

# North Red Deer River Water Services Commission



## Regular Meeting Agenda

Date:	April 3, 2023	Time:	9:00am
Location:	COUNCIL CHAMBERS LACOMBE AB		
Invitees:	<p><b>Members:</b> Mayor Grant Creasey, City of Lacombe – Chair  Councillor Clayton Nelson, Town of Ponoka– Vice Chair  Mayor Jamie Hoover, Town of Blackfalds – Director  Councillor John Ireland, Lacombe County – Director  Councillor Mark Matejka, Ponoka County – Director</p> <p><b>Others:</b> Jordan Thompson, NRDRWSC Administrator  Kevin Ferguson, Mayor, Town of Ponoka  Matthew Goudy, CAO, City of Lacombe  Sandra Lund, CAO, Town of Ponoka  Charlie Cutforth, CAO, Ponoka County  Myron Thompson, CAO, Town of Blackfalds  Preston Weran, Director, Town of Blackfalds  Tim Timmons, County Manager Lacombe County  Michael Minchin, Director, Lacombe County  Tracey McKinnon, Senior Manager, City of Lacombe  Amber Mitchell, Manager, City of Lacombe  Chris Huston, Manager, City of Lacombe  Angela Smith, Regional Utilities Foreman, City of Lacombe</p> <p><b>Guests:</b> Joel Sawatzky, Stantec Consulting Ltd.  Todd Simenson, Stantec Consulting Ltd  Michael Levia, CPA, CA, BDO Canada LLP  Ryan Wachter, CPA, CA, BDO Canada LLP  Alan Litster, CPA, CA, BDO Canada LLP</p>		
Recorded by:	Iwalani Post - Administrative Assistant NRDRWSC		
	1. Call to Order by Chair		
	2. Adoption of Agenda		
	3. Adoption of Minutes		
	3.1 Regular Meeting Minutes – November 7, 2022		
	4. Presentations		
	4.1 2022 Audit Statement – BDO Canada LLP		

5. Reports 5.1 Administrator 5.2 Chair
6. Old Business:
7. New Business / Emergent Items: 7.1 2022 Financial Audit – Sr. Manager McKinnon
8. Correspondence 8.1 Signalta Power (Power Generating Facility) – Administrator Thompson
9. Next Meeting Date: June 19, 2023 in Council Chambers, City of Lacombe, at 9:00am
10. Adjournment

**NORTH RED DEER RIVER WATER SERVICES COMMISSION**  
**MEETING MINUTES**  
**November 7, 2022**

**In Attendance:** Mayor Grant Creasey, NRDRWSC Chair, City of Lacombe,  
Councillor Clayton Nelson, NRDRWSC Vice-Chair, Town of Ponoka,  
*(remote)*  
Councillor John Ireland, Lacombe County  
Councillor Mark Matejka, Ponoka County

**Others Present:** Jordan Thompson, NRDRWSC CAO  
Denise Bellabono, NRDRWSC Administrative Assistant  
Matthew Goudy, CAO, City of Lacombe  
Sandra Lund, CAO, Town of Ponoka *(remote)*  
Preston Weran, Director of Infrastructure and Property Services,  
Town of Blackfalds  
Tim Timmons, County Manager, Lacombe County *(remote)*  
Tracey McKinnon, Senior Manager of Finance, City of Lacombe  
Chris Huston, Utilities Manager, City of Lacombe  
Amber Mitchell, Engineering Manager, City of Lacombe  
Angela Smith, Regional Utilities Foreman, City of Lacombe  
Iwalani Post, Administrative Assistant, City of Lacombe

**Guests:** Todd Simenson, Stantec Consulting Ltd

**Regrets:** Myron Thompson, CAO, Town of Blackfalds  
Charlie Cutforth, CAO, Ponoka County  
Michael Minchin, Director of Corporate Services, Lacombe County

**1. Call to Order:**

*CAO Thompson called the meeting to order at 9:01 am.*

**2. Adoption of the Organizational Meeting Agenda**

*MOVED by Councillor Ireland that the organizational meeting agenda for November 7, 2022, be adopted as presented.*

*CARRIED UNANIMOUSLY*

**3. Organizational Agenda**

**3.1. Annual Elections**

**3.1.a Call for nominations of Chair**

Mayor Hoover nominated Mayor Grant Creasey

*MOVED by Councillor Ireland that the nominations of Chair cease.*

*CARRIED UNANIMOUSLY*

3.1.b Election of Chair

Mayor Grant Creasey is declared Chair by acclamation.

*MOVED by Mayor Hoover that Mayor Grant Creasey be declared Chair of the North Red Deer River Water Services Commission for the term expiring November 6, 2023.*

*CARRIED UNANIMOUSLY*

3.1.c Call for nominations of Vice-Chair

Councillor Ireland nominated Councillor Clayton Nelson

*MOVED by Mayor Hoover that the nominations of Vice-Chair cease.*

*CARRIED UNANIMOUSLY*

3.1.d Election of Vice-Chair

Mayor Grant Creasey is declared Chair by acclamation.

*MOVED by Councillor Ireland that Councillor Clayton Nelson be declared Vice-Chair of the North Red Deer River Water Services Commission for the term expiring November 6, 2023.*

*CARRIED UNANIMOUSLY*

Following the Annual Elections, the newly elected Chair, Grant Creasey, chaired the remainder of the meeting.

3.2. 2023 Scheduling of Meeting

*Moved by Councillor Matejka that the Commission approves the Regular Commission Meeting dates for 2023 as presented.*

*CARRIED UNANIMOUSLY*

**4. Adoption of Regular Meeting Agenda**

*MOVED by Councillor Matejka that the regular meeting agenda for November 7, 2022, be adopted as presented.*

CARRIED UNANIMOUSLY

**5. Adoption of the Minutes:**

*MOVED by Councillor Ireland that the minutes for October 3, 2022, be adopted as presented.*

CARRIED UNANIMOUSLY

**6. Reports**

**6.1. Administrator**

CAO Thompson presented the Administration Report highlighting the option for a second orientation session, a legal update from Brownlee, the overall increase in water volumes for 2022, an update on revenues, expenses, and operations.

*MOVED by Councillor Matejka to accept the November 7, 2022, Administration Report as information.*

CARRIED UNANIMOUSLY

**7. Old Business**

**7.1. City of Lacombe Management and Operations Services Proposal**

CAO Thompson presented for renewal, the Management and Operations Services Contract amended proposal from the City of Lacombe with updates on the proposed fee schedule and confirmed the City will be seeking to recover from the Province the administrative expenses for the waterline extension.

*MOVED by Councillor Ireland to move In Camera at 9:15 am.*

CARRIED UNANIMOUSLY

*MOVED by Councillor Matejka that the Commission return to Open Meeting at 9:58 am.*

CARRIED UNANIMOUSLY

*MOVED by Councillor Matejka that the Commission accepts the City of Lacombe amended proposal and directs Administration to finalize the management and operations services contract with the City of Lacombe.*

CARRIED UNANIMOUSLY

**8. New Business / Emergent Items:**

**8.1. Administration Oversight of System Expansion 2019-2022**

CAO Thompson presented the administration oversight of system expansion from 2019-2022 and the request to authorize for the unbudgeted expense.

*MOVED by Councillor Ireland that the Commission authorizes the payment of \$57,375 for the administrative oversight of the system expansion from 2019-2022 funded from the operating reserve.*

*CARRIED UNANIMOUSLY*

## **8.2. 2023 Operating and Capital Budget**

CAO Thompson presented the 2023 Operating and Capital Budget based on the 2022-2040 Financial Plan that assumes the waterline extension project will advance to phase 4 of the 5 phase project. Projections for 2023 were made for overall water sales, annual expenses with increases and decreases highlighted and estimated revenues for 2023.

*MOVED by Councillor Ireland that the Commission adopts the 2023 Operating Budget as presented..*

*CARRIED UNANIMOUSLY*

*MOVED by Mayor Hoover that the Commission adopts the 2023 Capital Budget as presented.*

*CARRIED UNANIMOUSLY*

## **9. In Camera**

*MOVED by Councillor Matejka to move In Camera at 10:19 am.*

*CARRIED UNANIMOUSLY*

*Tim Timmons left the meeting at 11:14 am.*

*MOVED by Councillor Matejka that the Commission return to Open Meeting at 11:18 am.*

*CARRIED UNANIMOUSLY*

## **10. Next Meeting:**

Monday, April 3, 2023, at 9:00 am, City of Lacombe Council Chambers

## **11. Adjournment:**

*MOVED by Councillor Ireland to adjourn the meeting at 11:19 am.*

*CARRIED UNANIMOUSLY*

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Chairperson

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Administrator

North Red Deer River Water Services  
Commission  
Financial Statements  
For the year ended December 31, 2022

DRAFT FOR DISCUSSION PURPOSES ONLY



North Red Deer River Water Services Commission  
Financial Statements  
For the year ended December 31, 2022

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DRAFT FOR DISCUSSION PURPOSES ONLY

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# Independent Auditor's Report

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To the Members of the Board of the  
North Red Deer River Water Services Commission

## Opinion

We have audited the financial statements of the North Red Deer River Water Services Commission (the Commission), which comprise the statement of financial position as at December 31, 2022, and the statement of operations, statement of changes in net debt, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting

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## Independent Auditor's Report

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a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants  
Red Deer, Alberta  
April 3, 2023

North Red Deer River Water Services Commission  
Statement of Financial Position

December 31	2022	2021
<b>Financial assets</b>		
Cash	\$ 8,726,182	\$ 498,824
Investments (Note 3)	7,936,804	7,763,116
Trade and other receivables	609,188	625,625
	<u>17,272,174</u>	<u>8,887,565</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	463,526	384,419
Deferred revenue (Note 4)	7,960,003	-
Current portion of long-term debt (Note 5)	880,518	842,116
	<u>9,304,047</u>	<u>1,226,535</u>
Long-term debt, net of current portion (Note 5)	8,083,791	8,964,310
	<u>17,387,838</u>	<u>10,190,845</u>
Net debt	<u>(115,664)</u>	<u>(1,303,280)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 7)	26,611,912	27,067,371
Inventory of supplies (Note 8)	75,440	75,088
	<u>26,687,352</u>	<u>27,142,459</u>
Accumulated surplus (Note 10)	<u>\$26,571,688</u>	<u>\$ 25,839,179</u>

Commitments (Note 12)

North Red Deer River Water Services Commission  
Statement of Operations

For the year ended December 31	Budget 2022	2022	2021
<b>Revenue</b>			
Water sales to Commission members (Note 11) \$	6,369,085	\$ 6,088,152	\$ 5,990,728
Service fees to Commission members (Note 11)	129,371	115,989	143,834
Interest income	70,000	192,365	184,408
Other revenue	1,500	2,594	2,112
Provincial grants	-	-	47,000
<b>Total revenue</b>	<b>6,569,956</b>	<b>6,399,100</b>	<b>6,368,082</b>
<b>Expenses</b>			
Accounting and audit fees	9,180	9,040	9,150
Board remuneration	4,845	5,400	5,068
Board travel	3,775	3,478	857
Communication	612	-	450
General material and supplies	-	8,884	8,084
Insurance	4,615	6,223	5,231
Interest long-term debt	432,785	430,155	466,996
Legal	5,000	37,569	-
Management fees	63,334	63,324	62,088
Office	1,020	209	87
Operator costs	135,060	100,654	105,439
Other professional fees	23,610	78,281	55,776
Purchase of water	4,712,461	4,427,729	4,547,586
Repairs and maintenance	6,500	4,807	144,878
SCADA maintenance	28,152	24,606	27,775
Utilities	6,300	8,811	6,216
Valves	1,545	1,962	746
Amortization of capital assets	455,459	455,459	454,592
<b>Total expenses</b>	<b>5,894,253</b>	<b>5,666,591</b>	<b>5,901,019</b>
<b>Excess of revenue over expenses</b>	<b>675,703</b>	<b>732,509</b>	<b>467,063</b>
<b>Accumulated surplus, beginning of year</b>	<b>25,839,179</b>	<b>25,839,179</b>	<b>25,372,116</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 26,514,882</b>	<b>\$26,571,688</b>	<b>\$ 25,839,179</b>

North Red Deer River Water Services Commission  
Statement of Change in Net Debt

For the year ended December 31	Budget 2022	2022	2021
Excess of revenue over expenses	\$ 675,703	\$ 732,509	\$ 467,063
Acquisition of tangible capital assets	-	-	(17,348)
Amortization of tangible capital assets	455,459	455,459	454,592
	<u>1,131,162</u>	<u>1,187,968</u>	<u>904,307</u>
Decrease (increase) in inventory of supplies		(352)	396
Net change in net debt	1,131,162	1,187,616	904,703
Net debt, beginning of year	<u>(1,303,280)</u>	<u>(1,303,280)</u>	<u>(2,207,983)</u>
Net debt, end of year	<u>\$ (172,118)</u>	<u>\$ (115,664)</u>	<u>\$ (1,303,280)</u>

North Red Deer River Water Services Commission  
Statement of Cash Flows

For the year ended December 31	2022	2021
Operating transactions		
Excess of revenue over expenses	\$ 732,509	\$ 467,063
Items not involving cash		
Amortization	455,459	454,592
Changes in non-cash operating balances		
Accounts receivable	16,437	234,855
Inventories of supplies	(352)	396
Accounts payable and accrued liabilities	79,107	(103,518)
Deferred revenue	7,960,003	-
	<u>9,243,163</u>	<u>1,053,388</u>
Capital transactions		
Acquisition of tangible capital assets	<u>-</u>	<u>(17,348)</u>
Investing transactions		
Acquisition of investments	<u>(173,689)</u>	<u>(219,337)</u>
Financing transactions		
Repayment of long-term debt	<u>(842,116)</u>	<u>(805,389)</u>
Net change in cash and bank indebtedness	8,227,358	11,314
Cash, beginning of year	<u>498,824</u>	<u>487,510</u>
Cash, end of year	<u>\$ 8,726,182</u>	<u>\$ 498,824</u>

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North Red Deer River Water Services Commission  
Summary of Significant Accounting Policies

December 31, 2022

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Management's  
Responsibility for the  
Financial Statements

The financial statements of the Commission are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The North Red Deer River Water Services Commission (the "Commission") was established for the purposes of constructing and operating a water supply system. The Commission is made up of member municipalities and requisitions funds from its members. The members of the Commission are City of Lacombe, Lacombe County, Ponoka County, Town of Blackfalds, and the Town of Ponoka.

Investments

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

Budget Amounts

The budget amounts presented on the statement of financial activities are taken from the commission's annual budget.

Inventories

Inventories of materials and supplies for consumption are valued at the lower of cost or net replacement cost.

Tangible Capital  
Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Engineered Structures - Water System	45 to 75 years
Equipment	5 to 45 years

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

Revenue Recognition

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.



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North Red Deer River Water Services Commission  
Summary of Significant Accounting Policies

December 31, 2022

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Liability for Contaminated Sites	A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to the remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded at net of any expected recoveries.
Use of Estimates	The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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1. Financial Instruments

The Commission utilizes various financial instruments. It is managements opinion that the Commission is not exposed to significant interest or currency risks arising from these financial instruments.

The carrying value of these financial instruments approximates their fair value.

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2. Bank Overdraft

The Commission has an unused overdraft protection agreement with a maximum overdraft of \$1 million and interest charged at lender prime less 0.25%. Collateral is comprised of a general security agreement specifically pledging all grant proceeds and debenture products As at year end December 31, 2022 the prime rate was 6.45%.

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North Red Deer River Water Services Commission  
Notes to Financial Statements

December 31, 2022

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3. Investments

	2022	2021
Short-term & medium-term Canadian bank paper notes, Principal protected notes yielding effective annual rates of 1.65% to 3.65% to maturity at cost.	\$ 7,936,804	\$ 7,763,116

The market value of the Commission's investments was \$7,157,741 (2021 - \$7,787,313).

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4. Deferred Revenue

	2022	2021
Deferred Grants	\$ 7,960,003	\$ -

Deferred grants consist of funds received during the year for eligible capital projects as approved by the Province, which are scheduled for completion in the future. These grants cannot be used for any other purpose but the designated capital project.

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North Red Deer River Water Services Commission  
Notes to Financial Statements

December 31, 2022

5. Long-term Debt

Long-term debt reported on the statement of financial position is comprised of the following:

	2022	2021
4.46% debenture, repayable \$66,762, semi-annually, due September 15, 2031	\$ 980,952	\$ 1,067,810
4.515% debenture, repayable \$570,688 semi-annually, due June 15, 2031	7,983,357	8,738,616
	8,964,309	9,806,426
Current portion	880,518	842,116
	8,083,791	8,964,310

Principal and interest repayments are as follows:

	Principal	Interest	Total
2023	\$ 880,518	\$ 394,383	\$ 1,274,901
2024	920,671	354,230	1,274,901
2025	962,655	312,246	1,274,901
2026	1,006,554	268,347	1,274,901
2027	1,052,454	222,447	1,274,901
Thereafter	4,141,457	387,459	4,528,916
	\$ 8,964,309	\$ 1,939,112	\$ 10,903,421

Debenture debt is issued on the credit of the Commission at large. The Commission has agreed to levy upon the member municipalities, a cubic meter water service fee based on actual use sufficient to provide for annual funds to pay principal and interest due each year on debentures and annual operating costs.

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North Red Deer River Water Services Commission  
Notes to Financial Statements

December 31, 2022

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6. Debt Limits

Section 3 Alberta Regulation No. 76/2000 requires that debt and debt limits for the Commission to be disclosed. The Commission has received approval to borrow up to \$27 million under ministerial order L:043/05 (\$22,000,000) and L:148/05 (\$5,000,000) to complete the project and as such, has not exceeded its debt limit at December 31, 2022. The debt limit and debt service limit otherwise determined are as follows:

	2022	2021
Total debt limit	\$12,798,201	\$ 12,736,166
Total debt	(8,964,309)	(9,806,426)
Total debt limit (exceeded)	3,833,892	2,929,740
Debt servicing limit	2,239,685	2,228,829
Debt servicing	(1,274,901)	(1,274,901)
Total debt servicing limit	964,784	953,928

The debt limit is calculated at two times the revenue of the Commission (as defined in Alberta Regulation No. 76/2000) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify Commissions that could be at financial risk if further debt is acquired. The calculation alone does not represent the financial stability of the Commission. Rather, the financial statements must be interpreted as a whole.

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North Red Deer River Water Services Commission  
Notes to Financial Statements

December 31, 2022

7. Tangible Capital Assets

	2022			
	Engineered Structures	Land	Equipment	Total
Cost,				
beginning of year	\$ 31,538,802	\$ 1,821,692	\$ 330,229	\$ 33,690,723
Additions		-	-	-
Disposals				-
Cost, end of year	\$ 31,538,802	\$ 1,821,692	\$ 330,229	\$ 33,690,723
Accumulated amortization,, beginning of year	\$ 6,569,624	-	\$ 53,728	\$ 6,623,352
Amortization	430,994	-	24,465	455,459
Disposals				-
Accumulated amortization, end of year	\$ 7,000,618	-	\$ 78,193	\$ 7,078,811
Net carrying amount, end of year	\$ 24,538,184	\$ 1,821,692	\$ 252,036	\$ 26,611,912

	2021			
	Engineered Structures	Land	Equipment	Total
Cost,				
beginning of year	\$ 31,538,802	\$ 1,821,692	\$ 312,881	\$ 33,673,375
Additions	-	-	17,348	17,348
Disposals	-	-	-	-
Cost, end of year	\$ 31,538,802	\$ 1,821,692	\$ 330,229	\$ 33,690,723
Accumulated amortization, beginning of year	\$ 6,139,497	-	\$ 29,263	\$ 6,168,760
Amortization	430,127	-	24,465	454,592
Disposals				-
Accumulated amortization, end of year	\$ 6,569,624	-	\$ 53,728	\$ 6,623,352
Net carrying amount, end of year	\$ 24,969,178	\$ 1,821,692	\$ 276,501	\$ 27,067,371

North Red Deer River Water Services Commission  
Notes to Financial Statements

December 31, 2022

8. Inventories of Supplies

	2022	2021
Valves	\$ 41,321	\$ 41,321
Materials and supplies	8,660	8,660
Pipe	8,513	8,513
Couplings	5,484	5,484
Miscellaneous	11,462	11,110
	\$ 75,440	\$ 75,088

9. Equity in Tangible Capital Assets

	2022	2021
Tangible capital assets	\$ 33,690,723	\$ 33,690,723
Accumulated amortization	(7,078,811)	(6,623,352)
Total long-term debt	(8,964,309)	(9,806,426)
	\$ 17,647,603	\$ 17,260,945

10. Accumulated Surplus

The Commission segregates its accumulated surplus in the following categories:

	2022	2021
Unrestricted Operating Surplus	2,929,291	2,852,486
Unrestricted Capital Surplus	233,104	233,104
Operating Reserve	1,132,242	1,132,242
Capital Reserve	4,629,448	4,360,402
Equity in tangible capital assets	\$17,647,603	\$ 17,260,945
	\$26,571,688	\$ 25,839,179

The Capital Reserve is used to provide funds for specific capital equipment purchases to enhance or improve service delivery. Operating Reserves are funds for emergency situations. Both are funded out of year-end surplus and allocated based on Board Policy.

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North Red Deer River Water Services Commission  
Notes to Financial Statements

December 31, 2022

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11. Related Party Transactions

City of Lacombe, Town of Blackfalds, Town of Ponoka, Lacombe County and Ponoka County are members of the Commission and, as such, have been identified as related parties.

Water sales charged to Commission members are as follows:

	2022	2021
City of Lacombe	\$ 2,752,245	\$ 2,728,640
Town of Ponoka	1,475,864	1,443,126
Town of Blackfalds	1,841,262	1,799,106
Ponoka County	18,781	19,856
	<u>\$ 6,088,152</u>	<u>\$ 5,990,728</u>

During the year the Town of Blackfalds purchased 47,972 m<sup>3</sup> (2021 - 40,266 m<sup>3</sup>) of water from the Commission and resold the water to Lacombe County to service the Aspelund Business Park. The cost of water attributed to the Town of Blackfalds, above, includes the water it resold to Lacombe County.

During the year the City of Lacombe purchased 13,910 m<sup>3</sup> (2021 - nil) of water from the Commission and resold it to Lacombe County to service the Wildrose Business Park. The cost of water attributed to the City of Lacombe, above, includes the water it resold to Lacombe County.

Service fees are based on the actual net operating costs of the Commission and are allocated among various Commission members based on earlier agreement. Service fees charged to Commission members are as follows:

	2022	2021
Lacombe County	44,715	71,917
Ponoka County	71,274	71,917
	<u>\$ 115,989</u>	<u>\$ 143,834</u>

The Commission is provided accounting, management and operations services by the City of Lacombe for a total cost of \$163,978 (2021 - \$167,527).

Included in accounts receivable are \$595,972 (2021 - \$599,041) due from various members municipalities.

Included in accounts payable is \$6,802 (2021 - \$8,887) due to various member Municipalities.

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North Red Deer River Water Services Commission  
Notes to Financial Statements

December 31, 2022

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12. Commitments

a) City of Red Deer

The Commission has entered into a 25 year agreement with the City of Red Deer, expiring August 31, 2030 to purchase water. The agreement may be terminated by either party by giving five year's written notice. Under the agreement, the Commission is obligated to purchase an annual quantity of water to be determined by negotiation between the parties at a rate calculated on a cost of service basis utilizing the principles set out in the American Water Works Association manual or practice dealing with water rates and charges.

b) Related Parties

The Commission has entered into agreements with the City of Lacombe, Town of Ponoka, Town of Blackfalds, and Ponoka County to supply water. Under the agreement, the Commission is obligated to provide a maximum allocation of water to each municipality for a price determined annually by October 31st of the prior year.

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13. Rebates

Based on the terms of the water supply agreement with the City of Red Deer effective September 1, 2005, annual water rates are based on forecasted consumption volume and costs which are subject to annual reconciliation. A "true-up" transaction, where one party compensates the other for variance in consumption and/or costs, results in an actual cost per cubic metre variance greater than 10%. The Commission may receive a rebate as a result of the reconciliation of actual annual costs and volumes to annual budgeted costs and volumes completed by the City of Red Deer. The reconciled amount and resulting rebate or payable is not calculated until subsequent to year end and as a result is recognized in the financial statements when known or received. There was no rebate recognized or receivable for the 2021 or 2022 fiscal years.

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14. Approval of Financial Statements

The Board and Management approved these financial statements.

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# Administration Reports

## Administrative, Financial & Operational

Date: April 3, 2023

Presented by: CAO, Sr. Finance Manager, Operations Supervisor



### ADMINISTRATIVE

- Second orientation session will be scheduled for June 19<sup>th</sup> during the regular meeting.
- City of Red Deer (CRD) Council approved their 2023 Utility Bylaw which includes the North Red Deer Regional Water Commission rate of \$1.64 per cubic meter effective March 1, 2023 (+5.1%).
  - The CRD 2022 rate was \$1.56/m<sup>3</sup> and the 2023 NRDRWSC operating budget assumed it would increase to \$1.58/m<sup>3</sup> (+1.3%)
- Due to higher than predicted inflationary cost pressures (primarily the CRD rate) the NRDRWSC sales rate to members will require modest increases starting in 2024.

### Waterline Extension

- The draft NRDRWSC/ECN Memorandum of Understanding (MOU) and interim agreement was delivered to the province for its review. NRDRWSC and ECN legal counsel have been reviewing the documents at various stages of their development. The MOU comprehensively lays out the project framework for extending the NRDRWSC waterline, the project roles and responsibilities of NRDRWSC and ECN, and proposes establishing two project-specific committees. The committees will inform the technical aspects of the project and provide transitional guidance to thoughtfully onboard the ECN to NRDRWSC as a full member.
- We have raised some key concerns with the initial Alberta/NRDRWSC grant agreement which the province is reviewing.
- In the interim, the NRDRWSC requested the province reconcile the management and legal costs the Commission is temporarily carrying for the project to date (minus the \$50,000 it already received through a previous ACP grant). The NRDRWSC proposes to access some of the funds the province already advanced to the NRDRWSC in March 2022. Specifically, we are requesting to access \$209,920, which includes:
  - \$53,790 to cover eligible expenses that exceeded the 2019-2022 ACP grant limit,
  - \$31,130 to cover the legal and management expenses incurred in 2023 to date (\$24,568 legal + \$6,562 management), and
  - an additional \$125,000 in legal and management costs the NRDRWSC estimates it will incur to finalize the MOU and interim agreement.

## FINANCIAL

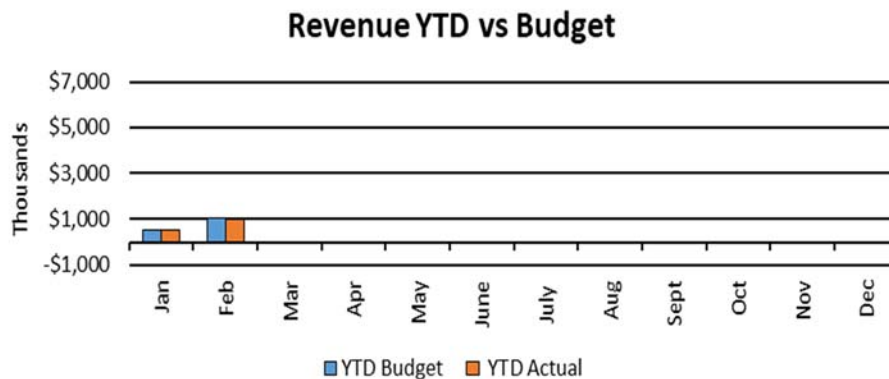
As seen in Table 1, overall, 2023 water volumes for January and February are higher by 4.76% than the actual 2022 levels for the same period.

Table 1 - Water volumes (in cubic meters) - January to February

Member	2022	2023
City of Lacombe	199,291	204,806
Blackfalds	119,965	127,228
Lacombe County	8,294	9,444
Ponoka	101,379	108,140
Ponoka County	1,168	972
<b>Total</b>	<b>430,097</b>	<b>450,590</b>

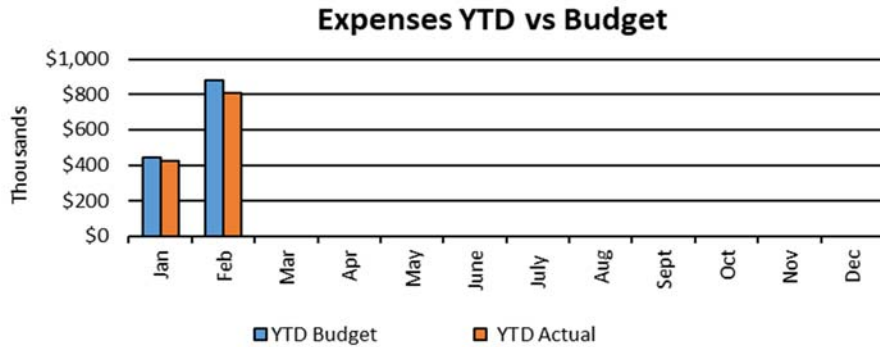
## Revenue

As of February, YTD (year to date) actual revenues are lower than YTD budgeted revenues by \$88,210 or 8.9%. This variation is typical for the colder months of the year and the variation will change during summer months as water usage increases.



## Expenses

As of February 2023, the YTD actual expenses are lower than YTD budgeted expenses by approximately \$72,008 or 8.91%. Expenses are generally lower at the beginning of the year as goods and services typically see an increase over summer months.

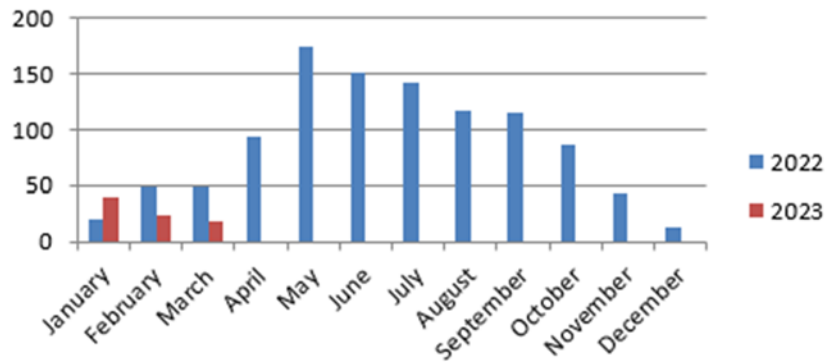


Surplus/Deficit

As of February 2023, the Water Commission is at a net deficit of approximately \$16K.

**OPERATIONAL**

Alberta One-Call Locate Requests:



*January – 39 locates February – 24 locates March – 18 locates*  
 2022 = 1052 (2021 = 1048)  
**2023 to date = 81**

**Notable activities since last report:**

- Operations, Eramosa, and Sterling Power troubleshoot various instances over the past few months. Replacing a level transmitter at Ponoka Lucas with a new radar unit. This transmitter is in the NRDRWSC PLC cabinet and is owned by the Commission.
- The SCADA system has experienced quite a few issues as well. From a faulting PLC control card and program loss at Lacombe B to a complete loss of all communication with the Ponoka Lucas facility. The SCADA issues found at Lacombe B and Ponoka Lucas provided a good condition assessment of these specific sites and recommendations for improving the entire system. Operations are working with Eramosa to rectify the issues and bring the system to its full functionality again.

## **Upcoming Activities:**

- Operations and the City of Red Deer are working on an annual 'Regional Reservoir Refresh' for all the facilities. The initial plan is to schedule the nine facilities over the year to draw down the reservoir to an agreed upon 'low to low-low' level. The goal is to circulate any stagnant water that is present in the reservoir.

# Request For Decision

## 2022 Financial Audit

Date: April 3, 2023

Prepared by: Tracey McKinnon, Sr. Manager of Finance

Presented by: Tracey McKinnon, Sr. Manager of Finance



### PURPOSE:

To present the 2022 audited financial statement for the North Red Deer River Water Services Commission for the Board's approval.

### ACTION/RECOMMENDATION:

1. THAT the Commission approve the North Red Deer River Water Services Commission 2022 Audited Financial Statement as presented.

AND

2. THAT the Commission approve a \$76,806 transfer to the Capital Reserve

### ISSUE ANALYSIS:

The NRDRWSC 2022 draft audited Financial Statement is now complete and ready for the Board's review and approval. Representatives from BDO LLP will present the 2022 audited Financial Statement at the Board meeting on April 3, 2023.

Statements must be completed, approved, and submitted to Alberta Municipal Affairs by May 1, 2023.

The 2022 audited statement presentation differs slightly from the annual operating budget in terms of how the operating surplus is presented.

Chart 1 below shows the reconciliation of the surplus reported on the audited statements to that of the operating budget.

Chart 1 – 2022 Surplus Reconciliation

2022 Audited Statement Surplus	\$732,509
Less 2022 Debt Principal Payments	-\$842,116
Plus Amortization	\$455,459
Transfer to Reserves	-\$269,046
<b>2022 Adjusted Surplus</b>	<b>\$76,806</b>

The 2022 budgeted surplus was \$20,000 compared to the \$76,806 adjusted surplus.

In 2022, the Commission had a remaining debt capacity of \$3.8 million, giving the Commission the ability to borrow if required.

#### **FINANCIAL IMPLICATIONS:**

It is recommended that the Commission approve an amount equal to the 2022 adjusted surplus of \$76,806 to be transferred to the Capital Reserves.

#### **LEGISLATIVE AUTHORITY:**

- Section 5(3) of Commission Bylaw 1
- Section 602.33 of the Municipal Government Act, RSA 2000, c M-26

#### **ALTERNATIVES:**

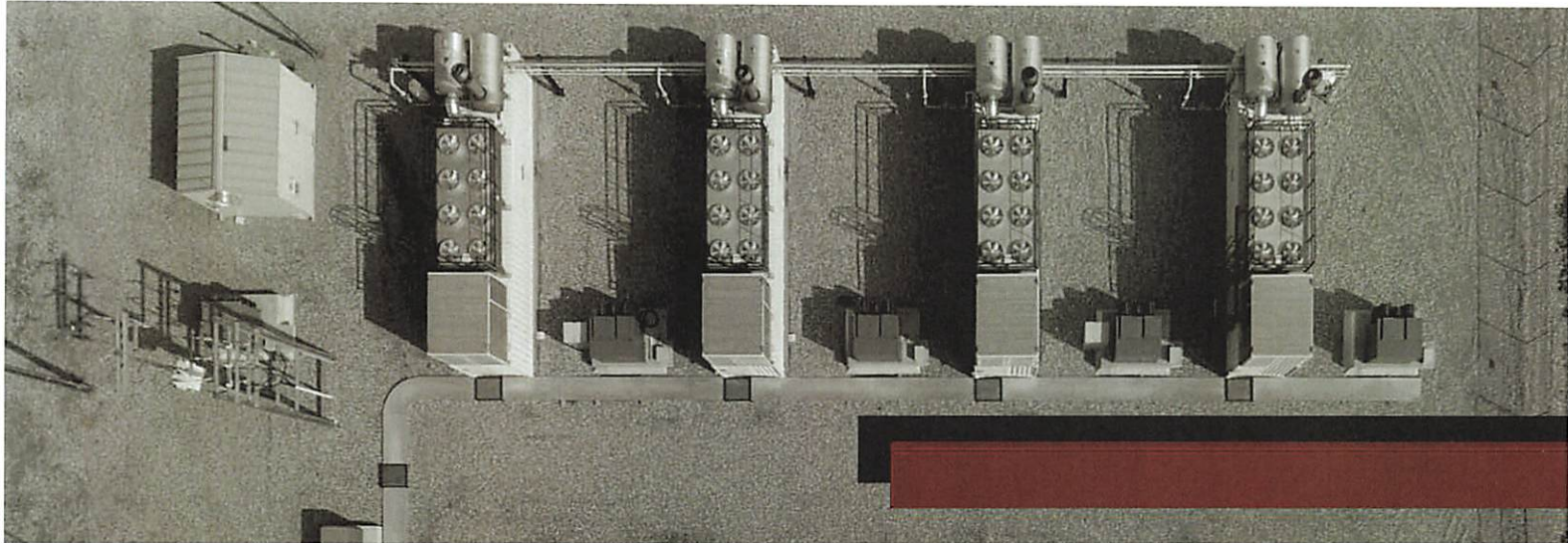
The Commission may choose to:

1. THAT the Commission approve the North Red Deer River Water Services Commission 2022 Audited Financial Statement as presented.  
AND
2. THAT the Commission approve the \$76,806 transfer of surplus to the Capital Reserve  
OR
3. Direct Administration how it wishes to proceed.

#### **ATTACHMENTS:**

- Draft – 2022 Audited Financial Statement – North Red Deer River Water Services Commission. (included earlier in the agenda)





## About Signalta

Signalta Resources Limited ("Signalta") is an Alberta based, private company, which has contributed to the Canadian oil and gas industry for the past 47 years. Since 2014, we have diversified into power generation, investing in distributed peaking power plants and cogeneration projects within excess of 43 megawatts in Signalta owned and operated facilities throughout Southern and Central Alberta. Leveraging an experienced management and operations team both with extensive industry knowledge, we are a completely contained developer of power projects with a pedigree in engineering and a track record of value creation.

## Why Are You Receiving This Package?

Signalta is proposing to permit, construct and operate a natural gas fired peaking power generation facility with a capacity of 21 MW. The proposed power plant will be located at SE-01-040-27W4M. The project will use clean technology to supply the Alberta Electrical Grid with electricity and ancillary services to the Alberta Electric System Operator ("AESO") to meet local electricity needs.

Signalta is notifying you, all government agencies, local municipal representatives, landowners and residents within a 2,000 m radius of the proposed Blackfalds Power facility, as required by the Alberta Utilities Commission's Rule 007.

This package will provide you with important project information. For convenience and full transparency, we have also included the AUC Public Participation Brochure for your viewing. We welcome any comments, questions, or concerns that you may have. Please refer to page three for our contact information and details. Signalta respects your right to know about planned future developments in your area.

## Blackfalds Power Peaking Facility Timeline



## Project Details

### Environment

Signalta is committed to undertaking an environmental impact review to ensure that all environmental regulations are met and potential impacts to the environment are reduced.

### Noise

The Blackfalds Power Facility will comply with all noise control limits set out by the Alberta Utilities Commission (AUC) in Rule 012.

### Air Emissions

Emissions from the Blackfalds Power Facility will not exceed the permissible limits as set out by Alberta Environment and Parks.

The proposed Blackfalds Peaking Power Facility will be a natural gas fired power facility designed, constructed, and operated by Signalta. We plan to utilize high - efficient reciprocating engines to convert sweet natural gas, supplied by ATCO Gas, to produce on demand electricity. The facility will be designed to provide power to supply the Alberta Integrated Electric System with electricity during periods of high demand addressing supply and demand imbalances within the system and assist in lowering power prices. Signalta currently owns and operates several peaking power generation facilities in Southern and Central Alberta. In addition to this, over the last five years, Signalta has also constructed and now operates two leading edge co-generation facilities.

The project will be designed and built with the capacity to generate approximately 21 MW of power in total. The actual capacity of the facility will be dependent upon the detailed design.

The facility is strategically located near an electrical substation and sized to support local electricity needs. This will help remove transportation and distribution losses, supporting the need for efficient practical solutions within the Alberta Electrical Grid. As an added benefit, Signalta is proposing to construct the facility on a former oil and gas lease located at SE-01-040-27W4M. Using this lease allows Signalta to minimize its environmental impact and disturbance in the local area. At the end of the project's life, the lease will be reclaimed and returned to its original use, grassland.



## Permitting

Signalta will apply to both the AUC (“Alberta Utilities Commission”) and AEP (“Alberta Environment and Parks”) for the appropriate permits and approvals to build and operate this facility after all stakeholders’ concerns are addressed. Signalta will also work closely with the AESO (“Alberta Electric Systems Operator”), Fortis and AltaLink to safely connect this facility to the Alberta Grid.

**Should you have any concerns with respect to this proposed facility, please contact Signalta by mail at:**

**Signalta Resources Limited**  
840 6 Ave SW #700  
Calgary Alberta  
T2P 2C7

**Should you wish to discuss the project or speak with Signalta personnel, you may contact either of the following at (403) 265-5091:**

**John Stueck**  
john.stueck@signalta.com  
Chief Engineer

**Wayne MacDonald**  
wayne.macdonald@signalta.com  
Surface Land Manager

## Non-Objection Letter

Registered landowner's name(s): \_\_\_\_\_  
\_\_\_\_\_

Legal description: \_\_\_\_\_

**I acknowledge that I have received sufficient information about Signalta Resources Limited proposed Blackfalds Power Facility. I understand that the actual capacity will be dependent on the detailed design. I have been consulted respectfully and have had the opportunity to ask questions about the potential impacts of this facility on me, my family and my property. I have no objection to the construction and operation of this facility by Signalta Resources Limited.**

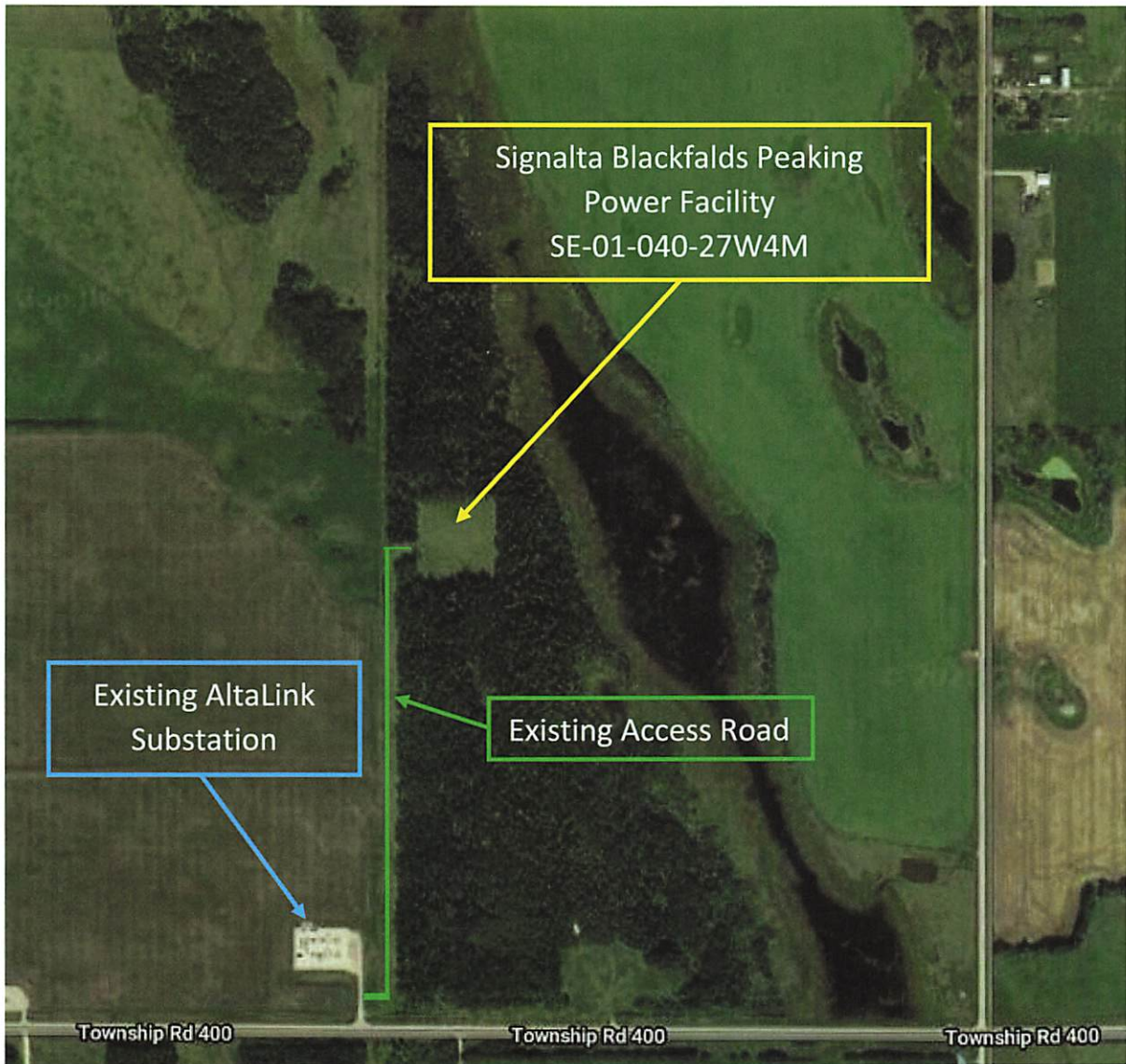
Name (Printed): \_\_\_\_\_

Name (Signed): \_\_\_\_\_

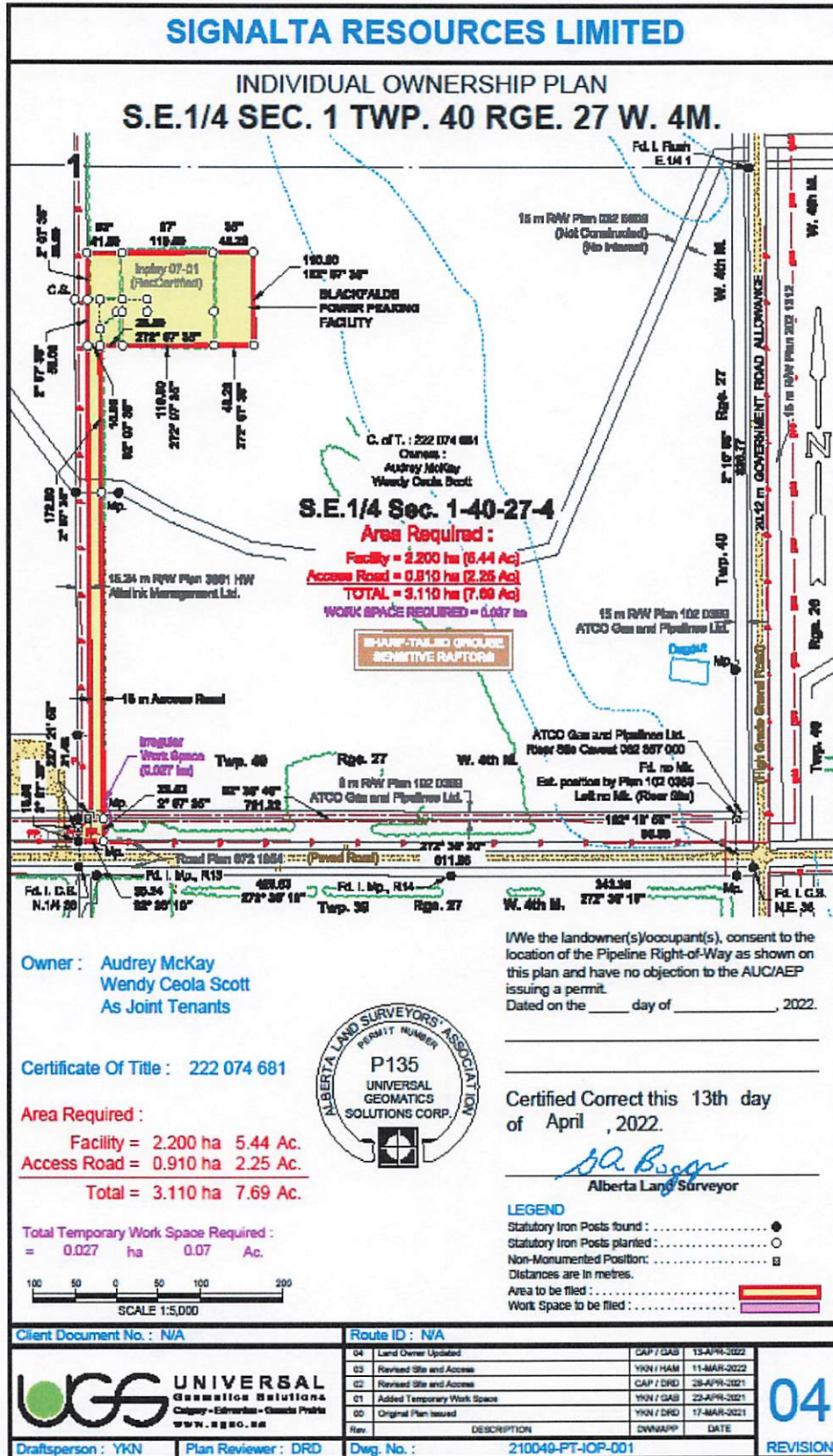
Date: \_\_\_\_\_

Witness Signature: \_\_\_\_\_

## Blackfalds Peaking Power Facility Site Map SE-01-040-27W4M









## Step 6: The public hearing process



The AUC will issue a notice of hearing if a person with standing continues to have legitimate unresolved concerns with the application. The notice of hearing will provide a hearing date and location, or specify if the hearing will be held in writing or virtually. When the AUC holds a public hearing, registered parties are given the opportunity to express their views directly to a panel of Commission members. Any member of the public can listen to an in-person or virtual oral hearing. An oral public hearing operates similar to a court proceeding.

Participants in a hearing can either represent themselves or be represented by a lawyer. In addition, participants may hire experts to assist in preparing and presenting evidence to support their position.

## Cost assistance



A person determined by the AUC to have standing or a local intervener can apply for reimbursement of reasonable costs. Those who hire a lawyer or technical experts must be aware that while reimbursement for the costs of legal and technical assistance is available under AUC Rule 009: *Rules on Local Intervener Costs*, recovery of costs is subject to the AUC's assessment of the value of the contribution provided by the lawyer and technical experts in assisting the AUC to understand the specifics of the case. It is also subject to the AUC's published scale of costs.

People with similar interests and positions are expected and encouraged to work together to ensure that expenditures for legal or technical assistance are minimized and costs are not duplicated.

## Step 7: The decision



The AUC's goal is to issue its written decision no more than 90 days after the close of record. The AUC can approve, or deny an application and can also make its approval conditional upon terms or conditions. AUC decisions are publicly available through the AUC website at [www.auc.ab.ca](http://www.auc.ab.ca).

## Step 8: Opportunity to appeal



An applicant or participant in a proceeding may formally ask the Court of Appeal of Alberta for permission to appeal an AUC decision. An application for permission to appeal must be filed within 30 days from the date the decision is issued.

An applicant or participant in a proceeding can also ask the AUC to review its decision. An application to review a decision must be filed within 60 days from the date the decision is issued and satisfy the limited grounds described in AUC Rule 016: *Review of Commission Decisions*.

## Step 9: Construction, operation and compliance



An applicant that receives approval to build and operate a facility from the AUC is expected to follow through on any commitments it has made to parties and must adhere to any conditions that were set out in that approval. If concerns about compliance with approval conditions and post-construction operations cannot be resolved with the applicant, they can be brought to the AUC's attention for consideration. The AUC has significant compliance and enforcement powers for all approved applications. Additional information is available on the AUC website.

The Alberta Utilities Commission is an independent, quasi-judicial agency of the government of Alberta that ensures the delivery of Alberta's utility services take place in a manner that is fair, responsible and in the public interest.

We are committed to ensuring that Albertans whose rights may be directly and adversely affected by a utility development project are informed of the application and have the opportunity to have their concerns heard, understood and considered.



# Participating in the AUC's independent review process to consider facility applications

## Contact us

310-4AUC  
1-833-511-4282 (outside Alberta)  
[info@auc.ab.ca](mailto:info@auc.ab.ca)  
[www.auc.ab.ca](http://www.auc.ab.ca)

Eau Claire Tower  
1400, 600 Third Avenue S.W.  
Calgary, Alberta T2P 0G5



# The AUC regulatory review process to consider facility applications for utility projects



The AUC uses a proven, established process to review social, economic and environmental impacts of facility projects to determine if approval of a project is in the public interest.

The AUC considers applications requesting approval of the need for transmission development and facilities applications seeking approval to construct, operate, alter, and decommission electric and natural gas facilities. Applications, as specified in AUC Rule 007, are required for:

- The need for transmission upgrades.
- The route and location of transmission facilities.
- The siting of power plants.
- The construction of a battery storage system.
- The designation of an industrial system.
- The need for and siting of natural gas utility pipelines.

Sometimes the Alberta Electric System Operator's needs identification document application is considered together with a facility application in a single proceeding; sometimes separate proceedings are held to consider each application.

## Application review process



- Step 1: Public consultation prior to applying to the AUC
- Step 2: Application filed to the AUC
- Step 3: Public notice
- Step 4: Public submissions to the AUC
- Step 5: Consultation and negotiation
- Step 6: The public hearing process
- Step 7: The decision
- Step 8: Opportunity to appeal
- Step 9: Construction, operation and compliance

## Application review process

### Step 1: Public consultation prior to applying to the AUC

An applicant seeking approval of a proposed utility development project is required to engage in a participant involvement program prior to filing an application with the AUC. The public involvement program involves consultation with persons whose rights may be directly and adversely affected by the proposed project so that concerns may be raised, addressed and, if possible, resolved.

The application guidelines and requirements for facility applications can be found in AUC Rule 007: *Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations, Hydro Developments and Gas Utility Pipelines*.

Potentially affected parties are strongly encouraged to participate in the public consultation, also called a participant involvement program. Early, active and ongoing discussions with an applicant may lead to greater influence on project planning and what is submitted to the AUC for approval.

### Step 2: Application filed to the AUC

When the applicant has concluded its consultation with potentially affected parties and the participant involvement requirements have been completed, the applicant files its application through the AUC online public filing system, called the eFiling System.

AUC staff members review each application submitted to verify that all of the application requirements in Rule 007 have been met before an application is deemed complete. If all of the required information is not provided, the application may be closed or missing information will be requested of the applicant. Rule 007 specifies, among other requirements, that applicants must submit the results of a public involvement program in its application that includes information about

how applicants consulted and notified stakeholders and Indigenous groups and identifies any unresolved objections and concerns about the project.

### Step 3: Public notice

When the AUC receives an application it is assigned a proceeding number and the AUC generally mails a notice of application directly to those who live, operate a business or occupy land in the project area who may be directly and adversely affected if the AUC approves the application. The notice initiates the opportunity for formal intervention in the proceeding to consider an application or applications. The notice of application will also set out important dates and information about where to find the application and other items being considered. The five-digit eFiling System proceeding number in the notice is the most efficient way to find information about a proposed project through the AUC website.

### Step 4: Public submissions to the AUC



Prior to the submission deadline provided in the notice, formal submissions of outstanding concerns and unresolved objections about a project may be submitted to the AUC. To submit a concern, participants will need to register to participate in the proceeding, which involves providing a brief written statement called a statement of intent to participate. Submissions are filed electronically through the eFiling System. The information filed becomes part of the public record and is an important part of the process to ensure that outstanding concerns are heard, understood and considered.

The AUC uses the information gathered through statement of intent to participate submissions to decide whether to hold a hearing on the application(s). The AUC must hold a hearing if a concerned person can demonstrate that they have rights that may be directly or adversely affected by the AUC's decision on the application. Such a person is said to have

standing before the AUC. If the AUC decides to hold a hearing, the AUC will provide further opportunities for participants with standing to ask the applicant questions on the public record and present their position on the application either in writing or in person. Hearings may be held in writing, in person or virtually through web-conference software.

Subject to some limited exceptions, all information and materials provided as part of an AUC proceeding will be publicly available through the eFiling System. The AUC's treatment of some types of information as confidential is rare and only available under limited circumstances to ensure that the AUC's process is open and transparent.

### AUC eFiling System

The eFiling System is the online tool that the AUC uses to manage applications and submissions in its proceeding-based review. The eFiling System gives access to all public documents associated with an application. The system is also used to submit your concerns and provide input to the AUC and can be used to monitor related proceeding filings. Those who do not have access to the internet can send submissions, evidence and other material by mail and the AUC will upload the submission on their behalf.

### Step 5: Consultation and negotiation (if applicable)

The AUC supports efforts to reach a mutually agreeable outcome among the applicant and affected parties. The AUC encourages the applicant and those who have filed a statement of intent to participate to continue to attempt to resolve any outstanding issues. If all concerns can be satisfactorily resolved this may eliminate the need for a formal hearing. However, if there continues to be unresolved issues, those matters will typically be addressed in an AUC hearing.