489.33**	$ **12,489.33**		$ **62,301.30**	$ **0.208**	$ **1.406**	$ 1.55
Bon Accord	2.2%	0.9%	3.4%	2.2%	4.5%	31.8%					
	$ **7,120.38**	$ **67.78**	$ **7,285.44**	$ **7,285.44**	$ **7,285.44**	$ **7,285.44**		$ **36,329.93**	$ **0.208**	$ **1.406**	$ 1.53
Redwater	3.1%	1.7%	4.9%	3.1%	6.4%		33.7%				
	$ **10,171.98**	$ **128.31**	$ **10,407.77**	$ **10,407.77**	$ **10,407.77**		$ **26,488.65**	$ **68,012.25**	$ **0.272**	$ **1.471**	$ 1.63
JSBWRSC	28.9%	11.0%	44.7%	28.9%	58.5%						
	$ **93,582.18**	$ **826.08**	$ **95,751.51**	$ **95,751.51**	$ **95,751.51**			$ **381,662.77**	$ **0.166**	$ **1.365**	$ 1.36
Hwy 28/63	6.3%	0.6%	9.7%	6.3%	12.7%		12.7%				
	$ **20,343.95**	$ **48.31**	$ **20,815.54**	$ **20,815.54**	$ **20,815.54**		$ **9,973.92**	$ **92,812.82**	$ **0.186**	$ **1.384**	$ 1.41
	$ 323,265.41	$ 7,493.60	$ 214,191.95	$ 330,759.00	$ 163,610.18	$ 22,877.12	$ 78,702.74	$ 1,140,900.00			
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%				

$ 1,140,900.00

Operations and Maintenance **C - BY CONSUMPTION**

2027 O & M Costs $ **1,140,900**

Fort Saskatchewan	35.2%			
	$ **402,079.30**	$ **0.14**	$ **1.342**	$ 1.42
Sturgeon County	20.4%			
	$ **232,631.59**	$ **0.14**	$ **1.342**	$ 1.42
Gibbons	3.8%			
	$ **43,079.92**	$ **0.14**	$ **1.342**	$ 1.42
Bon Accord	2.2%			
	$ **25,129.96**	$ **0.14**	$ **1.342**	$ 1.42
Redwater	3.1%			
	$ **35,899.94**	$ **0.14**	$ **1.342**	$ 1.42
JSBWRSC	28.9%			
	$ **330,279.42**	$ **0.14**	$ **1.342**	$ 1.34
Hwy 28/63	6.3%			
	$ **71,799.87**	$ **0.14**	$ **1.342**	$ 1.42
	$ 1,140,900.00			

Capital A - By Use - Allocation									**$ 18,220,000.00**	**2025 Reserve**	
Fort Usage/Benefit		**900 mm**		**750mm**		**crossing**			$ 15,700,000		
Net After									**$ 2,520,000.00**	Remaining	
	Present Value	**$ 12,824,357**		**$ 13,133,635**		**$ 15,000,000**					
	Grant	**30%**		**30%**		**30%**					
		$ 8,977,050		**$ 9,193,545**		**$ 10,500,000**					
	Reserves	**$ 5,000,000**		**$ 3,200,000**		**$ 7,500,000**					
JSBWRSC	34.1%	$ 3,061,820	55.1%	$ 5,067,370		**$ -**					
	Allocation	**$ 915,230**		**$ 926,175**		**$ 3,000,000**	**Total**	**Weighted %**	$ 775,000		
Fort Saskatchewan	57.9%	529,482			100%	$ 3,000,000	$ 3,529,482	**27.2%**	$ 0.20	$ 564,990.70	
Sturgeon County	18.2%	166,669	43.2%	400,171			$ 566,840	**4.4%**	$ 0.06	$ 90,738.31	
Gibbons	8.6%	78,921	20.5%	189,488			$ 268,409	**2.1%**	$ 0.14	$ 42,966.21	
Bon Accord	4.2%	38,871	10.1%	93,330			$ 132,201	**1.0%**	$ 0.12	$ 21,162.46	
Redwater	8.0%	73,580	19.1%	176,666			$ 250,246	**1.9%**	$ 0.16	$ 40,058.77	
							$ 8,129,190	**62.7%**		$ -	
Hwy 28/63	3.0%	27,706	7.2%	66,521			$ 94,227	**0.7%**	$ 0.03	$ 15,083.56	$ 4,841,405
	100%	915,230	100%	926,175		$ 3,000,000	$ 12,970,594	100%	$ 0.71	$ 775,000.00	6.2 Years Payback

Capital B - All For One - Consumption									**$ 18,220,000.00**	**2025 Reserve**	
Fort Usage/Benefit		**900 mm**		**750mm**		**crossing**			$ 15,700,000		
Net After									**$ 2,520,000.00**	Remaining	
	Present Value	**$ 12,824,357**		**$ 13,133,635**		**$ 15,000,000**					
	Grant	**30%**		**30%**		**30%**					
		$ 8,977,050		**$ 9,193,545**		**$ 10,500,000**					
	Reserves	**$ 5,000,000**		**$ 3,200,000**		**$ 7,500,000**					
JSBWRSC	34.1%	$ 3,061,820	55.1%	$ 5,067,370		**$ -**					
	Consumption	**$ 915,230**		**$ 926,175**		**$ 3,000,000**	**Total**	**Weighted %**	$ 450,000		
Fort Saskatchewan	49.6%	453,967	49.6%	$ 459,396	49.6%	$ 1,488,043	$ 2,401,405	**18.5%**	$ 0.08	$ 223,206.38	
Sturgeon County	28.7%	262,652	28.7%	$ 265,793	28.7%	$ 860,939	$ 1,389,385	**10.7%**	$ 0.08	$ 129,140.83	
Gibbons	5.3%	48,639	5.3%	$ 49,221	5.3%	$ 159,433	$ 257,293	**2.0%**	$ 0.08	$ 23,914.97	
Bon Accord	3.1%	28,373	3.1%	$ 28,712	3.1%	$ 93,003	$ 150,088	**1.2%**	$ 0.08	$ 13,950.40	
Redwater	4.4%	40,533	4.4%	$ 41,017	4.4%	$ 132,861	$ 214,411	**1.7%**	$ 0.08	$ 19,929.14	
							$ 8,129,190	**62.7%**			
Hwy 28/63	8.9%	81,066	8.9%	$ 82,035	8.9%	$ 265,722	$ 428,822	**3.3%**	$ 0.08	$ 39,858.28	$ 4,841,405
	100%	915,230	100%	$ 926,175		$ 3,000,000	$ 12,970,594	100%	0.48	$ 450,000.00	10.8 Years Payback
				$ 8,066,266							

Reserve Payment = River Crossing $9.5 million/Contribution = $450,000/yr

Summary Chart	Water Use	Water Purchase	Administration Cost	Operations/Maintenance Cost Pipe System Allocation	SubTotal $/m3	Capital A Pipe System Benefit	Total A $/m3	
Fort Saskatchewan	2,800,000	$ 1.052	$ 0.147	$ 0.110	$ 1.309	$ 0.087	$ 1.395	$ 3,906,546.72
Sturgeon County	1,620,000	$ 1.052	$ 0.147	$ 0.107	$ 1.306	$ 0.055	$ 1.361	$ 2,205,191.53
Gibbons	300,000	$ 1.052	$ 0.147	$ 0.384	$ 1.583	$ 0.142	$ 1.725	$ 517,441.36
Bon Accord	175,000	$ 1.052	$ 0.147	$ 0.325	$ 1.523	$ 0.120	$ 1.643	$ 287,511.94
Redwater	250,000	$ 1.052	$ 0.147	$ 0.344	$ 1.543	$ 0.159	$ 1.702	$ 425,439.13
JSBWRSC	2,300,000	$ 1.052	$ 0.147	$ 0.160	$ 1.359	$ -	$ 1.359	$ 3,126,181.64
Hwy 28/63	500,000	$ 1.052	$ 0.147	$ 0.065	$ 1.264	$ 0.030	$ 1.293	$ 646,728.68
	7,945,000							$ 11,115,041.00

				Consumption By Pipe Sytem				
Fort Saskatchewan	2,800,000	$ 1.052	$ 0.147	$ 0.084	$ 1.283	$ 0.087	$ 1.370	$ 3,835,241.23
Sturgeon County	1,620,000	$ 1.052	$ 0.147	$ 0.163	$ 1.361	$ 0.055	$ 1.417	$ 2,295,054.37
Gibbons	300,000	$ 1.052	$ 0.147	$ 0.208	$ 1.406	$ 0.142	$ 1.548	$ 464,437.56
Bon Accord	175,000	$ 1.052	$ 0.147	$ 0.208	$ 1.406	$ 0.120	$ 1.526	$ 267,049.81
Redwater	250,000	$ 1.052	$ 0.147	$ 0.272	$ 1.471	$ 0.159	$ 1.629	$ 407,334.09
JSBWRSC	2,300,000	$ 1.052	$ 0.147	$ 0.166	$ 1.365	$ -	$ 1.365	$ 3,138,808.69
Hwy 28/63	500,000	$ 1.052	$ 0.147	$ 0.186	$ 1.384	$ 0.030	$ 1.414	$ 707,115.26
	7,945,000							$ 11,115,041.00

				All For One		Capital B All For One	Total B	
Fort Saskatchewan	2,800,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ 0.080	$ 1.422	$ 3,981,811.14
Sturgeon County	1,620,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ 0.080	$ 1.422	$ 2,303,762.16
Gibbons	300,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ 0.080	$ 1.422	$ 426,622.62
Bon Accord	175,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ 0.080	$ 1.422	$ 248,863.20
Redwater	250,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ 0.080	$ 1.422	$ 355,518.85
JSBWRSC	2,300,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ -	$ 1.342	$ 3,087,425.34
Hwy 28/63	500,000	$ 1.052	$ 0.147	$ 0.144	$ 1.342	$ 0.080	$ 1.422	$ 711,037.70
	7,945,000							$ 11,115,041.00

Water Purchase

EWSI/Strathcona Combined	$	1.052	
		m3/yr	**% of Total**
Fort Saskatchewan		2,800,000	35.2%
Sturgeon County		1,620,000	20.4%
Gibbons		300,000	3.8%
Bon Accord		175,000	2.2%
Redwater		250,000	3.1%
JSBWRSC		2,300,000	28.9%
Hwy 28/63		500,000	6.3%
		7,945,000	100%

Administration

2027 Admin Costs	**$**	**1,166,001**	$	166,571.57
				0.059489847
		m3/yr		0.666286286
Fort Saskatchewan	$	410,925		
Sturgeon County	$	237,750		
Gibbons	$	44,028		
Bon Accord	$	25,683		
Redwater	$	36,690		
JSBWRSC	$	337,546		
Hwy 28/63	$	73,380		
	$	1,166,001		

Operations and Maintenance **A - BY PIPE/ALLOCATION**

2027 O & M Costs **$ 1,140,900**

Allocation %

	900 mm	South Pipe System	750mm	Online Control Rm	Online Reservoir	Zone 3 Gibbons	Zone 4 Redwater/Hwy28 /63				
	17.3%	**15.0%**	**17.7%**	**22.0%**	**13.0%**	**7.5%**	**7.5%**	**100.0%**			
Fort Saskatchewan	38.1%	80.00%		38.1%							
	$ 75,203.72	**$ 136,908.00**		**$ 95,681.83**				**$ 307,793.55**	**$ 0.110**	**$ 1.309**	$ 1.40
Sturgeon County	12.0%	3.9%	19.4%	12.0%	15.3%	6.1%	53.7%				
	$ 23,672.46	**$ 6,637.21**	**$ 39,178.36**	**$ 30,118.51**	**$ 22,669.96**	**$ 5,229.02**	**$ 45,924.52**	**$ 173,430.03**	**$ 0.107**	**$ 1.306**	$ 1.36
Gibbons	5.7%	1.8%	9.2%	5.7%	9.7%	62.9%					
	$ 11,209.33	**$ 3,142.84**	**$ 18,551.65**	**$ 14,261.65**	**$ 14,312.84**	**$ 53,826.78**		**$ 115,305.10**	**$ 0.384**	**$ 1.583**	$ 1.72
Bon Accord	2.8%	0.9%	4.5%	2.8%	4.8%	31.0%					
	$ 5,521.01	**$ 1,547.96**	**$ 9,137.38**	**$ 7,024.40**	**$ 7,049.61**	**$ 26,511.70**		**$ 56,792.06**	**$ 0.325**	**$ 1.523**	$ 1.64
Redwater	5.3%	1.7%	8.6%	5.3%	9.0%		33.7%				
	$ 10,450.82	**$ 2,930.17**	**$ 17,296.30**	**$ 13,296.59**	**$ 13,344.32**		**$ 28,799.10**	**$ 86,117.30**	**$ 0.344**	**$ 1.543**	$ 1.70
JSBWRSC	34.1%	11.0%	55.1%	34.1%	57.9%						
	$ 67,286.22	**$ 18,865.50**	**$ 111,359.96**	**$ 85,608.38**	**$ 85,915.66**			**$ 369,035.72**	**$ 0.160**	**$ 1.359**	$ 1.36
Hwy 28/63	2.0%	0.6%	3.2%	2.0%	3.4%		12.7%				
	$ 3,935.11	**$ 1,103.31**	**$ 6,512.68**	**$ 5,006.64**	**$ 5,024.61**		**$ 10,843.89**	**$ 32,426.24**	**$ 0.065**	**$ 1.264**	$ 1.29
	$ 197,278.66	$ 171,135.00	$ 202,036.34	$ 250,998.00	$ 148,317.00	$ 85,567.50	$ 85,567.50	$ 1,140,900.00			

$ 1,140,900.00

Operations and Maintenance	B - BY PIPE/CONSUMPTION										
2027 O & M Costs	$ 1,140,900										
	Consumption %										
Weighted	28.3%	0.7%	18.8%	29.0%	14.3%	2.0%	6.9%	100.0%			
7,945,000	7,765,000	180,000	5,145,000	7,945,000	3,930,000	549,520	1,890,480	27,405,000			
	900 mm	South Pipe System	750mm	Online Control Rm	Online Reservoir	Zone 3 Gibbons	Zone 4 Redwater/Hwy28 /63				
Fort Saskatchewan	35.2%	80.00%		35.2%							
	$ 113,926.13	$ 5,994.88		$ 116,567.05				$ 236,488.06	$ 0.084	$ 1.283	$ 1.37
Sturgeon County	20.4%	3.9%	31.5%	20.4%	10.3%	13.6%	53.7%				
	$ 65,914.41	$ 290.63	$ 67,442.36	$ 67,442.36	$ 16,860.59	$ 3,102.35	$ 42,240.16	$ 263,292.87	$ 0.163	$ 1.361	$ 1.42
Gibbons	3.8%	1.8%	5.8%	3.8%	7.6%	54.6%					
	$ 12,206.37	$ 137.62	$ 12,489.33	12,489.33	$ 12,489.33	$ 12,489.33		$ 62,301.30	$ 0.208	$ 1.406	$ 1.55
Bon Accord	2.2%	0.9%	3.4%	2.2%	4.5%	31.8%					
	$ 7,120.38	$ 67.78	$ 7,285.44	$ 7,285.44	$ 7,285.44	$ 7,285.44		$ 36,329.93	$ 0.208	$ 1.406	$ 1.53
Redwater	3.1%	1.7%	4.9%	3.1%	6.4%		33.7%				
	$ 10,171.98	$ 128.31	$ 10,407.77	$ 10,407.77	$ 10,407.77		$ 26,488.65	$ 68,012.25	$ 0.272	$ 1.471	$ 1.63
JSBWRSC	28.9%	11.0%	44.7%	28.9%	58.5%						
	$ 93,582.18	$ 826.08	$ 95,751.51	$ 95,751.51	$ 95,751.51			$ 381,662.77	$ 0.166	$ 1.365	$ 1.36
Hwy 28/63	6.3%	0.6%	9.7%	6.3%	12.7%		12.7%				
	$ 20,343.95	$ 48.31	$ 20,815.54	$ 20,815.54	$ 20,815.54		$ 9,973.92	$ 92,812.82	$ 0.186	$ 1.384	$ 1.41
	$ 323,265.41	$ 7,493.60	$ 214,191.95	$ 330,759.00	$ 163,610.18	$ 22,877.12	$ 78,702.74	$ 1,140,900.00			
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%				

$ 1,140,900.00

Operations and Maintenance	C - BY CONSUMPTION			
2027 O & M Costs	$ 1,140,900			
Fort Saskatchewan	35.2%			
	$ 402,079.30	$ 0.14	$ 1.342	$ 1.42
Sturgeon County	20.4%			
	$ 232,631.59	$ 0.14	$ 1.342	$ 1.42
Gibbons	3.8%			
	$ 43,079.92	$ 0.14	$ 1.342	$ 1.42
Bon Accord	2.2%			
	$ 25,129.96	$ 0.14	$ 1.342	$ 1.42
Redwater	3.1%			
	$ 35,899.94	$ 0.14	$ 1.342	$ 1.42
JSBWRSC	28.9%			
	$ 330,279.42	$ 0.14	$ 1.342	$ 1.34
Hwy 28/63	6.3%			
	$ 71,799.87	$ 0.14	$ 1.342	$ 1.42
	$ 1,140,900.00			

Capital A - By Use - Allocation									**$ 18,220,000.00**	**2025 Reserve**		
Fort Usage/Benefit		**900 mm**		**750mm**		**crossing**			$ 17,700,000			
Net After									**$ 520,000.00**	Remaining		
Present Value		**$ 12,824,357**		**$ 13,133,635**		**$ 15,000,000**						
Grant		**30%**		**30%**		**30%**						
		$ 8,977,050		**$ 9,193,545**		**$ 10,500,000**						
Reserves		**$ 5,000,000**		**$ 3,200,000**		**$ 9,500,000**						
JSBWRSC	34.1%	$ 3,061,820	55.1%	$ 5,067,370		**$ -**						
	Allocation	**$ 915,230**		**$ 926,175**		**$ 1,000,000**	**Total**	**Weighted %**	$ 450,000			
Fort Saskatchewan	57.9%	529,482			100%	$ 1,000,000	$ 1,529,482	**13.9%**	$ 0.09	$ 242,227.71		
Sturgeon County	18.2%	166,669	43.2%	400,171			$ 566,840	**5.2%**	$ 0.06	$ 89,771.77		
Gibbons	8.6%	78,921	20.5%	189,488			$ 268,409	**2.4%**	$ 0.14	$ 42,508.53		
Bon Accord	4.2%	38,871	10.1%	93,330			$ 132,201	**1.2%**	$ 0.12	$ 20,937.04		
Redwater	8.0%	73,580	19.1%	176,666			$ 250,246	**2.3%**	$ 0.16	$ 39,632.07		
							$ 8,129,190	**74.1%**		$ -		
Hwy 28/63	3.0%	27,706	7.2%	66,521			$ 94,227	**0.9%**	$ 0.03	$ 14,922.89	$ 2,841,405	
	100%	915,230	100%	926,175		$ 1,000,000	$ 10,970,594	100%	$ 0.59	$ 450,000.00		6.3 Years Payback

Capital B - All For One - Consumption									**$ 18,220,000.00**	**2025 Reserve**		
Fort Usage/Benefit		**900 mm**		**750mm**		**crossing**			$ 17,700,000			
Net After									**$ 520,000.00**	Remaining		
Present Value		**$ 12,824,357**		**$ 13,133,635**		**$ 15,000,000**						
Grant		**30%**		**30%**		**30%**						
		$ 8,977,050		**$ 9,193,545**		**$ 10,500,000**						
Reserves		**$ 5,000,000**		**$ 3,200,000**		**$ 9,500,000**						
JSBWRSC	34.1%	$ 3,061,820	55.1%	$ 5,067,370		**$ -**						
	Consumption	**$ 915,230**		**$ 926,175**		**$ 1,000,000**	**Total**	**Weighted %**	$ 450,000			
Fort Saskatchewan	49.6%	453,967	49.6%	$ 459,396	49.6%	$ 496,014	$ 1,409,377	**12.8%**	$ 0.08	$ 223,206.38		
Sturgeon County	28.7%	262,652	28.7%	$ 265,793	28.7%	$ 286,980	$ 815,425	**7.4%**	$ 0.08	$ 129,140.83		
Gibbons	5.3%	48,639	5.3%	$ 49,221	5.3%	$ 53,144	$ 151,005	**1.4%**	$ 0.08	$ 23,914.97		
Bon Accord	3.1%	28,373	3.1%	$ 28,712	3.1%	$ 31,001	$ 88,086	**0.8%**	$ 0.08	$ 13,950.40		
Redwater	4.4%	40,533	4.4%	$ 41,017	4.4%	$ 44,287	$ 125,837	**1.1%**	$ 0.08	$ 19,929.14		
							$ 8,129,190	**74.1%**				
Hwy 28/63	8.9%	81,066	8.9%	$ 82,035	8.9%	$ 88,574	$ 251,674	**2.3%**	$ 0.08	$ 39,858.28	$ 2,841,405	
	100%	915,230	100%	$ 926,175		$ 1,000,000	$ 10,970,594	100%	0.48	$ 450,000.00		6.3 Years Payback
				$ 8,066,266								

Request for Decision (RFD)

Meeting Date: Monday, June 29, 2026 **Agenda Item:** 7a
Topic: **Blaskovits Crossing/Proximity – Affirmation Motion**
Presented By: Commission Manager

Recommendation:

That the Board affirm and approve the approval to authorize the Commission Manager to waive the fees of $1,500 for the Blaskovits Crossing Agreement for permission to construct a fence within their yard boundary and replace the existing boundary fence with chain link by means of utilizing only hand-held, non-mechanical tools to effect the ground disturbance to a maximum depth of 3 feet (0.91 m).

Background:

The Fees Charges Bylaw stipulates that a fee of $1,500 is to be levied for crossing/proximity agreements. In the majority of instances, the agreements have been requested by pipeline or other utility companies requiring drawing review by CRN and Associated Engineering to ensure that the work does not impact our pipe.

A request was received from Patricia Blaskovits, a residential landowner in the City of Ft. Saskatchewan, whereby she wanted to construct a new fence within the property boundaries (a duplex) from the existing fence to the residence. Additionally she requested to replace the existing wooden fence on the boundary with a chain-link fence. She indicated that only hand-held tools would be utilized to a maximum depth of 3 feet and requested that the application fees be waived.

Discussion (benefits/disadvantages):

The fees were introduced by the Board as a means to recover CRN costs for the preparation of these agreements. In this case, Associated Engineering was not required to review the application and provide recommendations as the approval was quite straight-forward. One stipulation in the agreement was that the property line had to be verified by a legal land surveyor to ensure additional encroachment into CRN R/W did not occur prior to replacement of the boundary fence.

The CEO waived the application fees and now requires an affirmation motion by the Board to ratify the action taken.

Alternatives:

None

Financial Implications:

The Crossing Agreement was prepared and executed prior to implementation of the new agreement templates and using the services of Bear Land in the processing of applications.

Legislation:

Municipal Government Act (MGA) s. 602.09

Request for Decision (RFD)

Intergovernmental:
N/A

Strategic Alignment:
N/A

Enclosure(s):
Attachments 1.

Signature of the Commission Manager: ______________________________

sobo5021@outlook.com

From:	Trisha Blaskovits <tblaskovits@hotmail.com>
Sent:	May 28, 2026 10:03 AM
To:	Gene Sobolewski
Subject:	Re: Fence removal first call.

Morning Gene,

Thank you for your timely response, at the moment the main part of the fence I am needing to get done is between 9811A and 9811. This is a duplex I live in and the owners on the other side will be selling as soon as the renos are done from the fire on his side of the duplex that his tenants caused. The back of the fence that is on or near the water line can wait. The only equipment being used will be a hand-held fence hole drill that will be going approximately two to max three feet deep to put in new 6x4 post with cement pour to stabilize the fence posts. I completely understand if the fence between the two properties have to wait. Any assistance with this procedure that is required is greatly appreciated.
By chance I can go ahead with the properties dividing fence between the two yards, that information would be greatly appreciated.
Thank you again for your time on this matter.

Regards,
Trisha Blaskovits

Get Outlook for Android

From: Gene Sobolewski <sobo5021@outlook.com>
Sent: Thursday, May 28, 2026 9:43:43 AM
To: Trisha Blaskovits <tblaskovits@hotmail.com>
Subject: RE: Fence removal first call.

Trisha,

Thank you for sending me your location. Unfortunately, the back fence line appears to be within 5.0 m of the major transmission water pipe (shown in blue) below. A crossing agreement will be required for any ground disturbance, which this project would qualify.

By bylaw, these agreements require a processing fee of $1,500 due to the complexity of the majority of applications we receive. Our engineer would give specific instructions as to the weight of any heavy equipment used (loaders, skid steers, excavators, etc.) planned to be used on site. An agreement for a non-industrial agreement
does not occur very often.

I do not have the authority under the bylaw to waive the fees, but I can bring it to the next Board meeting on June 28 for the Board to review. If your schedule is requiring the work to be done sooner, please let me know to see what our options are.

Gene

Gene Sobolewski, C.E.T.
CEO and Commission Manager
Capital Region Northeast
Water Services Commission
Phone : (780) 207-1884
Email: sobo5021@outlook.com

P.O. Box 3438
Sherwood Park, AB, T8H 2T3
www.crnwsc.com

From: Trisha Blaskovits <tblaskovits@hotmail.com>
Sent: May 27, 2026 3:17 PM
To: sobo5021@outlook.com
Subject: Fence removal first call.

Request for permission with removing old fence and putting up new fence exactly where old fence was. We want to make sure there is no issues with water lines.

9811A 91st
Fort Saskatchewan
T8L1L4
Alberta

Thank you in advance for your cooperation on this matter.

Trish Blaskovits

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sobo5021@outlook.com

From:	Gene Sobolewski
Sent:	May 29, 2026 8:53 PM
To:	David McRae; Katie Berghofer; Alanna Hnatiw; Timothy Larson; Robert Simonowits; Patrick Noyen
Subject:	Re: Proximity Agreement Situation

Thank you Dave.

Just for everyone's information and clarification, the agreement will be the same, with all the provisions we require and specific to hand-held implements to a maximum depth. That will not change.

Gene

Sent from my iPhone

From: David McRae <dmcrae@redwater.ca>
Sent: Friday, May 29, 2026 6:25:54 PM
To: Katie Berghofer <Katie.Berghofer@strathcona.ca>; Alanna Hnatiw <ahnatiw@sturgeoncounty.ca>; Timothy Larson <tlarson@bonaccord.ca>; Robert Simonowits <rsimonowits@gibbons.ca>; Gene Sobolewski <sobo5021@outlook.com>; Patrick Noyen <pnoyen@fortsask.ca>
Subject: Re: Proximity Agreement Situation

Hi Gene,
Looks like there is general consensus to waive the fee but initiate the standard permits with reasonable conditions to protect our infrastructure.

Thank you also for working so hard on the AUC response. I know it was down to the wire but collectively you and Tim worked well with legal.
Have a quiet weekend.

Dave

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From: Katie Berghofer <Katie.Berghofer@strathcona.ca>
Sent: Friday, May 29, 2026 3:58:09 PM

To: Alanna Hnatiw <ahnatiw@sturgeoncounty.ca>; Timothy Larson <tlarson@bonaccord.ca>; Robert Simonowits <rsimonowits@gibbons.ca>; Gene Sobolewski <sobo5021@outlook.com>; David McRae <dmcrae@redwater.ca>; Patrick Noyen <pnoyen@fortsask.ca>
Subject: Re: Proximity Agreement Situation

Hi,
I agree with what Alanna shared.
Thank you,
Katie

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From: Alanna Hnatiw <ahnatiw@sturgeoncounty.ca>
Sent: Friday, May 29, 2026 3:54:44 PM
To: Timothy Larson <tlarson@bonaccord.ca>; Robert Simonowits <rsimonowits@gibbons.ca>; Gene Sobolewski <sobo5021@outlook.com>; David McRae <dmcrae@redwater.ca>; Patrick Noyen <pnoyen@fortsask.ca>; Katie Berghofer <Katie.Berghofer@strathcona.ca>
Subject: Re: Proximity Agreement Situation

I certainly believe we would need to be specific about a setback distance and depth as you have suggested. I am fine with waiving the fee as long as that doesn't expose the board to liability from any (unlikely) damages.

Alanna

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From: Timothy Larson <tlarson@bonaccord.ca>
Sent: Friday, May 29, 2026 2:45:24 PM
To: Robert Simonowits <rsimonowits@gibbons.ca>; Gene Sobolewski <sobo5021@outlook.com>; David McRae <dmcrae@redwater.ca>; Patrick Noyen <pnoyen@fortsask.ca>; Katie Berghofer <katie.berghofer@strathcona.ca>; Alanna Hnatiw <ahnatiw@sturgeoncounty.ca>
Subject: Re: Proximity Agreement Situation

I believe if I understand. We have very low risk unless they change the method of digging. I f we cover ourselves by having the proper documents signed and an explanation to the resident and that they fully understand the dynamics of the contract . I Have no problem waving of the fees. Maybe we should have something in our bylaws? To cover these situation.
Thanks Gene:)

Get [Outlook for Android]

From: Robert Simonowits <rsimonowits@gibbons.ca>
Sent: Friday, May 29, 2026 1:07:23 PM
To: Gene Sobolewski <sobo5021@outlook.com>; David McRae <dmcrae@redwater.ca>; Patrick Noyen <pnoyen@fortsask.ca>; Katie Berghofer <katie.berghofer@strathcona.ca>; Alanna Hnatiw <ahnatiw@sturgeoncounty.ca>; Timothy Larson <tlarson@bonaccord.ca>
Subject: Re: Proximity Agreement Situation

You are being fair, Gene. I support your view and recommendation.

Cheers, Robert

Get [Outlook for iOS]

From: Gene Sobolewski <sobo5021@outlook.com>
Sent: Friday, May 29, 2026 1:03:29 PM
To: Robert Simonowits <rsimonowits@gibbons.ca>; David McRae <dmcrae@redwater.ca>; Patrick Noyen <pnoyen@fortsask.ca>; Katie Berghofer <katie.berghofer@strathcona.ca>; Alanna Hnatiw <ahnatiw@sturgeoncounty.ca>; Timothy Larson <tlarson@bonaccord.ca>
Subject: RE: Proximity Agreement Situation

Great question Robert,

The intention is only to waive the fee. The crossing agreement will still be issued, as it provides the necessary protection. Ultimately, if the landowner proceeds with handheld implements for digging, which will be specified in the approval, the risk to the CRN is quite low. If however, the landowner should change their methodology, and bring in equipment, that would require an additional full review, and amendment, which by virtue of the way we are proceeding, may trigger the need for the fees by virtue of amendment.

To be clear, the intention of permission sill be for the interior fence, using handheld implements, as she stated. We will likely specify a maximum depth.

I am trying to be fair to a homeowner resident and at the same time, conscious of the fact that this is the first residential request I have had to deal with in this manner, so into a gray area now.

Cheers!

Gene

Gene Sobolewski, C.E.T.
CEO and Commission Manager

Capital Region Northeast
Water Services Commission

Phone : (780) 207-1884
Email: sobo5021@outlook.com

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Sherwood Park, AB, T8H 2T3

www.crnwsc.com

From: Robert Simonowits <rsimonowits@gibbons.ca>
Sent: May 29, 2026 12:55 PM
To: David McRae <dmcrae@redwater.ca>; Patrick Noyen <pnoyen@fortsask.ca>; Katie Berghofer <katie.berghofer@strathcona.ca>; Alanna Hnatiw <ahnatiw@sturgeoncounty.ca>; Timothy Larson <tlarson@bonaccord.ca>
Cc: Gene Sobolewski <sobo5021@outlook.com>
Subject: Re: Proximity Agreement Situation

Good day all:

Can the fee be pro-rated? Is it refundable to the landowner? Are we at risk in any way? Would a refundable deposit be appropriate? Any recommendations from Gene?

A lot of questions! Sorry :-)

Cheers, Robert

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From: David McRae <dmcrae@redwater.ca>
Sent: Friday, May 29, 2026 12:47:40 PM
To: Patrick Noyen <pnoyen@fortsask.ca>; Katie Berghofer <katie.berghofer@strathcona.ca>; Alanna Hnatiw <ahnatiw@sturgeoncounty.ca>; Robert Simonowits <rsimonowits@gibbons.ca>; Timothy Larson <tlarson@bonaccord.ca>
Cc: Gene Sobolewski <sobo5021@outlook.com>
Subject: Proximity Agreement Situation

Good day, everyone,

Gene has an anomaly request for some construction near our main water line, close to the river crossing. The anomaly is that the request comes from a Fort Saskatchewan *individual* who is looking to replace some fence posts on her residential property. The work is being completed by hand, not with automated equipment, and should be no closer than about 2-3 meters away from the line. The identified work is to auger post holes about 3' deep and to set 4 X 6 posts in concrete. The project would be in proximity to the line, not construction crossing it. The fence is within her property and does not cross over the water line just enters into our set back.

The problem is that our rates and fees require a $1,500.00 fee because the majority (99.9%) of our crossing agreements relate to industrial / commercial operations, large scale equipment, engineered plans and actual crossings of the water line.

My question to you all is would you be in favor of varying or waiving the fee due to the inconsistencies noted above. We have not delegated the authority to do this to Gene and any decision we come up with now would have to be retroactively ratified by the Board at the next meeting.

Please "reply all" with your thoughts or preferences.

Thank you,
Dave McRae, Chair
CRNWSC

Request for Decision (RFD)

Meeting Date: Monday, June 29, 2026 **Agenda Item:** **7b**
Topic: **Draft Disposal of Assets Bylaw v3 for Approval**
Presented By: Commission Manager

Recommendation:

1. **That the Board give Bylaw 2026-002, the Disposal of the Commissions Assets Bylaw reading and adoption.**
2. **That the Board rescind Bylaw 2023-001, the previous Disposal of the Commissions Assets Bylaw.**

Background:

Bylaw 2023-001 was adopted in April 2023 apparently in preparation of the sale of a portion of waterline to Strathcona County. Disposal of assets were previously guided through a policy drafted in 2007. At that time assets were primarily focused on miscellaneous items such as computers, surplus piping, meters, etc., that were in storage or taking up space. Other items such as an old furnace, a broken shed, a welder, piping, valves, and other smaller miscellaneous items were considered for disposal as waste.

In 2023, Strathcona County made a request to purchase a section of the southside transmission main, which likely required more robust language from the bylaw or policy in place at the time, which likely formed the basis of bylaw 2023-001.

Discussion (benefits/disadvantages):

Version 2 (v2) of the Bylaw made was a complete revision of the previous bylaw. The Board wanted more information as to the valuation methodology, particularly the use of the book-value of assets as the basis for valuation. The AWWA paper and Raftelis provided information as to the recommended industry approach in the rather difficult task of calculating a fair valuation of assets. The use of the book value is not a recommended methodology and the approach recommended by Raftelis was to use the cost approach assessment method whereby consideration is given to the calculation of the replacement cost of the asset and then deducting the relative life cycle depreciation deduction of the existing asset from the cost.

The Bylaw (v3) is being reviewed by independent legal as well, however no comments from members or legal have been received.

Alternatives:

None

Financial Implications:

None

Request for Decision (RFD)

Legislation:
Municipal Government Act (MGA) s. 602.09

Intergovernmental:
N/A

Strategic Alignment:
N/A

Enclosure(s):
Attachments 1.

Signature of the Commission Manager: ____________________________

C•R•N•W-S•C

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

BEING A BYLAW RESPECTING THE DISPOSAL OF THE COMMISSION'S ASSETS

BYLAW NO. 2026-002

WHEREAS:

A. The Commission has been established by Ministerial Order L:081/07;

B. Pursuant to section 602.09(1)(f) of the Act, the Commission must pass a bylaw respecting the process for the disposal of the assets of the Commission; and

C. To ensure that the Physical Assets are used for the intent for which purchase funds were provided as grant funds, the Commission prohibits the sale, transfer, lease, or loan of any non-surplus asset, subject to the provisions herein.

NOW THEREFORE, the Board of Directors of the Commission enacts the following:

1. CITATION

(1) This Bylaw may be cited as the Capital Region Northeast Water Services Commission **"Disposal of the Commissions Assets Bylaw".**

2. DEFINITIONS

In this Bylaw:

(1) **"Act"** means the *Municipal Government Act,* R.S.A. 2000, c. M-26, as amended or replaced;

(2) **"Board"** means the Board of Directors of the Commission;

(3) "**Commission"** means the Capital Region Northeast Water Services Commission;

(4) **"CEO"** means the chief executive officer or such person appointed by the Commission to operate and manage the Commission on a day-to-day basis;

(5) **"Director"** means that individual appointed to the Board by a Member Municipality;

(6) **"Major System Asset"** means a water transmission system asset functioning to convey, store or pump in the supply of water to a Municipality or Commission.

(7) **"Minor System Asset"** means an appurtenance or component required for the operation or monitoring of a major system asset.

(8) **"Municipality"** or **"Municipalities"** means a municipal authority, or the municipal authorities, as applicable, that ~~is/~~are members of the Commission, which includes:

a) City of Fort Saskatchewan;
b) Strathcona County;
c) Sturgeon County;
d) Town of Bon Accord;
e) Town of Gibbons; and
f) Town of Redwater.

(9) **"Physical Assets"** means any property of the Commission, exclusive of major or minor assets, including real property, buildings, vehicles, office equipment, and inventory owned by the Commission;

3. PREPARATION OF LIST OF ASSETS

(1) By March 1st of each year, the Commission will prepare and maintain a list of any surplus assets.

4. DISPOSAL OF ASSETS

(1) **Major System Assets**

a) The disposal of any Major System asset of the Commission requires the unanimous approval of the of the Board pursuant to Schedule A of Bylaw 2026-001, or latest revision thereof.

b) In the condition that

(i) the CEO determines that a major system asset is no longer required for Commission operations, or,

(ii) a Municipality, other Commission, non-member municipality or Utility provide a notice or expression of interest to purchase a major system asset, and,

(iii) a comprehensive study has confirmed that major system asset is not required for Commission operations,

the following steps shall be followed:

1. The Board shall acknowledge receipt of the notice or expression of interest to purchase and accept the recommendations of the study referred in 1(b)(iii).
2. The Board shall notify the member municipality wherein the Major System asset is physically located, of the Commission interest to sell the asset. The Board shall offer the member municipality with the first right to acquire the asset. The member municipality shall have 30 days to notify the Board of its intent to acquire the asset.

   (i) If the Municipality accepts to acquire the Major System asset, the notification or expression of interest under 1(b)(ii) shall be declined by the Board.
3. The sale valuation of the asset shall be calculated using the cost approach assessment method considering the replacement cost of the asset and a life cycle depreciation deduction of the existing asset. The value of the lands registered as Right-of-Way for the asset, transfer fees, legal fees and other transactional fees to conclude the shall be included sale price of the asset.
4. If the sale of the asset does not proceed, the Board, by resolution, can choose to abandon the asset in place and delete the asset from the asset inventory and Financial Statement.

(2) **Minor Assets**

a) The disposal of any Minor System asset of the Commission requires the approval of the of the Board pursuant to Schedule A of Bylaw 2026-001, or latest revision thereof.

b) In the condition that

(i) the CEO determines that a minor system asset is no longer required for Commission operations, or,

(ii) a minor system asset has been replaced or upgraded,

the following steps shall be followed:

1. The CEO shall prepare a listing of the assets for disposal and include any salvage value of the asset(s) and provide recommendation to the Board the asset(s) for landfill disposal or by sale.
2. Any asset(s) deemed for sale by the Board shall be itemized and advertised to the public either by bid, auction or fixed price for a term of not less than 15 days. The Board shall approve the final sale price or bid of the asset(s).
3. Any asset(s) deemed for disposal by landfill shall be approved by the Board, including any estimated disposal costs.

(3) **Physical Assets**

a) The disposal of any physical asset of the Commission requires the approval of the of the Board pursuant to Schedule A of Bylaw 2026-001, or latest revision thereof and shall be disposed accordingly:

1. The CEO shall prepare a listing of the assets for disposal and include any salvage value of the asset(s) and provide recommendation to the Board the asset(s) for landfill disposal or by sale.
2. Any asset(s) deemed for sale by the Board shall be itemized and advertised to the public by bid, auction or fixed price for a term of not less than 15 days. The Board shall approve the final sale price or bid of the asset(s).
3. Any asset(s) deemed for disposal by landfill shall be approved by the Board, including any estimated disposal costs.

5. ADDITIONAL CONSIDERATIONS

(1) Any Physical Assets that are subject to buy-back, trade-in, or similar disposal arrangements shall be exempt from the disposal provisions of this Bylaw.

(2) Grant-funded Assets: No asset purchased using Federal or Provincial grant funds shall be disposed of without obtaining written consent from the granting body, if such disposal might jeopardize continued grant funding.

(3) Northside Supply line (consisting of the 900 mm and 750 mm PCCP pipe): Consent from the John S. Batiuk Regional Water Services Commission (JSBRWSC) is required before any portion of the Northside supply line is sold. If such a sale is approved by the Board and the Minister, the JSBRWSC shall only be entitled to their proportionate share, to the maximum value, of the original grant paid by the Province in:

(b) 1980 for the 900 mm PCCP pipe, and/or,

(c) 1983 for the 750 mm PCCP pipe.

6. AMENDMENTS

(1) Any amendments to this Bylaw require approval by a majority of the Board and shall not come into force until such approval is obtained.

7. ENACTMENT

(1) Bylaw 2023-001 is repealed and replaced by this Bylaw.

(2) This Bylaw shall become effective on the day it receives approval of the Board.

ADOPTED BY THE CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

THIS _____ DAY OF _________________ 20____.

________________________________	________________________________
Commission Chair	**Commission Manager**

sobo5021@outlook.com

From: Collin Drat <cdrat@raftelis.com>
Sent: June 12, 2026 9:22 AM
To: Gene Sobolewski
Subject: RE: June 15, 2023 Presentation

Hi Gene,

I got your voicemail. Sorry for the delay. Per our voicemail, I'd honestly suggest sharing the article. In your case you could set a **floor** of replacement cost, less accumulated depreciation. Replacement cost could be determined using a construction cost index such as Engineering News Record (ENR) or Handy-Whitman.

Using made up numbers. If you have a 1 million asset with a 50 year useful life, constructed 25 years ago:

- Original Cost: 1 million
- Replacement Cost: 1 million x 1.5 (assume index has increased 1.5x over 25 years) = $1.5 million
- Depreciation is 50% (25 years/50)
- 1.5 million x 50% is $750,000

Maybe you make the policy more general and you handle case by case. Unless there is already something specific you have in mind?

I don't think you need a memo and the time/effort might be better spent on helping analyze a specific sale/transaction. That said, if you'd like one, I can try and get something to you by end of month for probably $4-5k. That assumes 8-10 hours including a draft, a review call, revision etc. I don't know how formulaic you could get it, so I think you'd be better off having us look at something specific as opposed to trying to come up with a one-size-fits-all approach.

Collin

—

Collin Drat Vice President
M 913 201 3724 / E cdrat@raftelis.com
raftelis.com

intended to be, and do not constitute "advice" within the meaning of the Municipal Advisor Rule. This message may contain information that is confidential or privileged. If you are not the intended recipient, please advise the sender and immediately delete this message.

From: Gene Sobolewski <sobo5021@outlook.com>
Sent: Monday, June 8, 2026 10:43 AM
To: Collin Drat <cdrat@raftelis.com>
Subject: RE: June 15, 2023 Presentation

CAUTION: EXTERNAL EMAIL!

Colin,

II am in need of the memo you had described below. Can you advise as to when I can receive? The Board is asking about this.

Gene

Gene Sobolewski, C.E.T.
CEO and Commission Manager
Capital Region Northeast
Water Services Commission
Phone : (780) 207-1884
Email: sobo5021@outlook.com
P.O. Box 3438
Sherwood Park, AB, T8H 2T3
www.crnwsc.com

From: Collin Drat <cdrat@raftelis.com>
Sent: May 22, 2026 9:21 AM
To: Gene Sobolewski <sobo5021@outlook.com>
Subject: RE: June 15, 2023 Presentation

Hi Gene,

Sorry for the delay. Would a brief memo describing the valuation approach work? There aren't a ton of considerations and, in the end, it could be negotiated number, with the valuation serving as a floor. A lot of the valuation concepts are captured in the attached.

Collin

—

Collin Drat Vice President
M 913 201 3724 / **E** cdrat@raftelis.com
raftelis.com

From: Gene Sobolewski <sobo5021@outlook.com>
Sent: Wednesday, April 29, 2026 12:45 PM
To: Collin Drat <cdrat@raftelis.com>
Subject: RE: June 15, 2023 Presentation

CAUTION: EXTERNAL EMAIL!

Collin,

I spoke to you a few weeks ago about the appropriate valuation of existing water pipeline transmission systems. You had indicated that the fair value assessment method was the valuation process used in circumstances such as this.

At our board meeting on Monday, the Board discussed this issue as in the past, the valuation was predominately based on the "book" value of the asset with disposal of transmission systems (active pipes) in 2004 and 2023. At the end of the discussion, the Board requested that I obtain an expert opinion as to the appropriate methodology(s) to calculate the fair value of a major system if disposal is considered.

I think the best approach will be to discuss traditional methods to calculate system value (pros/cons), a rational discussion as to the best approach and what the industry has accepted as "best practice".

Please proceed with this and provide an estimated cost for this work.

Gene

Gene Sobolewski, C.E.T.
CEO and Commission Manager

**Capital Region Northeast
Water Services Commission**

Phone : (780) 207-1884
Email: sobo5021@outlook.com

P.O. Box 3438
Sherwood Park, AB, T8H 2T3

www.crnwsc.com

How Much Is It Worth? An Overview of Valuing Water Utilities

John Mastracchio, Andy McCartney, Toby Fedder, Ann Bui, Philip King, and Mike Lane

Key Takeaways

Several situations for water utilities call for valuation of the water system, such as consolidation, sale, forming a new entity, and eminent domain.

Valuing water utilities requires drawing upon well-established standard valuation concepts and general approaches.

Because the water sector is subject to numerous and complex regulations, valuing water utilities entails many considerations and requires water sector and business valuation expertise.

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Water utilities, both municipally and privately owned, are natural monopolies that operate in a heavily regulated industry. At times, circumstances may arise that require assessment of the value of a water system, such as when contemplating a sale, merger, or acquisition. While there are many resources for information and guidance on business valuation, a limited number focus specifically on practices, approaches, and unique considerations associated with valuing water utilities. This article is a summary of common business valuation approaches and methods with various considerations relevant to valuing water utilities.

Background

The water sector in the United States is decentralized into approximately 50,000 water utilities and 16,000 wastewater utilities (USEPA 2019). Government-owned water and wastewater utility services have an annual revenue of about US$116 billion. The number of private, or investor-owned, water utilities (approximately 4,800) is small compared with the number of government-owned utilities, and the combined annual revenue of private water and wastewater utilities is roughly $15 billion (Dun & Bradstreet 2018). Though there are many more public than private utilities, market activity (mergers and acquisitions) among private water companies is more prevalent than among government-owned utilities, taking place in major markets across the country. Such merger and acquisition activities require valuation assessments. In addition, there are many other reasons municipalities may need to estimate the value of their utility systems, such as the formation of a utility authority, utility consolidation, or redistribution of capacity ownership shares.

Both government-owned and private water utilities are regulated by federal and state authorities. Water rates charged by private water companies are typically set by state public utility commissions (PUCs). State PUCs also set conditions and standards for services and often must approve long-term financing programs, capital expenditures, and reorganizations. Accountability for water rates charged by government-owned water utilities is usually ensured through municipal governance and governing boards. The US Environmental Protection Agency (USEPA), state environmental agencies, and local health agencies regulate both public and private utilities in most cases.

Deteriorating infrastructure is a critical issue for water and wastewater utilities. Water utilities must invest heavily in the coming decades to replace and update aging water treatment plants, storage tanks, pipes, meters, and other critical infrastructure. It is estimated that water systems in the United States will need an estimated $1 trillion in investments over the next 25 years, and sewer systems will require another $271 billion, according to AWWA and the USEPA (AWWA 2012).

Other challenges facing the water sector are planning for long-term water supply availability, managing an aging workforce, improving public understanding of the value of safe and reliable water, addressing new and emerging contaminants and associated regulatory requirements, and generating sufficient funds to pay for infrastructure improvements (AWWA 2019). Combining these challenges with the fragmented nature of water utilities leads some to believe that the water sector is ripe for consolidation, particularly of smaller utilities, as consolidation may potentially reduce costs and improve system management, efficiency, and level of service. Some states, such as Pennsylvania, Illinois, and California, have passed legislation to encourage consolidation of smaller water systems (GWI 2016).

The Importance of Water Utility Valuation

Merger or Consolidation

There are many scenarios in which it may be in the best interest of all stakeholders within a utility system to consolidate or merge with neighboring systems. Consolidation or merger may be an option for utility systems lacking qualified staff resources, for utilities that haven't adequately planned for the high costs associated with maintenance of aging infrastructure, and for utilities with governing boards unwilling to raise water rates to pay for future water system needs.

Water infrastructure can have a long service life, on the order of 50 to 100 years in some cases, but too many water utilities have been slow to realize the full cost of reinvesting in their systems and to implement asset management plans. In the past, many utilities didn't have formalized, comprehensive asset management plans. As a result, some of them now face significant challenges to improve the infrastructure within their systems and, worse for some, they also lack the necessary political support to raise water rates to fund these efforts.

Considering the sale of a public utility to a private company will bring public scrutiny, so the valuation process must meet a high standard.

Through mergers or consolidation, some utilities may be more capable of addressing their needs by using economies of scale associated with more regional water utility systems. But before seriously considering a merger or consolidation of water systems, a thorough valuation of each should be completed to ensure that all stakeholders have a complete understanding of the value of their assets.

Many terms can describe notions of value, and an appraiser should define as well as specify the standard of value being used.

Sale of System

There are several scenarios in which utility management may decide to sell or lease its water system assets. For example, local governments may consider selling their water utility when faced with financial hardship. In some cases, selling the water system allows the municipality to offset significant amounts of debt and generate a significant amount of cash, and this short-term boost to revenue may help fund the immediate needs of the community. Such was the case for the City of Allentown, Pa., which executed a lease concession agreement with the Lehigh County Authority for its water and wastewater system in 2013. However, in such instances, community leaders must be cautious and evaluate all the potential impacts of the sale.

Key decisions must be based on more than the short-term benefits of such a sale so that they are made in the best interests of present and future stakeholders. The City of Fort Worth, Texas, explored its options for privatizing its water and wastewater utilities, but it ultimately decided that it was in the best interest of the city and its stakeholders to maintain the status quo.

Because municipal systems have been built and maintained with public funds, an accurate valuation of the utility system is essential before moving forward with any sale or transaction. Considering the sale of a public utility to a private company will bring public scrutiny, so the valuation process must meet a high standard. The public must be confident that the system will be sold for a reasonable price and not result in negative financial consequences down the road.

Formation of Utility District/Authority

A municipally owned utility may determine that it's in the best interest of its ratepayers to form a separate utility board, authority, or district. Such was the case for the Southern Nevada Water Authority, which formed in 1991. By taking this approach, the utility may be able to act more autonomously, address water issues, and focus on its key purpose of providing water and wastewater services to its ratepayers. Before the formation of a new entity, the existing governing body will likely be required to conduct a valuation of the system to determine whether compensation for the utility assets is viable, and if so, the amount of such compensation.

Condemnation/Eminent Domain

A municipality may want to acquire a water or wastewater system within its jurisdictional boundaries that is owned and operated by a private company because it's in the best interest of the municipality and the public to do so. However, the municipality may encounter an unwilling seller, in which case the municipality may have the option of acquiring the utility system through condemnation or an eminent domain proceeding.

This was the case for the Casitas Municipal Water District when it acquired the Ojai District of the Golden State Water Company in California in 2017 through eminent domain. Condemnation, also called eminent domain or a "taking," is the right of a government or its agent to take private property for public use, with payment of compensation. Compensation of the owner for the utility system typically requires completion of a utility system valuation that reflects fair market value, as well as a court proceeding to settle the compensation amount.

Other Situations

There may be other situations in which a public utility may require or desire a valuation assessment. These include establishing a value estimate for distribution or redistribution of ownership of system capacity, insurance purposes, debt financing, tax or payment-in-lieu-of-tax assessment, pricing of utility services and rate-making, financial planning and benchmarking purposes, capital reinvestment planning, and loss or damage analysis. Each of these situations requires an appraiser to establish the standard of value on which the assessment is based.

Valuation Standards and Methods

Valuation Standards

The American Society of Appraisers (ASA) has developed practice standards and a code of ethics for its members to follow when conducting business valuations. These practice standards include ASA Business Valuation Standards, which provide minimum criteria to be followed by an appraiser in developing and reporting the value of a business. In addition to these, the Appraisal Foundation has a set of standards for all appraisal disciplines and has published the Uniform Standards of Professional Appraisal Practice (USPAP). USPAP standards 7 and 8 apply specifically to personal property appraisal, and standards 9 and 10 apply specifically to business appraisal, both sets of standards are relevant to the valuation of public water utilities. ASA requires its members to follow USPAP guidelines regardless of the use of the appraisal.

ASA defines appraisal and business valuation synonymously. An appraisal is the act or process of determining the value of a business, business ownership interest, security, or intangible asset. Business valuation is the act or process of determining the value of a business enterprise or ownership interest therein (ASA 2009).

> **There are three approaches to determining the value of an enterprise: the income approach, market approach, and cost approach.**

In the United States, various governmental agencies have also developed appraisal regulations or guidelines that affect business appraisals, including revenue rulings promulgated by the Internal Revenue Service (IRS) and the Department of Labor. In its Bulletin 2018-33, the IRS has defined appraisal standards as those that adhere to the "substance and principles" of USPAP rather than requiring that all appraisals be prepared strictly in accordance with USPAP.

Standards of Value

Many terms can describe notions of value, and an appraiser should define as well as specify the standard of value being used. There are several widely recognized standards of value, including fair market, investment, and intrinsic value. These are commonly defined as follows (Pratt 1989):

- **Fair market value** is the legal standard of value in many valuation situations applicable to water utilities. The definition is almost universally accepted as the cash, or cash-equivalent, price at which a property would change hands between a willing buyer and a willing seller, both being adequately informed of the relevant facts, and neither being compelled to buy or sell. The willing buyer and willing seller are hypothetical people, dealing at arm's length, rather than any "particular" buyer or seller.
- **Fair value** is an example of ambiguous terminology used in the field of commercial appraisal, as well as in some utility rate-making. It is generally accepted that fair value is synonymous with market value or fair market value in the context of real estate terminology. However, in most states, fair value is the statutory standard of value applicable in cases of dissenting stockholders' appraisal rights.
- **Investment value** has gained virtually no universal consensus as a value based on expected earnings or monetary return to an investor, in contrast to market value, which is impersonal or detached. Within this broad meaning, there are often differences in meaning when this term is used in different contexts.
- **Intrinsic, or fundamental, value** differs from investment value in that intrinsic value represents a subjective analytical judgment of value by an analyst based on the analyst's background, skills, and experience.
- **Going-concern value**, in most cases, when used to value a business or business interest, is used to mean the total value of the entity as a going concern. In valuing machinery and equipment, such as public utility assets, an acceptable alternative to the term going-concern value is market value in place, making it clear that the individual assets are being valued as part of an operating facility.
- **Liquidation value** is the net amount that can be realized if the business is terminated and the assets are sold off piecemeal. It is not uncommon that some assets, such as machinery and equipment, have no liquidation value, since the cost of dismantling and removing the assets is greater than any resale value.
- **Book value** is not a standard of value, but rather an accounting term that means the sum of the asset accounts, net of depreciation and amortization, less the liability accounts, as shown on a firm's balance sheet. Generally Accepted Accounting Principles (GAAP) does not purport book value to be fair market value.

It is important for the applicable standard of value to be specified and defined to provide the basis and context for an appraisal report or engagement.

Valuation Approaches

There are three approaches to determining the value of an enterprise: the income approach, market approach, and cost approach (Figure 1). These approaches are

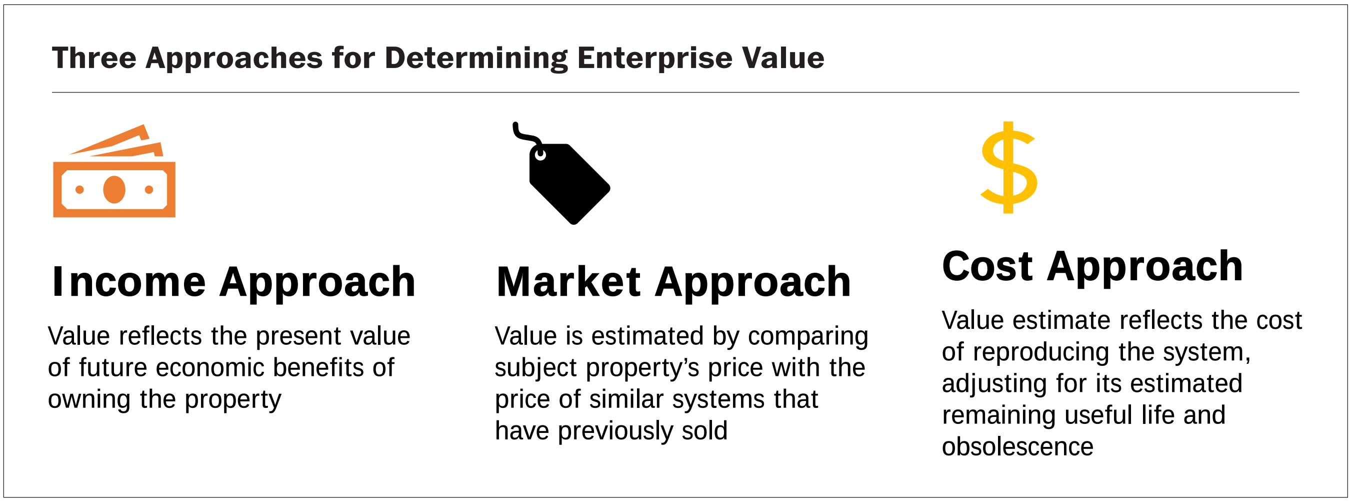

Figure 1

widely accepted by financial institutions, courts, government agencies, businesses, and society in general, and they consist of theoretical concepts and systematic methods. These approaches, described in the following sections, are relevant for estimating the fair market value of water utility systems.

Income Approach

The income approach (Figure 2) is based on the premise that the value of a property is the present value of the future economic benefits of owning the property. The underlying principle in this approach is that buyers invest in assets with the expectation of receiving the anticipated future net benefits. This approach is relevant when the property being valued generates or is anticipated to generate net income, profits, or free cash flows.

There are two methods of estimating value under the income approach: (1) the direct capitalization method, or single-period model, and (2) the discounted cash

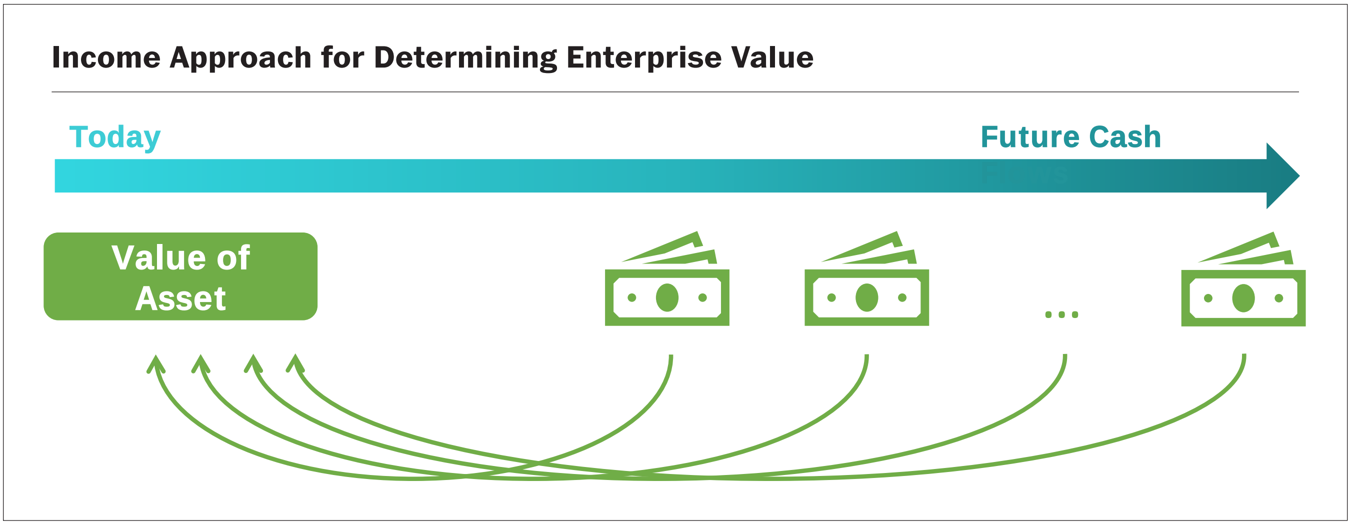

Figure 2

flow (DCF) method. The direct capitalization method measures value by capitalizing a projected net income or cash flow stream in perpetuity by a capitalization rate. It assumes there will be no variation in the capitalization rate, along with a consistent income stream or constant growth rate that does not terminate. The DCF method measures value by projecting future expected net cash flows and discounts these cash flows to present value using a discount rate (ASA 2009).

When either of these methods is used, it presumes that the cash flow stream is generated by employing all of the assets associated with the water system that are used and useful. As such, there are no additions to the value estimate under this approach for various asset components (e.g., land, water rights) that make up the system because those assets are part of the whole system and are used to generate the income stream. However, nonproductive assets, such as land held for future operations, may be added to the value in some cases.

When the hypothetical willing buyer is a privately owned water company, the DCF method in valuing water utilities is theoretically straightforward. It requires the analyst to make adjustments to historical financial statements to take into account unusual or one-time occurrences of revenues and expenses, then forecast revenues, expenses, and net earnings into the future. For most private utilities, revenues can be estimated using the "utility basis" method, under which the utility recovers operating expenses and capital investment over time through annual depreciation and has the opportunity to earn a return on its unrecouped capital investment—i.e., its rate base. Future revenues can be derived by adding these elements together and making adjustments for income taxes. The discount rate reflects the weighted average cost of capital, which is a combination of the water company's cost of debt and return on equity allowed by its PUC.

The traditional use of the income approach to estimate value becomes less relevant when the valuation involves a buyer that is a not-for-profit government agency, because this buyer typically follows cash basis cost-of-service principles in its rate-making and does not generate revenues in excess of expenses—i.e., net earnings or net cash flows—over the long term. Any excess earnings that may be generated contribute to the utility's cash reserves, which are later used to fund expenses if there are revenue shortfalls or to help pay for future capital investments.

Instead of or in addition to the traditional use of the income approach, a cash flow projection may be prepared by the valuation analyst to assess the feasibility of various purchase prices by forecasting the water rates

Market Approach for Determining Enterprise Value

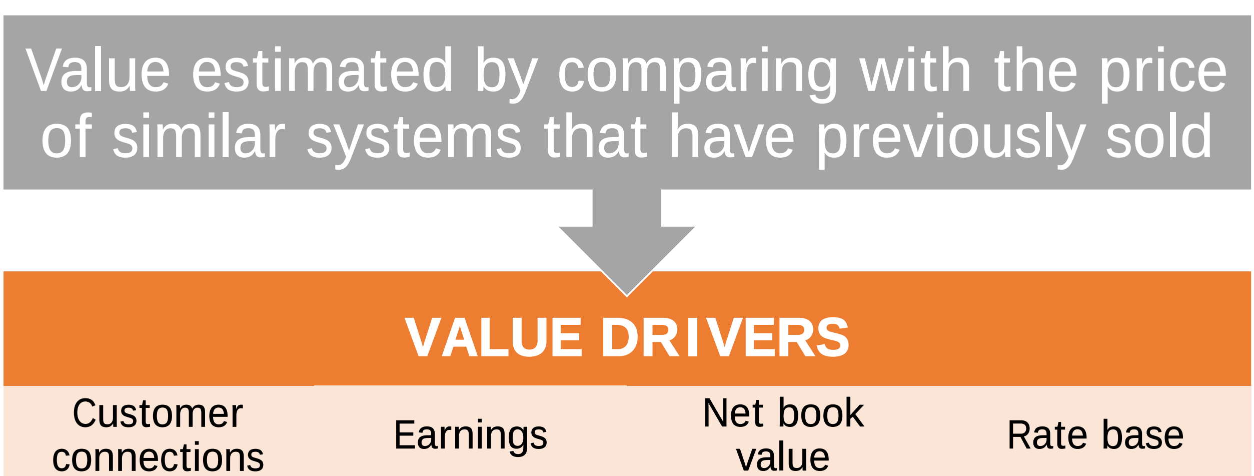

Figure 3

needed post-acquisition to generate sufficient utility revenues to pay for the amortized acquisition cost. This type of scenario analysis can help potential buyers assess the range of purchase prices given the water rate profile that would be required to support the acquisition and can be used to assess the investment value to the prospective buyer.

Market Approach

The market approach (Figure 3) is a way to determine a water utility's value by using one or more methods that compare the subject property with similar businesses that have been sold. There are two common methods of estimating value under the market approach: (1) the guideline public company method and (2) the guideline transactions method. With the guideline public company method, market multiples are derived from market prices of stocks of companies that are engaged in the same or similar lines of business and actively traded on a free and open market (ASA 2009).

Under the guideline transactions method, price multiples are derived from sale of entities involving companies engaged in the same or similar lines of business (ASA 2009). If the sales comparisons are not exactly like the properties being valued, the selling prices are adjusted to equate them to the characteristics of the properties being valued. Certain factors, such as location, date of sale, physical characteristics, and technical and economic factors relating to the transaction are analyzed for their comparability to the subject being appraised. This approach is most reliable and applicable when there is an active market providing a sufficient number of sales of comparable properties that can be independently verified through reliable sources.

The annual water utility transaction market is marginally active at best, with fewer than 100 sales and purchases of water utilities by privately owned utilities each year. Sales or purchases among municipal water systems tend to occur less frequently because government agencies usually are not interested in selling their utility assets or acquiring water systems outside their political jurisdiction. Furthermore, it is usually municipalities with jurisdiction within close proximity of the subject property that consider merging with or acquiring a water utility system, as seen with regionalization efforts such as occurred in Raleigh, N.C., in the past, where seven local utilities merged into a regional water and wastewater provider. In some cases, a municipality may need special enabling legislation or other legal authority to acquire and operate systems outside of their jurisdictional boundaries. All of these factors combine to make the market for municipally owned water systems thinly traded.

Water utility sales transactions may be considered comparable to the system being valued if the sales transactions are similar in terms of one or more of the following aspects:

- System size
- Locational/regional economic conditions
- Regulatory environment
- Type of service provided (water, wastewater, or both)
- Physical characteristics, including type(s) of source water (e.g., surface or groundwater) and treatment technologies

Valuation analysts must use experience and discretion to justify if a sales transaction is similar enough to the subject system to be considered a comparable sale. Because of the limited number of sales transactions that occur in the water sector and the challenge associated with obtaining relevant information on each transaction, the market approach for valuing water utility systems isn't often weighted heavily in a valuation assessment. In addition, because of the limited market for water utility systems, a discount in value due to the lack of marketability may be appropriate.

Cost Approach

The cost approach is based on the principle of substitution. This principle states that a prudent buyer will not pay more for a property than the cost of acquiring a substitute property of equivalent value. The cost approach is considered in situations in which a system has many tangible assets associated with it; when a grouping of assets is not frequently traded in the market; or when the asset is considered unique, such as a "special purpose" or "specialty" asset. Water utility assets are generally considered special purpose or specialty assets that are not frequently traded in the market, but the regulatory nature of water utilities decreases the suitability of the cost approach in many circumstances, as discussed next.

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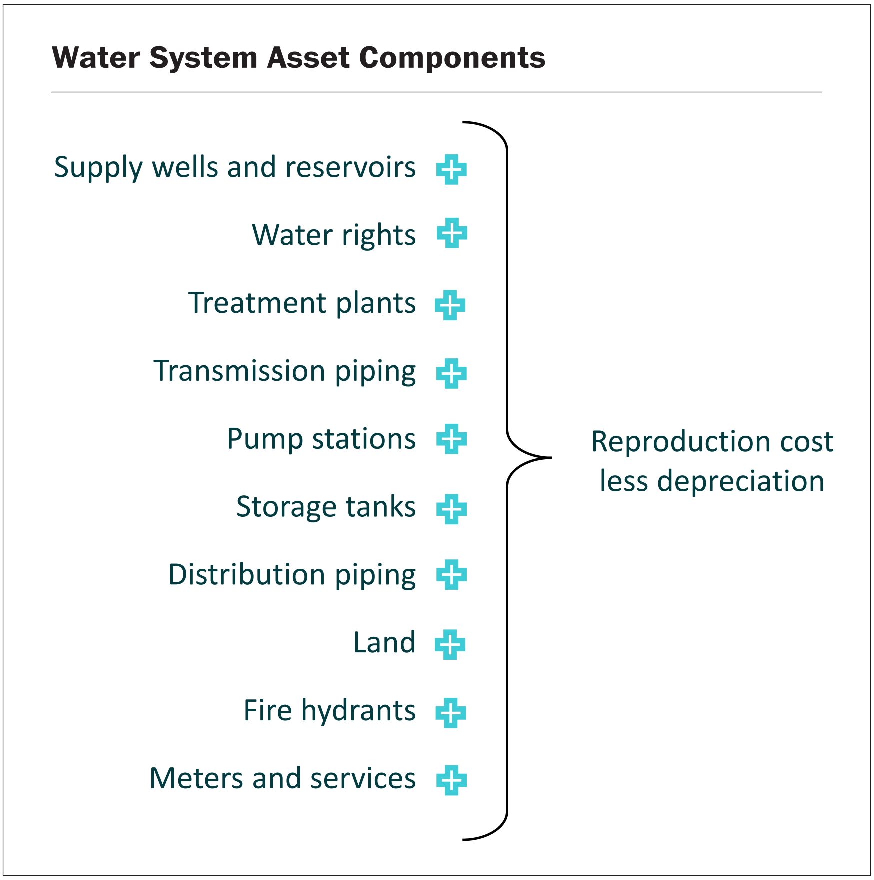

Figure 4

Under the cost approach, the value of assets is derived by subtracting the amount of depreciation from the replacement or reproduction cost of the assets (Figure 4). The value is estimated by the sum of the parts of the system—e.g., physical asset components, land, water rights, etc.

Replacement cost is the current cost of a similar new property with a utility that is the nearest equivalent to the property being valued. Reproduction cost is the current cost of producing a replica or exact copy of the property being valued using the same or closely similar materials (ASA 2020). Although the two are often used interchangeably, there are occasional circumstances in which the values can vary considerably. Additionally, there are cases in which a reproduction cost can be difficult to accurately estimate because older equipment and building methods are no longer manufactured or in use.

Various methods are used to estimate the reproduction cost of a property. For example, the detail method, also known as the summation method, assigns a current cost to each individual component of an asset or property, then aggregates these costs so that the sum reflects the cost of the whole. As another example, the trending method estimates reproduction cost by indexing or trending historical cost to an estimate of current cost.

Depreciation in this context represents the loss in value caused by physical deterioration, functional obsolescence, and economic obsolescence. For private utilities, depreciation is also a rate-making convention that allows the utility to recoup its initial capital investment. This depreciation convention differs from asset-condition-based depreciation. However, once assets are depreciated from a rate-making standpoint, private utilities usually are no longer able to earn a return on the depreciated assets, resulting in their economic obsolescence, even if the assets continue to provide service.

As regulated monopolies, water utilities require special considerations in the valuation process, including applying the cost approach. The economic value of the assets is influenced by the ability of private utilities to receive a return of and a return on the acquisition investment. When a PUC regulates the base on which a rate of return can be applied—i.e., rate base—the rate base is a driver of economic value of the assets. For example, if rates are based on the original cost of a plant in service, less accumulated depreciation rather than reproduction cost, then the economic value of these assets follows its treatment for rate-making. When rate base is determined using original cost less depreciation (OCLD) value, the reproduction cost new less depreciation (RCNLD) value tends to overstate the value of the utility because it is not allowed a return on investment on a "reproduction cost" rate base, which in turn limits company earnings.

Rate regulation by PUCs prevents utilities from artificially inflating plant and equipment prices to increase returns and making their customers in essence pay again for the same assets (Public Utilities Reports 1988).

It also affects the amount that a buyer would be willing to offer for water system assets, knowing that the ability to recoup and earn a rate of return on the acquisition premium may be limited. Knowledgeable buyers and sellers can consider the rate regulatory environment in the price of a public utility system, and because of the regulatory environment, the fair market value of the system will be affected. Therefore, as result of the rate regulation in a PUC regulatory environment, fair market value is determined by the rate-making process, whereby the rules associated with rate regulation affect the value of a property that is regulated (Public Utilities Reports 1988).

For these reasons, if you're using the cost approach to value a regulated public water utility, you will need to consider the rate regulation imposed by its PUC. Generally speaking, RCNLD without adjustment for economic obsolescence is not considered the best evidence of fair market value because RCNLD tends to inflate estimates and sets an absolute ceiling on market price, which may not be, and frequently is not, approached in actual market negotiations (*South Bay Irrigation District v. California-American Water Co.*, 61 Cal.App.3d 944, 976 (1976)). Taking all of this together, value estimates based on RCNLD are considered to be less relevant than other approaches, but "rate base" value used for rate-making may have a closer relationship to a water utility's fair market value.

Other Considerations for Valuing Publicly Owned Water Systems

Original Cost versus Fair Value Rate Base

Historically, PUCs have predominantly followed a standard and practice of using OCLD value (with various adjustments) as the rate base in which the private utility may recover its capital investment and earn a rate of return on the unrecouped asset value or rate base. However, over the past decade, some states, such as Pennsylvania, Texas, and North Carolina, have adopted what is termed a "fair value" rate base, which allows the rate base for rate-setting purposes to reflect the price paid for utility assets following an appraisal or negotiation process rather than being constrained by OCLD value. In states such as Illinois, state legislation allows such rate base treatment to apply only to transactions where a private utility acquires a small distressed municipally owned utility. This has provided an added incentive for private utilities to acquire small, struggling systems. In addition, modification of how rate base is determined by regulators in these states may alter the base from which company earnings are derived, ultimately affecting how utilities are valued in these areas and situations.

Compensation for Third-Party-Funded Assets

Contributed capital for a utility consists of assets and cash provided to the utility from developers or customers. A typical contributed capital transaction involves a real estate developer building a subdivision, constructing the distribution system assets (e.g., distribution piping, services, hydrants, meters), and then contributing them to the utility at no cost. In the private utility regulatory framework, equity that results from contributed capital usually is not included in rate base; therefore, it does not affect the fair market value of the system. Under such a regulatory framework, buyers would not be allowed to recoup their investment in the utility above and beyond its pre-acquisition rate base, which tends to exclude contributions, in order to prevent the utility from earning monopolistic profits and to protect customers from significant rate impacts. In essence, these assets are economically obsolete. Any compensation by a buyer of the utility system for the donated or contributed assets would thereby reduce the buyer's return on investment. Therefore, it is likely that a willing buyer would significantly discount the value of these contributed assets when considering an offer to purchase the utility system.

> **RCNLD without adjustment for economic obsolescence is typically not considered the best evidence of fair market value because it tends to set an absolute ceiling on market price, which may not be approached in actual market negotiations.**

Similar to developer-contributed assets, utility assets funded through state and federal grants are typically excluded from a utility's rate base, because the utility did not expend its own capital to construct the assets. Under PUC regulation, utilities are allowed to earn only a rate of return on the cost incurred to devote the asset to public service. From a valuation standpoint, these assets may indeed have value in providing utility service to customers, but when considering the build-up method of individual utility asset components as under the cost approach, the economic obsolescence of these assets should also be considered. If the buyer of the water system is precluded from including the original or reproduction cost of these assets in its rate base and thereby unable to recoup the price it paid for these assets, it is likely that a willing buyer would discount the value of these assets when considering an offer to purchase the utility system.

Customer Rates

The valuation of water utilities, both privately and municipally owned, is often influenced by considerations for customer rates. For example, in some states, such as California, PUC regulators consider a "ratepayer indifference test" in their decision to approve or deny a water utility merger or acquisition. This test prohibits a new owner from raising water rates on customers of the system post-acquisition simply because of the change in utility ownership or as a result of the purchase transaction.

> **The valuation of water utilities, both privately and municipally owned, is often influenced by considerations for customer rates.**

In the municipally owned utility setting, potential municipal system buyers develop a post-acquisition cash flow forecast and then assess a range of purchase prices that will result in limited or no customer rate impacts post-acquisition. A purchase offer may also include a commitment by the buyer not to raise utility rates, or set limits on rate increases, along with requiring commitments by the buyer to reinvest in the system infrastructure by a certain amount each year. For example, as part of the acquisition of the City of Lehigh's water and wastewater systems by Lehigh County Authority in 2013, a concession agreement was signed between the city and the Lehigh County Authority that contained such rate adjustment and capital reinvestment provisions. These provisions will affect what buyers are willing to pay for utility systems, and cash flow projections and water rate scenario analyses that account for them are usually completed to assess acquisition feasibility.

Additional Factors

Keeping in mind the land associated with water treatment plants and pump stations, the value of real estate or land associated with utility assets used to provide utility services is typically already included in the value estimates under the income and market approaches. Together with the other assets of the system, real estate assets are used to provide utility service and generate revenues and earnings. However, land assets are typically included in the summation of the value of the asset components under the cost approach. In addition, it may be appropriate to value land assets that are not directly part of the utility system (not determined to be used or useful) separately under the income and market approaches, particularly if these land assets could be rezoned and developed for another use besides providing utility services.

When considering acquisition adjustments to rate base as a result of merger or utility sale, PUCs may consider cost savings from economies of scale or synergies with the other water systems owned and operated by the buyer of the system. These synergies may allow the regulated utility to keep its rates unchanged while modestly increasing the rate base for which it earns returns. In these cases, the potential increase in rate base due to an allowable acquisition adjustment may affect the fair market value of the utility system.

Under the specific circumstance of eminent domain, state law regarding a municipality taking control of a private water system may require the municipality to compensate the private water utility for severance damages in addition to the fair market value of the utility system. Severance damages may be relevant when the property acquired through eminent domain is part of a larger property and where there is injury or damage to the remainder of the property not taken, resulting in a lower fair market value for the remaining property. Severance damages are often determined on the basis of the difference between the fair market value of the remainder of the property before it was taken and the fair market value of the remainder of the property after it has been taken.

A discount to the valuation estimate for lack of control may be appropriate in some cases, such as when the purpose of the valuation is redistributing ownership of system capacity, and there is a minor percentage interest of a water utility to be acquired or sold (i.e., less than 50% of a utility and/or with no controlling interest). Because of this relative lack of control of a minor ownership share of a utility, it may be appropriate to apply a discount to the value of the pro rata portion of the water utility interest.

In the case in which a municipality wants to acquire a private utility, property taxes that are paid by the private utility may be a cost savings for the acquiring municipality if it is not required to pay property taxes as a result of its tax-exempt status. Depending on the situation, this reduction in utility cost may affect what municipal buyers are willing to pay for the utility or may simply result in lower utility rates for customers post-acquisition. When deciding about an acquisition, the municipal buyer should consider the utility cost savings from the avoidance of paying property taxes as compared with the lower tax revenue accrued to the municipalities levying the property tax.

In situations in which a utility or municipality desires to value a component of a water system rather than the entire water enterprise or water company, care must be taken to select and apply the most relevant valuation methodologies. This situation could arise when two or more municipalities jointly construct a pipeline or treatment plant and share in the cost and ownership of the facility. In this case, there is often an intermunicipal agreement specifying how the cost of the facility is initially shared among the parties, and when and how the facility ownership may be redistributed in the future. When considering how to value the redistribution of facility or capacity ownership, the cost method is often used because of the unique nature of these kinds of assets and the terms of the agreements among their owners.

A Complex Process

Estimating the value of water utilities is often necessary for the consolidation, merger, or acquisition of systems, and it may be desired or required for other purposes such as insurance, debt financing, and capital reinvestment planning. The basis used to assess the value of water utilities comes from the approaches and methods used in business valuations. However, valuing water utilities is a complex process because of the heavily regulated nature of the water sector. Many special considerations are necessary for a complete and accurate valuation, requiring knowledge and experience of business valuation principles as well as in-depth water sector knowledge. Since public water systems have been built and maintained with public funds, significant rigor is required to estimate their value before moving forward with decisions that affect the system's customers and its future operation and management.

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https://doi.org/10.1002/awwa.1554

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AWWA Resources

- Align Asset Management and Finance to Improve Decision-Making. Baird GM. 2019. *Journal AWWA.* 111:9:94. https://doi.org/10.1002/awwa.1367
- Questions for Appraising or Valuating a Water System. Pender B. 2004. *Opflow.* 30:12:10. https://doi.org/10.1002/j.1551-8701.2004.tb01780.x
- Examining Mergers in Small CWSs: The Role of Regulatory Compliance. Lee M-YA, Braden JB. 2008. *Journal AWWA.* 100:11:58. https://doi.org/10.1002/j.1551-8833.2008.tb09771.x
- Making Sense of Buy–Sell Agreements. Hall S, Miller EG. 1999. *Opflow.* 25:2:1. https://doi.org/10.1002/j.1551-8701.1999.tb02162.x

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Request for Decision (RFD)

Meeting Date: Monday, June 29, 2026 **Agenda Item: 7c**
Topic: **Strategic Plan Workshop**
Presented By: Commission Manager

Recommendation:

1. **That the Board affirm the acceptance of the proposal from Urban Systems in the amount of $38,000 (plus GST) to review and update the Strategic Plan, work jointly with Alberta Counsel to review and finalize the Administrative Bylaw and direct the Commission Manager to commence the preparatory work required to be completed prior to the July 27, 2026 workshop in Bon Accord. The project is to be funded through account 5605 – Contracted Services.**

Background:

The Commission Manager received a proposal from Urban Systems (USL) to work with the Board to review the Strategic plan build upon the work completed at the retreat and develop the Strategic Plan for the Commission.

Key points of the proposal are as follows, as follows:

1) USL will undertake preparatory work and separate interviews with Board members prior to the Workshop date to ensure alignment of elements of the current Strategic Plan.
2) USL will facilitate a one-day workshop session in Bon Accord Edmonton to work with the Board to review the Strategic Plan on July 27, 2026.
3) USL will then update the Strategic Plan for adoption by the Board at the September Board meeting.
4) USL will jointly with Alberta Counsel to facilitate a workshop in late September to review and finalize the Administrative Bylaw – voting structure for adoption at the September Board meeting. One on One interviews with Board members are tentatively scheduled between July 15 – 23, and will be verified by doodle poll.
5) The cost for this project is $38,000 + costs of meeting venue.

This project was not specifically identified in the 2026 budget, however there are sufficient funds in the budget to fund this project.

USL or the Commission will arrange for the venue for the second workshop.

Discussion (benefits/disadvantages):

None – for information.

Alternatives:

None

Financial Implications:

The project is within the approved budget.

Legislation:

Municipal Government Act (MGA)

Request for Decision (RFD)

Intergovernmental:
N/A

Strategic Alignment:
N/A

Enclosure(s):

Signature of the Commission Manager: ______________________________

URBAN SYSTEMS

June 12, 2026 File: 5629.0000.00

Capital Region Northeast Water Services Commission
PO Box 3498
Sherwood Park, AB T8H 2T3

Attention: Gene Sobolewski, C.E.T., Commission Manager

RE: Capital Region Northeast Water Services Commission – Strategic Plan Update

1.0 PROJECT UNDERSTANDING

Urban Systems is pleased to present this work program to support the Capital Region Northeast Water Services Commission in advancing a Strategic Plan update. Based on conversations with the Board Chair and Commission Manager, and recognizing the complexity of the current governance context, we have structured a phased and intentional approach to support alignment, focused discussion, and clear, actionable outcomes.

This work program also outlines proposed optional scope to support finalizing Administrative Bylaw updates, specifically related to the voting structure, should the Commission wish to advance this work along with the Strategic Plan update.

2.0 WORK PROGRAM

We propose the following approach to support the Commission in producing an updated Strategic Plan.

Task 1 Strategic Plan Update

Task 1.0 Kickoff Meeting and Project Management

Upon approval of this work program, we will meet with the Commission Manager to discuss the project scope and ensure alignment on the work program approach. We anticipate this to take place in mid-late June, 2026. Ongoing project management, invoicing, reporting and communication with the Commission Chair as needed will take place for the duration of services.

Task 1.1 Board Interviews (Optional)

To ensure that members of the Board are aligned on the fundamentals of the Strategic Plan, we propose an optional task of one-on-one virtual interviews with members of the Board, each approximately one hour in length, to discuss the foundational components of the Strategic Plan, including the vision, mission, and values. These conversations would explore members' perspectives on the current Strategic Plan, their alignment with its front-end elements, and key considerations or priorities they believe should inform future strategic directions and group discussions. If included, interviews are anticipated to occur in the coming weeks, targeting mid- to late June or, alternatively, the third week of July, depending on availability.

Task 1.2 Background Review and Preparation

We will review all relevant background materials provided, including the current Strategic Plan and associated markups, and develop presentation and facilitation materials for the first workshop to ensure alignment on the workshop approach. This work will be undertaken following project kickoff and in advance of the workshop to support a well-informed and focused session.

Task 1.3 Facilitate Strategic Plan Workshop – July 27th, 2026

The aim of this workshop is to host a dedicated session to fully explore the key pillars, implementation approach, and priorities of the Strategic Plan. We have not included time to revisit the vision, mission, and values, as we assume the Board will continue to be aligned on these foundational components. We anticipate this to be a half-day, in-person session (up to 4 hours) held within the Edmonton area. Supporting materials may include a structured workshop agenda, presentation slides, facilitated discussion prompts, and interactive exercises or worksheets to guide priority-setting and implementation discussions.

Deliverables:

- Workshop facilitation, agenda, and materials

Task 1.4 Synthesis and Strategic Plan Update

Based on inputs from the workshop, our team will work on updates to the Strategic Plan and upon completion of the updates, a draft will be provided for the Commission to review.

Deliverables:

- Draft updated Strategic Plan

Task 1.5 Facilitate Workshop #2 and Finalize Strategic Plan

We will facilitate a second, shorter in-person workshop with the Board to review the draft Strategic Plan and confirm any final refinements. We anticipate this session to be approximately 1-22 hours in length and, where possible, held as part of a regularly scheduled Board meeting to minimize additional time commitments. This workshop will focus on walking through the draft Plan, validating key directions, and identifying any final adjustments required prior to completion. Supporting materials may include a refined draft of the Strategic Plan, a summary of key changes made to date, and targeted discussion prompts to guide focused feedback. This session is anticipated to take place in late August to early September, aligned with the Board's meeting schedule, and will directly inform final revisions to the Strategic Plan.

Deliverables:

- Workshop #2 materials (agenda and presentation)
- Final Strategic Plan

Task 2 Administrative Bylaw: Voting Structure Determination (Optional)

We propose the following tasks to support updates to the Administrative Bylaw, with a focus on voting structure and alignment with the Commission's governance approach. We believe these tasks are necessary to support the Commission in clear and adaptable decision-making over time and to ensure that the governance framework can effectively support the direction-setting occurring through the newly updated Strategic Plan.

Task 2.1 Preparation and Coordination with Alberta Counsel

This task will support preparation and coordination with Alberta Counsel for a co-facilitated session on Administrative Bylaw updates, with a focus on voting structure (Section 3 of the current Bylaw). This will include background review of relevant materials, alignment on scope and approach, and development of supporting materials to guide discussion. This work is anticipated to take place in tandem with the Strategic Plan finalization timeline, in late August to early September, 2026.

Task 2.2 Facilitate Voting Structure Workshop

We will facilitate a full day (up to 8 hours), in-person workshop in late-August to early September 2026, depending on schedules, with Alberta Counsel and the Board to review and discuss potential updates to the Administrative Bylaw, with a focus on voting structure. The session will be designed to support informed discussion, explore options, and build alignment on potential changes.

Task 2.3 Summary to Inform Administrative Bylaw Updates

Following the workshop, we will prepare a concise summary outlining recommended updates and key considerations to inform revisions to the Administrative Bylaw, including implications for governance and decision-making processes. We anticipate this work to occur in September, 2026.

Deliverables:

- Workshop materials (agenda and presentation)
- Facilitated workshop
- Summary of recommended Administrative Bylaw updates

3.0 SCHEDULE & FEES

Based on the tasks outlined above, the fees to provide the professional services and deliverables are outlined below (excluding GST). All travel and disbursements are included.

TASK/DESCRIPTION		SCHEDULE	FEES
1.0	Kickoff Meeting and Project Management	Mid-Late June 2026	$ 3,000
1.1	Board Interviews (Optional)	Mid-Late June OR Third Week of July 2026	$4,000
1.2	Background Review and Preparation	Mid-June - July 2026	$ 18,000
1.3	Facilitate Strategic Plan Workshop	July 27, 2026	
1.4	Synthesis and Strategic Plan Update	Aug 2026	
1.5	Facilitate Workshop #2 and Finalize Plan	Late Aug-Early Sept 2026	
2.1	Preparation/Coordination with Alberta Counsel	Aug-Early Sept 2026	$ 13,000
2.2	Facilitate Voting Structure Workshop	Late Aug-Early Sept 2026	
2.3	Summary to Inform Bylaw Updates	Sept 2026	
		TOTAL	**$ 21,000**
		TOTAL WITH OPTIONAL	**$ 38,000**

URBAN SYSTEMS

4.0 CLOSING

We trust that the above information is sufficient for the Board and Commission Manager to support next steps. If you would like any additional information such as references, or have any questions, please reach out to the undersigned and we would be happy to provide any supplemental information. We would like to thank the CRNWSC for the opportunity to continue to support the Commission and Board in this important organizational initiative.

Attached is Urban Systems' Standard Conditions of Agreement for Service. To accept these terms and to authorize Urban Systems to proceed with the work based on this work program, please sign below and return to us at your earliest convenience.

Sincerely,

URBAN SYSTEMS LTD.

Amie McGowan, P.Eng.
Community Consultant

/EL
Enclosure

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AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT is entered into this 12th day of July, 20 26 between

Capital Region Northeast Water Services Commission, referred to as the "CLIENT",

AND

Urban Systems Ltd., a corporation incorporated in the province of British Columbia and extra-provincially registered in the province of Alberta, referred to as "USL".

WHEREAS the CLIENT desires USL to perform certain services on behalf of the CLIENT, and USL desires to perform the same for compensation in accordance with the following terms and conditions.

BOTH PARTIES AGREE TO THE FOLLOWING:

1. USL will provide professional consulting services to the CLIENT (the "Services") for the update of the **Strategic Plan**, as further described and itemized in the attached Work Program, on the terms and subject to the conditions set out in this Agreement.

2. The CLIENT will compensate USL for the Services in the amount of $__________, excluding GST, in accordance with the attached Work Program, subject to agreed changes to the scope of the Services as provided for in this Agreement.

3. The Standard Conditions appended hereto shall form part of this Agreement and shall be binding on both of the parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed, as set forth below.

Capital Region Northeast Water Services Commission	**Urban Systems Ltd.**
PO Box 3438, Sherwood Park, AB T8H 2T3	200 - 10345 105th Street NW, Edmonton, AB T5J 1E8
Authorized Signatory	Authorized Signatory
Name: Gene Sobolewski	Name: Amie McGowan
Title: CEO and Commission Manager	Title: Principal & Community Consultant
Date: June 18,2026	Date: June 12, 2026

STANDARD CONDITIONS

1. DEFINITIONS

For this Agreement, in addition to the words defined above, the following definitions will apply:

a) "Business Day" means a day other than a Saturday, Sunday, or statutory holiday in Alberta.

b) "Instruments of Services" has the meaning set out in Section 6 of this Agreement.

c) "Pre-Existing Data and Information" has the meaning set out in Section 6 of this Agreement.

2. INDEPENDENT CONSULTANT

USL will be and operate as an independent consultant in the performance of the Services. USL will perform the Services in accordance with its own methods in an orderly and professional manner and will have complete control over and responsibility for its employees performing the Services. USL is acting in strictly a consulting role and will have no authority to make decisions on behalf of the CLIENT. USL will not enter into any agreements or undertakings for or on behalf of the CLIENT or act as or be an agent or employee of the CLIENT.

3. PERFORMANCE OF USL

USL will provide and pay for all equipment and materials required for the proper execution and completion of the Services. The Services will be performed in a timely, efficient manner.

USL will not undertake any additional work outside the scope of the Services without the written authorization of the CLIENT. Should the CLIENT choose to change the scope of the Services, the CLIENT will provide USL written notification of such changes.

USL will carry out the Services in a manner that is consistent with the level of care and skill exercised by members of a profession currently working under similar conditions. USL will ensure that its employees will be competent and properly qualified to perform the Services.

USL may engage subconsultants in the performance of the Services with the written consent of the CLIENT, said consent not to be unreasonably withheld. Such consent will not relieve USL of its obligations or liabilities under this Agreement.

The CLIENT may award other contracts for additional services and USL will fully co-operate with such other consultants or contractors and carefully fit its own Services to that provided under the other contracts, as may be directed by the CLIENT. USL will not commit or permit any act which will unreasonably interfere with the performance of services provided by another.

USL will comply with all laws, rules, and regulations applicable to the Services.

USL will be properly licensed, equipped, organized, and financed to perform the Services and will pay all sales, consumer use, and other similar taxes required by law, and will secure all permits, fees, and licences necessary for the execution of the Services.

USL is solely responsible for the payment of all contributions or taxes to be paid on or to persons employed by USL for the Services performed hereunder and will indemnify and hold harmless the CLIENT from any such liability.

4. HEALTH AND SAFETY

USL will be responsible for the health and safety, and will provide and maintain a safe working environment, for all of its employees, agents, or subconsultants. USL will adopt, supervise, and enforce reasonable and adequate safety requirements, including the CLIENT's site safety rules and any safety plan or requirements which may be established by the CLIENT, and will at all times observe and comply fully with all applicable laws, codes, ordinances, rules, and regulations relating to health and safety. Should USL feel that the CLIENT, or its employees, agents, consultants, or contractors, have created an environment that threatens the physical or mental safety of USL's employees, agents, or subconsultants, USL reserves the right to terminate this Agreement in accordance with Section 10 of this Agreement.

5. PAYMENT

The CLIENT will reimburse USL for the performance of Services authorized by the CLIENT. Unless otherwise agreed, USL will provide monthly invoices to the CLIENT, together with any necessary supporting documentation. The CLIENT will pay USL within thirty (30) days of the date of USL's monthly invoice. In the event that an invoice remains unpaid after thirty (30) days, USL reserves the right to suspend the Services until payment has been received by the CLIENT.

Invoiced amounts not paid by the CLIENT after thirty (30) days will bear interest at the rate of 3% above the prime commercial lending rate of the Royal Bank of Canada, which amount will be due and payable until paid. Such interest will be calculated and added to any unpaid amounts monthly.

6. TITLE TO DATA AND INFORMATION

The CLIENT agrees that all data, documents, photographs, drawings, analyses, graphs, reports, spreadsheets, or other subject matter, including all copyright and other intellectual property, that exists prior to the date of this Agreement and which is supplied by USL to perform the Services (the "Pre-Existing Data and Information") will at all times remain the property of USL.

The CLIENT may only copy and use the Pre-Existing Data and Information for record and maintenance purposes and for any future renovation, repair, or modifications necessary related to the Services. For these purposes, USL grants the CLIENT a non-exclusive licence to copy and use the Pre-Existing Data and Information.

USL agrees that all data, documents, photographs, drawings, analyses, graphs, reports, or other subject matter prepared or produced after the date of this Agreement in the rendition of the Services (the "Instruments of Service") will be the property of the CLIENT. The CLIENT grants USL a non-exclusive licence to copy and use the Instruments of Service prepared or produced in the rendition of the Services.

7. CONFIDENTIALITY AND SECURITY

USL will keep confidential all information, documentation, and data provided by the CLIENT to USL while carrying out the Services. Except with the prior written consent from the CLIENT, or as required by law or an authority having jurisdiction over USL, neither USL nor its employees, agents, or subconsultants will disclose to third parties any information produced, developed, or obtained in connection with the performance of this Agreement.

USL will make all reasonable security arrangements to protect all information, documentation, and data in its possession. While USL will retain copies of all information, documentation, and data pertaining to the Services after the completion of the Services, USL is not responsible for the storage of any such information, documentation, and data for the CLIENT.

8. INDEMNIFICATION AND LIABILITY

USL will indemnify and hold harmless the CLIENT from and against any claims, actions, losses, expenses, costs, or damages which the CLIENT may suffer that are caused by errors, omissions, or negligent actions of USL, its employees, agents, or subconsultants, in the performance of the Services. USL will not be liable for actions taken or decisions made by the CLIENT that contravene the professional advice provided by USL, nor for the use or accuracy of information or data provided by the CLIENT, its employees, agents, consultants, or contractors.

The CLIENT will indemnify and hold harmless USL from and against any claims, actions, losses, expenses, costs or damages which USL may suffer arising out of or in any way connected to decisions, actions, errors or omissions made by the CLIENT, its employees, agents, consultants, or contractors, including but not limited to: (a) any and all expenses incurred in reviewing, analyzing, and responding to any claims or potential claims, and; (b) any and all reasonable legal costs and disbursements incurred in defending any legal action in which USL is named as a defendant or a third party.

Neither party will be liable to the other for any consequential damages arising out of or related to this Agreement.

USL's liability for claims which the CLIENT has or may have against USL or USL's employees, agents, or subconsultants under this Agreement, whether these claims arise in contract, tort, negligence, or under any other theory of liability, will be limited:

- To claims brought within the limitation period prescribed by law in the province of Alberta, or where permitted by law, within five years of completion or termination of the Services, whichever occurs first; and

- To the amount of insurance carried by USL as noted in Section 9, or, where applicable, in relation to a claim arising out of a subconsultant's work, such lesser amount of insurance coverage that the CLIENT has agreed in writing that a subconsultant of USL is required to carry.

The CLIENT acknowledges this contract is with USL, the corporation, and agrees to limit any claim they may have to the corporation without liability on any part of any officer, director, employee, or agent of the corporation.

9. INSURANCE

USL represents that it currently carries, at a minimum, the following insurance coverage and limits:

a. Workers Compensation — As per statutory requirements

b. Automobile Insurance — $2,000,000

c. Comprehensive General Liability Insurance

- Each Occurrence — $2,000,000
- Aggregate — $2,000,000

d. Professional Liability Insurance

- Each Claim — $2,000,000
- Aggregate — $2,000,000

At the request of the CLIENT, USL will provide copies of its insurance certificates to the CLIENT.

10. TERMINATION

Either party may terminate this Agreement by giving ten (10) Business Days written notice to the other party. USL will stop the performance of the Services upon such termination. The CLIENT agrees to pay all outstanding invoices as well as any fees for Services performed by USL up to the date of termination.

If the CLIENT fails to make payment to USL in accordance with this Agreement, USL may by written notice to the CLIENT require that such default be corrected. If within ten (10) Business Days of receipt of such notice, the CLIENT has not corrected the default by making payment or by taking such other steps as are acceptable to USL, USL may immediately terminate this Agreement. In such event, all unpaid amounts owing to USL will be due and payable.

11. DISPUTE RESOLUTION

The CLIENT and USL agree to use all reasonable efforts to resolve such disputes or conflicts themselves. If the CLIENT and USL are unable to resolve the disputes or conflicts, both parties agree to submit such dispute or conflict into non-binding negotiations with the assistance of a mediator on a without prejudice basis. The mediator will be appointed by agreement of the parties.

12. SUCCESSORS AND ASSIGNMENT

This Agreement will enure to the benefit of and be binding upon the parties hereto, and except as provided herein, will be binding upon their successors, assigns, executors, and administrators.

Except as set forth herein, neither party may assign this Agreement without the prior written consent of the other.

13. NOTICES

All written requests and notices may be delivered by hand, e-mail, fax, or registered mail to the attention of the signatory of this Agreement. The address for such notices will be as set forth on the signature page of this Agreement.

14. SURVIVAL

The rights and obligations created by this Agreement will survive the completion, termination, or cancellation of this Agreement.

15. GOVERNING LAW

This Agreement is governed by and is to be interpreted according to the laws of Alberta.

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Request for Decision (RFD)

Meeting Date: Monday, June 29, 2026 **Agenda Item:** 7d
Topic: AUC Update Report
Presented By: Commission Manager

Recommendation:

1. That the Board

2. That the Board

Background:

1.0 – AUC Compliance Schedule

On June 03, 2026, CRN received notification from the AUC, as attached. JSB did not file a motion for further and better responses, therefore the following schedule was directed to the parties.

No motion for further and better IR responses filed		
Process step	**Due date***	**Limits (if any)**
CRN further response to AUC IR	June 9, 2026	
JSB evidence	June 19, 2026	McLaren
IRs on JSB evidence	July 3, 2026	10 IRs (including subparts)
IR responses from JSB	July 17, 2026	
CRN rebuttal evidence	July 24, 2026	Half the number of pages of intervener evidence
Written argument	August 7, 2026	20 pages
Written reply argument	August 21, 2026	10 pages

CRN may require additional time from the AUC to prepare information requests for based on the evidence provided. The CRN has made several statements regarding the reservation of the right to appeal or challenge specific rulings of the AUC.

2.0 – WSA/Standby Agreements – Preliminary Work

Part of the AUC ruling in December 2025 was that the JSB and CRN were required to:

1. Negotiate and ratify a Standby Agreement for the use of the South Pipeline to supplement water supply to JSB, and,
2. Negotiate and ratify a new Water Supply Agreement (WSA) for 2026 onward. The AUC ordered that until the new WSA is ratified, CRN can charge JSB $0.14/m^3 as an interim rate. All rates are considered to be interim if a true-up is to be undertaken. It is not clear whether a true-up is

Request for Decision (RFD)

required for 2026 and 2027 while the ordered rate is in place and whether the true-up would over-rule the ordered rate if the true-up rate rider is greater than the AUC ordered amount.

To prepare for negotiations of both the Standby Agreement and the WSA, there is much preparation work needed to be undertaken and Board input as to the CRN ingoing for presentation to JSB at the commencement of the negotiations. While the AUC has provided clarity, the terms of the agreement is essentially to be determined by the two parties and can be considered as separate processes to the current AUC process.

CRN provided an ingoing WSA to JSB in 2024. It was rejected by JSB and they responded with an amended version of the previous WSA, which expired in December 2025, and rejected by CRN.

Discussion (benefits/disadvantages):
The interim rate ordered by the AUC is considered to be low by CRN which has the effect of subsidization of JSB costs by members. The AUC recognized that the rate ordered may incentivize the parties to commence the negotiation process, which has not occurred to date.

Information to date suggests that it may be in the best interest of the CRN to begin the negotiation process earlier with the hope of concluding those matters and removal of the ordered interim rate.

Alternatives:
None

Financial Implications:
None

Legislation:
Municipal Government Act (MGA) s. 602.09

Intergovernmental:
N/A

Strategic Alignment:
N/A

Enclosure(s):
Attachments 1.

Signature of the Commission Manager: ____________________________

AUC
Alberta Utilities Commission

June 3, 2026

To: Parties currently registered in Proceeding 30595

Capital Region Northeast Water Services Commission
Compliance Filing to Decision 29831-D01-2025
Proceeding 30595

Further and better response to information request and process schedule

1. On May 29, 2026, the Capital Region Northeast Water Services Commission (CRN) provided its responses to Alberta Utilities Commission information requests (IRs) dated April 16, 2026.[1]

2. The Commission has reviewed the responses to IRs provided by CRN and directs that a further and better response be provided to CRN-AUC-2026APR16-003(a).

3. In this IR, the Commission requested that CRN provide supporting invoices for all line items on PDF page 167 of Exhibit 30595-X0010 that did not have invoices included in Exhibit 30595-X0010. In its response, CRN provided a list of supporting invoice numbers but did not provide the itemized invoices to support the invoice amounts listed. The Commission finds that CRN has not fully and adequately responded to this IR and therefore directs CRN to provide itemized invoices for each invoice number that CRN identified in its response to CRN-AUC-2026APR16-003(a). CRN must provide this further response by 4 p.m., June 9, 2026.

Process schedule

4. The John S. Batiuk Regional Water Commission (JSB) filed comments on the need for further process on April 1, 2026.[2] JSB requested that the Commission establish further process including a round of IRs and responses, intervener evidence, written argument and reply argument.

5. CRN filed comments on the need for further process on April 8, 2026. CRN submitted that the extensive process JSB requested is disproportionate and premature, and inconsistent with the nature of compliance proceedings before the Commission. CRN submitted that its revised filing addressed each area of non-compliance, and that allowing JSB to submit evidence on the approach to cost functionalization, among other things, would relitigate matters addressed in Decision 29831-D01-2025.[3] [4]

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[1] Exhibit 30595-X0022, CRN Responses to AUC – 30595.
[2] Exhibit 30595-X0013, JSB Comments on the Need for Further Process.
[3] Decision 29831-D01-2025: John S. Batiuk Regional Water Commission, Dispute Resolution of Matters Concerning Rates Being Imposed by the Capital Region Northeast Water Services Commission, Proceeding 29831, December 4, 2025.
[4] Exhibit 30595-X0015, CRN Letter Re. Process – 30595.

6. On April 10, 2026, the Commission established a process schedule that included one round of IRs and IR responses, a deadline for a motion for further and better IR responses (if required), and further process to be determined.[5]

7. The Commission has reviewed the issues in this proceeding to assess whether intervener evidence is necessary for the Commission to make its determinations in a fair and effective manner. One issue before the Commission is how CRN calculated the paragraph 11(b) costs to be allocated to JSB. CRN did this by functionalizing the paragraph 11(b) costs to the six pipeline systems, namely (i) Northside pipeline system 900 millimetre; (ii) Northside pipeline system 750 millimetre; (iii) Northside pipeline system online; (iv) Southside pipeline system; (v) Zone 3 system; and (vi) Zone 4 system. The percentage of each paragraph 11(b) cost allocated to each of the six systems was based on the system operator's input of their generalized total annual time related to operating and maintaining the six pipeline systems. After the functionalization of each paragraph 11(b) cost was completed, CRN allocated 34.11 per cent of the costs related to the pipeline systems (i), (ii) and (iii) to JSB.

8. The Commission recognizes that there are other potential methods to allocate the paragraph 11(b) costs to JSB, and considers that JSB should be provided the opportunity to submit evidence on this specific issue. The Commission will therefore limit the scope of intervener evidence to testing and proposing alternatives to the paragraph 11(b) cost allocation methodology, as described above.

9. Other issues can be addressed satisfactorily through argument and do not require the filing of intervener evidence. This includes (but is not limited to) whether particular 11(b) costs should or should not be removed from total costs before functionalization, and compliance of the proposed allocation approach for paragraph 11(a) costs. The Commission considers that these matters can be addressed through the written argument stage of the process.

10. The Commission sets out the following two process schedule alternatives, one in which JSB files a motion for further and better IR responses, and one in which it does not.

Motion for further and better IR responses filed			[illegible]		
Process step	**Due date***	**Limits (if any)**	**Process step**	**Due date***	**Limits (if any)**
Motion for further and better IR responses (if required)	June 9, 2026		CRN further response to AUC IR	June 9, 2026	
CRN further response to AUC IR	June 9, 2026		JSB evidence	June 19, 2026	McLaren
CRN comments on motion (if required)	June 12, 2026		[illegible]	July 3 [illegible]	10 IRs [illegible] subparts)
Commission's ruling on motion	June 17, 2026		[illegible] JSB	[illegible] 2026	

5 Exhibit 30595-X0016, AUC letter - Process schedule.

Motion for further and better IR responses filed			No motion for further and better IR responses filed		
Process step	**Due date***	**Limits (if any)**	**Process step**	**Due date***	**Limits (if any)**
Further and better IR responses (if required)	June 24, 2026		CRN rebuttal evidence	July 24, 2026	Half the number of pages of intervener evidence
JSB evidence	July 2, 2026		Written argument	August 7, 2026	20 pages
IRs on JSB evidence	July 16, 2026	10 IRs (including subparts)	Written reply argument	August 21, 2026	10 pages
IR responses from JSB	July 30, 2026				
CRN rebuttal evidence	August 6, 2026	Half the number of pages of intervener evidence			
Written argument	August 20, 2026	20 pages			
Written reply argument	September 3, 2026	10 pages			

*All written submissions are due by 4 p.m. on the date indicated.

11. Should you have any questions, please contact the undersigned at 780-427-1942 or by email at greg.engels@auc.ab.ca.

Yours truly,

Greg Engels
Lead Application Officer

Commission Manager

Report Period: **May 28, 2026 to June 24, 2026**

LEGISLATIVE / GOVERNANCE

Projects	Date In Progress	Date Outstanding	Date Completed
Bylaw/Policy Review: I have been reviewing and reading several of our policies and bylaws. During the retreat, I commented that I have found many deficiencies/gaps, overly reactionary clauses and outdated terms. The Board will need to set up a process to undertake a comprehensive review and updating of these important documents. Key bylaws and policies: • CEO Bylaw • Procedural (Administrative) Bylaw (possible aggregation of multiple bylaws) • Electronic meetings (required under the *MGA*) • Emergency/Water Restrictions bylaw/policy • Membership Addition/Withdrawal Bylaw (revisions) • Procurement Bylaw • Code of Conduct Bylaw (currently a policy) • Reserves/Amortization policies **Project progress:** • Disposition of Assets v3 – June Meeting • Administrative Bylaw v13 – Deferred for review to Workshop	Ongoing		
Ft Sask. Issue: Attended an administrative meeting with Ft. Sask, AECOM and AE. The focus of discussion was to determine a reasonable methodology for determination of capacity and timing for the construction of an additional river crossing utilizing the existing 400 mm Strathcona/CRNWSC pipeline. The calculated construction timing is approximately 10 years into the future and will be reviewed based on actual data. AE will be further reviewing the model and will report back to the Committee mid-august, wherein the meeting will also include representatives from Strathcona County to discuss the principles to establishing the rate to be charged for water flowing through this pipe (to be charged by Strathcona County). **Project progress:** • CoFS requested CRN to finalize rate methodology by resolution at June Board Meeting.	Ongoing		
JSB Update: (In Camera). **Project progress:** • The 2nd Compliance Ruling Response was June 09, 2026 and received evidence from JSB on June 19, 2026. • Preparing to provide IR's to JSB. • Very Busy!	Ongoing		

ADMINISTRATIVE			
Projects	**Date In Progress**	**Date Outstanding**	**Date Completed**
Commission Opportunities: As the Board is aware, at the retreat it was explained that there are some possible opportunities for the CRNWSC to possibly expand their customer base. There have been enquiries received relating to capacity and the ability to provide water for industrial customers. **Project progress:** • The Commission Manager has reviewed design drawings and concept site servicing drawings and had several discussions with Sturgeon County, AE and the project pertaining to system capacity and design of Hwy 643 loop.	Ongoing		
Bear Land Services: Seeking input from Bear Land Services to take over the applications for crossing agreements due to time constraints. **Project progress:** • Bear now managing Crossing Agreement Applications.	Ongoing		
Water Demand Measures: At the EPCOR and RWCG meeting, one item discussed was the concerns regarding an impending drought. The February EPCOR incident had also provided valuable insights as to what measures are in place for a drastic reduction or cessation of water supply from EPCOR. The RWCG group is jointly developing protocols which will be intended to be adopted by the Commission, members and customers such that all will be working from the same protocols. **Project progress:** • No further progress.			
FINANCIAL			
Projects	**Date In Progress**	**Date Outstanding**	**Date Completed**
TRAINING			
COMMISSION STRATEGIC PLAN			
Strategic Plan: A Strategic Plan is the Board's Vision and Priorities for next 3 years and beyond. It is a critical document for the Commission Manager to prepare plans and budgets. **Project progress:** • CEO working with facilitator in preparation for Workshops.	Ongoing		

Signature: ***Gene Sobolewski***	**Commission Board Meeting: June 24, 2026**

GIVENS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

MANAGEMENT REPORT

To the Management of Capital Region Northeast Water Services Commission

On the basis of information provided by management, we have compiled the balance sheet of Capital Region Northeast Water Services Commission as at May 31, 2026, and the statement of income and retained earnings for the period then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information (the "financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Edmonton, Alberta

Givens LLP
Chartered Professional Accountants

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Balance Sheet

As of May 31, 2026

	Total
ASSETS	
Current Assets	
Cash and Cash Equivalent	
1060 Royal Bank- Chequing	1,702,058.65
1080 ATB Public Sector Savings **0900	404,280.02
1090 Undeposited funds	1,500.00
Total Cash and Cash Equivalent	**2,107,838.67**
Accounts Receivable (A/R)	
1200 Accounts Receivable	2,689,354.31
Total Accounts Receivable (A/R)	**2,689,354.31**
1202 Accounts Receivable - Southside SL	1,048,402.00
1205 Allowance for Doubtful Accounts	-1,000.00
1320 Prepaid Expenses	10,041.71
1355 Accrued Interest on Investments	677,897.88
1515 Inventory	
1520 Hypresscon Enclosure Kit Contents	48,481.83
1525 Repair Transition Kit Contents	24,166.00
Total 1515 Inventory	**72,647.83**
Total Current Assets	**6,605,182.40**
Non-current Assets	
Property, plant and equipment	
1806 Online Station Communication Tower	300,783.51
1820 Pre 96 & Engineering Structures	53,533,517.71
1825 Accum. Amort -Pre 96 & Eng Struct	-18,642,876.67
1830 Waterline upgrade	1,272,767.36
1840 Machinery & Equipment	1,533,159.11
1845 Accum. Amort.-Machinery & Equipment	-1,082,737.81
1860 Land	2,625,816.88
Total Property, plant and equipment	**39,540,430.09**
1352 ATB Term/GIC Investment- Long term	17,262,101.63
Total Non Current Assets	**56,802,531.72**
Total Assets	**$63,407,714.12**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable (A/P)	
2100 Accounts Payable	701,052.32
Total Accounts Payable (A/P)	**701,052.32**
Credit Card	
2350 RBC Visa Busines***6433	632.38
Total Credit Card	**632.38**
2101 Accrued Accounts Payable	13,758.11
2105 Accrued Debenture interest	79,495.79
2230 Payroll liabilities	0.00

	Total
2232 Federal Taxes	5,024.00
2235 Vacation Pay	13,583.68
Total 2230 Payroll liabilities	**18,607.68**
2315 GST/HST Payable (unfiled)	-47,108.23
2320 GST/HST Suspense (filed)	-100,309.71
2325 GST Adjustments	113,375.38
2650 Direct Deposit Payable	-5,887.72
Total Current Liabilities	**773,616.00**
Non-current Liabilities	
2630 Debenture Debt	0.00
2635 Debenture 4001647	2,772,372.78
2645 Debenture 4001564	3,611,221.32
Total 2630 Debenture Debt	**6,383,594.10**
Total Non-current Liabilities	**6,383,594.10**
Total Liabilities	**7,157,210.10**
Equity	
3010 Equity - Fixed Assets	34,851,137.05
Restricted Surplus	
3020 Capital Reserve	18,228,298.11
3025 Operating Reserve	399,501.76
Total Restricted Surplus	**18,627,799.87**
Retained Earnings	2,744,231.61
Profit for the year	27,335.49
Total Equity	**56,250,504.02**
Total Liabilities and Equity	**$63,407,714.12**

Profit and Loss by Month

January - May, 2026

	Jan. 2026	Feb. 2026	Mar. 2026	Apr. 2026	May 2026	Total
INCOME						
4010 City of Fort Sask. Water Sales	284,772.70	260,153.10	276,402.21	322,498.66	326,008.41	1,469,835.08
4020 Sturgeon County Water Sales	86,832.40	76,632.91	93,578.72	87,010.87	105,244.19	449,299.09
4025 Town of Bon Accord Water Sales	13,359.48	12,656.95	13,268.84	14,849.54	16,026.57	70,161.38
4030 Town of Gibbons Water Sales	28,067.38	27,041.91	26,267.14	31,128.22	30,771.29	143,275.94
4035 Town of Redwater Water Sales	21,716.42	20,400.53	21,173.76	23,384.24	25,707.48	112,382.43
4040 Hwy 28/63 Regional Water Serv	46,872.93	43,000.49	44,323.41	48,738.32	57,544.08	240,479.23
4050 John S. Batiuk Regional Water Comm	173,790.72	170,121.06	174,465.60	201,394.68	212,747.94	932,520.00
4060 Crossing Agreements		1,500.00	1,500.00	4,500.00	1,500.00	9,000.00
Total Income	**655,412.03**	**611,506.95**	**650,979.68**	**733,504.53**	**775,549.96**	**3,426,953.15**
COST OF GOODS SOLD						
5510 Water Purchase - Strathcona	137,996.02	107,656.82	102,508.12	128,279.22	125,564.42	602,004.60
5520 Water Purchase - EPCOR	368,117.00	352,313.00	372,209.00	420,490.00	381,671.00	1,894,800.00
Total Cost of Goods Sold	**506,113.02**	**459,969.82**	**474,717.12**	**548,769.22**	**507,235.42**	**2,496,804.60**
GROSS PROFIT	**149,299.01**	**151,537.13**	**176,262.56**	**184,735.31**	**268,314.54**	**930,148.55**
EXPENSES						$318,534.48
5605 Contracted Services	607.50		540.00	700.00	655.00	2,502.50
5607 Website Contract/Maintenance		165.00				165.00
5610 Bookkeeping services/ Audits	2,289.00	2,289.00	2,289.00	14,289.00	3,789.00	24,945.00
5615 Legal Fees	16,379.50	11,098.20	17,238.10	23,529.88	12,497.50	80,743.18
5625 Business Fees & Licenses	1,057.03	1,235.03	68.03	2,788.43	323.03	5,471.55
5635 Operating Contract	34,234.66	30,793.00	31,660.98	32,038.00	36,961.71	165,688.35
5640 Courier & Postage		15.00				15.00
5641 Office Expenses	309.72	544.96	779.83	1,374.82	507.28	3,516.61
5645 Honorarum / Per Diem	3,365.96	3,054.80	4,495.00	2,405.00	1,500.00	14,820.76
5646 Catering & Venue Rentals	212.82	459.89	110.98	49.75	40.51	873.95
5665 Engineering		1,104.30	5,401.08		13,597.20	20,102.58
5666 Engineering - Smartball Inspection		15,681.62	300,350.36			316,031.98

	Jan. 2026	Feb. 2026	Mar. 2026	Apr. 2026	May 2026	Total
5685 Insurance	1,944.13	1,944.13	1,962.67	1,944.13	1,944.13	9,739.19
5690 Bank Charges and processing fees	39.02	51.00	39.00	39.00	39.00	207.02
5692 QuickBooks Payments Fees		43.75		87.50	43.75	175.00
Total 5690 Bank Charges and processing fees	**39.02**	**94.75**	**39.00**	**126.50**	**82.75**	**382.02**
5695 Debenture Interest	21,546.00	21,546.00	21,174.50	21,174.50	21,174.50	106,615.50
5699 TELUS						0.00
5700 Telus 472-6266	98.75	98.75	98.75	98.75	98.75	493.75
5705 Telus 998-0171	180.54	180.54	180.54	183.54	183.54	908.70
5710 Telus 998-3738	116.25	116.25	116.25	116.25	116.25	581.25
5715 Telus 998-2026	113.25	113.25	114.60	113.25	113.25	567.60
Total 5699 TELUS	**508.79**	**508.79**	**510.14**	**511.79**	**511.79**	**2,551.30**
5729 ENMAX						0.00
5730 ENMAX - Power NW26-54-23-W4	265.64	255.26	151.23	160.21	168.82	1,001.16
5735 ENMAX - Power SE18-56-21-W4	76.10	100.24	93.49	112.88	110.27	492.98
5740 ENMAX - Power NW 09-55-22-4	5,804.81	6,197.15	5,615.12	6,073.89	5,910.28	29,601.25
Total 5729 ENMAX	**6,146.55**	**6,552.65**	**5,859.84**	**6,346.98**	**6,189.37**	**31,095.39**
5769 DIRECT ENERGY						0.00
5771 Direct Energy NW 26-54-23-W4	168.86	166.09	162.48	149.06	111.32	757.81
Total 5769 DIRECT ENERGY	**168.86**	**166.09**	**162.48**	**149.06**	**111.32**	**757.81**
5774 Bell Mobility 587-341-3673	237.40	237.40	237.40		237.40	949.60
5776 Records Mgmt Supplies & Storage Fee	118.72	118.72	118.72	118.72	118.72	593.60
5784 Travel & Subsistance	731.90	1,248.88	1,412.80	431.61	2,048.58	5,873.77
5815 WCB			1,211.72			1,211.72
Payroll Expenses						0.00
5820 Wages and Salaries	15,261.14	15,916.34	8,076.89	15,858.37	16,153.78	71,266.52
5824 Taxes (CPP & EI- employer portion)	1,203.90	1,228.78	623.61	1,224.10	1,247.23	5,527.62
5830 Employee benefits	187.95	187.95	290.98	373.34	373.34	1,413.56
Total Payroll Expenses	**16,652.99**	**17,333.07**	**8,991.48**	**17,455.81**	**17,774.35**	**78,207.70**
5660 Amortization Expense	63,262.75	63,262.75	63,262.75	63,262.75	63,262.75	316,313.75
Total Expenses	**169,813.30**	**179,454.03**	**467,876.86**	**188,696.73**	**183,326.89**	**1,189,167.81**

	Jan. 2026	Feb. 2026	Mar. 2026	Apr. 2026	May 2026	Total
OTHER INCOME						
4439 Interest Income						0.00
4440 Interest on bank acct- Chequing	4,767.96	4,659.64	4,365.99	4,678.60	4,124.53	22,596.72
4445 Interest on bank acct- Savings	1,300.04	814.77	903.89	876.69	907.87	4,803.26
4450 Interest on Investments	48,822.93	49,030.77	54,284.05	52,532.97	54,284.05	258,954.77
Total 4439 Interest Income	**54,890.93**	**54,505.18**	**59,553.93**	**58,088.26**	**59,316.45**	**286,354.75**
Total Other Income	**54,890.93**	**54,505.18**	**59,553.93**	**58,088.26**	**59,316.45**	**286,354.75**
PROFIT	**$34,376.64**	**$26,588.28**	**$ -232,060.37**	**$54,126.84**	**$144,304.10**	**$27,335.49**

Profit and Loss Comparison

January - May, 2026

	Total	
	Jan - May, 2026	Jan - May, 2025 (PY)
INCOME		
4010 City of Fort Sask. Water Sales	1,469,835.08	1,451,580.14
4020 Sturgeon County Water Sales	449,299.09	453,071.34
4025 Town of Bon Accord Water Sales	70,161.38	74,240.46
4030 Town of Gibbons Water Sales	143,275.94	155,529.63
4035 Town of Redwater Water Sales	112,382.43	130,570.12
4040 Hwy 28/63 Regional Water Serv	240,479.23	254,399.74
4050 John S. Batiuk Regional Water Comm	932,520.00	1,160,706.98
4060 Crossing Agreements	9,000.00	3,000.00
Total Income	**3,426,953.15**	**3,683,098.41**
COST OF GOODS SOLD		
5510 Water Purchase - Strathcona	602,004.60	27,536.90
5520 Water Purchase - EPCOR	1,894,800.00	2,528,644.10
Total Cost of Goods Sold	**2,496,804.60**	**2,556,181.00**
GROSS PROFIT	**930,148.55**	**1,126,917.41**
EXPENSES		
5605 Contracted Services	2,502.50	56,578.24
5607 Website Contract/Maintenance	165.00	
5610 Bookkeeping services/ Audits	24,945.00	29,060.00
5615 Legal Fees	80,743.18	52,052.45
5625 Business Fees & Licenses	5,471.55	4,314.04
5635 Operating Contract	165,688.35	154,552.00
5640 Courier & Postage	15.00	374.00
5641 Office Expenses	3,516.61	3,062.98
5645 Honorarum / Per Diem	14,820.76	11,170.00
5646 Catering & Venue Rentals	873.95	762.46
5647 Training & Conferences		2,625.00
5665 Engineering	20,102.58	12,392.47
5666 Engineering - Smartball Inspection	316,031.98	545,097.52
5685 Insurance	9,739.19	9,198.35
5690 Bank Charges and processing fees	207.02	206.93
5692 QuickBooks Payments Fees	175.00	
Total 5690 Bank Charges and processing fees	**382.02**	**206.93**
5695 Debenture Interest	106,615.50	113,579.06
5699 TELUS		
5700 Telus 472-6266	493.75	493.75
5705 Telus 998-0171	908.70	902.70
5710 Telus 998-3738	581.25	581.25
5715 Telus 998-2026	567.60	566.25
Total 5699 TELUS	**2,551.30**	**2,543.95**
5729 ENMAX		
5730 ENMAX - Power NW26-54-23-W4	1,001.16	751.50
5735 ENMAX - Power SE18-56-21-W4	492.98	480.84
5740 ENMAX - Power NW 09-55-22-4	29,601.25	29,043.59

		Total
	Jan - May, 2026	Jan - May, 2025 (PY)
Total 5729 ENMAX	**31,095.39**	**30,275.93**
5769 DIRECT ENERGY		
5771 Direct Energy NW 26-54-23-W4	757.81	1,688.99
Total 5769 DIRECT ENERGY	**757.81**	**1,688.99**
5774 Bell Mobility 587-341-3673	949.60	1,220.89
5776 Records Mgmt Supplies & Storage Fee	593.60	721.38
5784 Travel & Subsistance	5,873.77	5,330.21
5815 WCB	1,211.72	763.14
Payroll Expenses		
5820 Wages and Salaries	71,266.52	81,042.99
5824 Taxes (CPP & EI- employer portion)	5,527.62	5,235.80
5830 Employee benefits	1,413.56	394.01
Total Payroll Expenses	**78,207.70**	**86,672.80**
5660 Amortization Expense	316,313.75	316,313.75
Total Expenses	**1,189,167.81**	**1,440,556.54**
OTHER INCOME		
4439 Interest Income		
4440 Interest on bank acct- Chequing	22,596.72	29,268.98
4445 Interest on bank acct- Savings	4,803.26	14,174.12
4450 Interest on Investments	258,954.77	279,164.91
Total 4439 Interest Income	**286,354.75**	**322,608.01**
Total Other Income	**286,354.75**	**322,608.01**
PROFIT	**$27,335.49**	**$8,968.88**

Budget vs. Actuals

January - May, 2026

	Actual	Budget	Total over Budget
INCOME			
4010 City of Fort Sask. Water Sales	1,469,835.08	1,580,294.45	-110,459.37
4020 Sturgeon County Water Sales	449,299.09	456,529.50	-7,230.41
4025 Town of Bon Accord Water Sales	70,161.38	74,137.25	-3,975.87
4030 Town of Gibbons Water Sales	143,275.94	152,176.50	-8,900.56
4035 Town of Redwater Water Sales	112,382.43	120,960.80	-8,578.37
4040 Hwy 28/63 Regional Water Serv	240,479.23	261,431.45	-20,952.22
4050 John S. Batiuk Regional Water Comm	932,520.00	1,009,470.00	-76,950.00
4060 Crossing Agreements	9,000.00	7,500.00	1,500.00
Total Income	**3,426,953.15**	**3,662,499.95**	**-235,546.80**
COST OF GOODS SOLD			
5510 Water Purchase - Strathcona	602,004.60	68,750.00	533,254.60
5520 Water Purchase - EPCOR	1,894,800.00	2,687,500.00	-792,700.00
Total Cost of Goods Sold	**2,496,804.60**	**2,756,250.00**	**-259,445.40**
GROSS PROFIT	**930,148.55**	**906,249.95**	**23,898.60**
EXPENSES			
5605 Contracted Services	2,502.50	$550,000 ~~229,166.65~~	-226,664.15
5606 Cathodic Protection		4,166.65	-4,166.65
5607 Website Contract/Maintenance	165.00	625.00	-460.00
5610 Bookkeeping services/ Audits	24,945.00	17,916.65	7,028.35
5615 Legal Fees	80,743.18	83,333.35	-2,590.17
5625 Business Fees & Licenses	5,471.55	2,083.35	3,388.20
5635 Operating Contract	165,688.35	160,000.00	5,688.35
5640 Courier & Postage	15.00	208.35	-193.35
5641 Office Expenses	3,516.61	1,458.35	2,058.26
5645 Honorarum / Per Diem	14,820.76	12,500.00	2,320.76
5646 Catering & Venue Rentals	873.95	833.35	40.60
5647 Training & Conferences		16,666.65	-16,666.65
5665 Engineering	20,102.58	108,333.35	-88,230.77
5666 Engineering - Smartball Inspection	316,031.98		316,031.98
5675 Utility Safety Partners AB 1 Call		2,083.35	-2,083.35
5685 Insurance	9,739.19	9,166.65	572.54
5690 Bank Charges and processing fees	207.02	229.15	-22.13
5692 QuickBooks Payments Fees	175.00	104.15	70.85
Total 5690 Bank Charges and processing fees	**382.02**	**333.30**	**48.72**
5695 Debenture Interest	106,615.50	106,128.35	487.15
5699 TELUS		0.00	0.00
5700 Telus 472-6266	493.75	500.00	-6.25
5705 Telus 998-0171	908.70	916.65	-7.95
5710 Telus 998-3738	581.25	583.35	-2.10
5715 Telus 998-2026	567.60	583.35	-15.75
Total 5699 TELUS	**2,551.30**	**2,583.35**	**-32.05**
5729 ENMAX		0.00	0.00
5730 ENMAX - Power NW26-54-23-W4	1,001.16	750.00	251.16

	Actual	Budget	Total over Budget
5735 ENMAX - Power SE18-56-21-W4	492.98	458.35	34.63
5740 ENMAX - Power NW 09-55-22-4	29,601.25	30,041.65	-440.40
Total 5729 ENMAX	**31,095.39**	**31,250.00**	**-154.61**
5769 DIRECT ENERGY		0.00	0.00
5771 Direct Energy NW 26-54-23-W4	757.81	1,166.65	-408.84
Total 5769 DIRECT ENERGY	**757.81**	**1,166.65**	**-408.84**
5774 Bell Mobility 587-341-3673	949.60	1,250.00	-300.40
5776 Records Mgmt Supplies & Storage Fee	593.60	625.00	-31.40
5780 Misc Expenses		416.65	-416.65
5784 Travel & Subsistance	5,873.77	12,500.00	-6,626.23
5795 RWCG Plan & Consulting Fees		458.35	-458.35
5815 WCB	1,211.72	1,166.65	45.07
Payroll Expenses		0.00	0.00
5820 Wages and Salaries	71,266.52	83,333.35	-12,066.83
5824 Taxes (CPP & EI- employer portion)	5,527.62	4,166.65	1,360.97
5830 Employee benefits	1,413.56	625.00	788.56
Total Payroll Expenses	**78,207.70**	**88,125.00**	**-9,917.30**
Total Expenses	**872,854.06**	**894,545.00**	**-21,690.94**
NET OPERATING INCOME	**57,294.49**	**11,704.95**	**45,589.54**
OTHER INCOME			
4075 WOLF Project - Eng and Commission		89,583.35	-89,583.35
4439 Interest Income		0.00	0.00
4440 Interest on bank acct- Chequing	22,596.72	29,166.65	-6,569.93
4445 Interest on bank acct- Savings	4,803.26	13,333.35	-8,530.09
4450 Interest on Investments	258,954.77	325,000.00	-66,045.23
Total 4439 Interest Income	**286,354.75**	**367,500.00**	**-81,145.25**
Total Other Income	**286,354.75**	**457,083.35**	**-170,728.60**
OTHER EXPENSES			
5660 Amortization Expense	316,313.75	0.00	316,313.75
Total Other Expenses	**316,313.75**	**0.00**	**316,313.75**
NET OTHER INCOME	**-29,959.00**	**457,083.35**	**-487,042.35**
NET INCOME	**$27,335.49**	**$468,788.30**	**$ -441,452.81**

A/R Aging Summary

As of May 31, 2026

	Current	1 - 30	31 - 60	61 - 90	91 and over	Total
City of Fort Saskatchewan	326,008.41		322,498.66			648,507.07
Highway 28/63 Regional Water Services Commission	57,544.08					57,544.08
John S. Batiuk Regional Water Commission	212,747.94				1,458,317.06	1,671,065.00
McElhanney					1,500.00	1,500.00
Sturgeon County	105,244.19		87,010.87			192,255.06
Town of Bon Accord	16,026.57		14,849.54			30,876.11
Town of Gibbons	30,771.29		31,128.22			61,899.51
Town of Redwater	25,707.48					25,707.48
TOTAL	$774,049.96	$0.00	$455,487.29	$0.00	$1,459,817.06	$2,689,354.31

A/P Aging Summary

As of May 31, 2026

	Current	1 - 30	31 - 60	61 - 90	91 and over	Total
Associated Engineering		6,779.05				6,779.05
Brownlee LLP Barristers & Solicitors		13,122.38				13,122.38
Direct Energy Regulated Services		116.88				116.88
Enmax		6,498.83				6,498.83
EPCOR Water Services	381,671.00					381,671.00
Eugene Sobolewski	516.00					516.00
KANA Environmental Consulting	38,809.80					38,809.80
Katie Berghofer		356.96				356.96
Kristin Toms		375.40				375.40
Metrix Group LLP			12,600.00			12,600.00
Patrick Noyen		362.50				362.50
Sharla St.Gemain		181.92				181.92
Strathcona County.		125,564.42				125,564.42
Sureway Construction Management Ltd.		112,702.80				112,702.80
Tara L. Sobolewski	360.00					360.00
TELUS		537.38				537.38
Timothy Larson		497.00				497.00
TOTAL	**$421,356.80**	**$267,095.52**	**$12,600.00**	**$0.00**	**$0.00**	**$701,052.32**

1. BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the Balance sheet and the Income Statement of Capital Region Northeast Water Services Commission is the historical cost basis and reflects cash transactions with the addition of:

- Accounts receivable less an allowance for doubtful accounts;
- Investments recorded at cost;
- Inventory valued at cost;
- Property, plant and equipment is recorded at cost and amortized at established rates;
- Accounts payable and accrued liabilities;
- Revenues are recognized when services are complete and invoiced;
- Purchases are recognized when services are received.