THE CITY OF Red Deer

BUDGET 2027

UTILITIES BUDGET

PROPOSED FOR 2027

SEPTEMBER 29, 2026

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INTRODUCTION

Transparent and modern budgeting is foundational to the effective governance of municipal utilities. These practices not only strengthen financial stewardship but also foster public confidence and accountability.

Through open and strategic budgeting processes, our Utilities can align resources with service priorities, plan proactively for infrastructure renewal, and adapt to evolving community needs.

Enclosed is the proposed 2027 Utilities budget, which outlines the funding required to support operations in water, wastewater, waste management, and electric utilities.

To aid in long-term planning and oversight, Administration has also provided utility-funded operating forecasts for 2028 through 2030, along with the 10-year capital investment plan.

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MESSAGE FROM CITY MANAGER

Red Deer's utility systems support our community every day. From delivering safe drinking water and reliable electricity to treating wastewater and managing waste, these essential services help protect public health, support local businesses and contribute to our quality of life.

Council will consider the Utilities Budget separately from the Capital and Operating Budgets. This approach recognizes the unique nature of utility services. Council's role as regulators also provides dedicated time to review the infrastructure, operational and financial requirements that support these critical systems. Unlike many municipal services funded through property taxes, utility services are primarily funded through user rates and governed by legislation and Council-approved policies.

As Alberta's third-largest city, Red Deer owns and operates extensive utility infrastructure that requires ongoing investment to maintain, renew and modernize. As these systems age and community needs continue to evolve, thoughtful long-term planning is essential to ensuring safe, reliable service now and in the future.

The proposed 2027 Utilities Budget maintains and renews critical infrastructure. It supports continued investment in essential utility services while helping prepare for future growth, changing regulations and emerging service needs.

While no one welcomes increased costs, gradual and predictable rate adjustments help reduce the risk of larger future costs, service disruptions and infrastructure challenges. By investing proactively today, we can protect the long-term value of these assets and continue delivering the dependable services our community relies on every day.

I encourage residents to review the proposed Utilities Budget and follow Council's deliberations as they consider the choices and investments needed to support Red Deer today and into the future.

Tara Lodewyk
City Manager, City of Red Deer

EXECUTIVE SUMMARY

The City of Red Deer's 2027 Utilities Budget provides a financially sustainable plan to deliver safe, reliable and essential utility services while investing in critical infrastructure needed to support our growing community. The budget balances affordability for customers with the long-term stewardship of the City's utility assets and continues to adhere to and align with Council's Utility Governance Policies.

MAJOR 2027 INITIATIVES

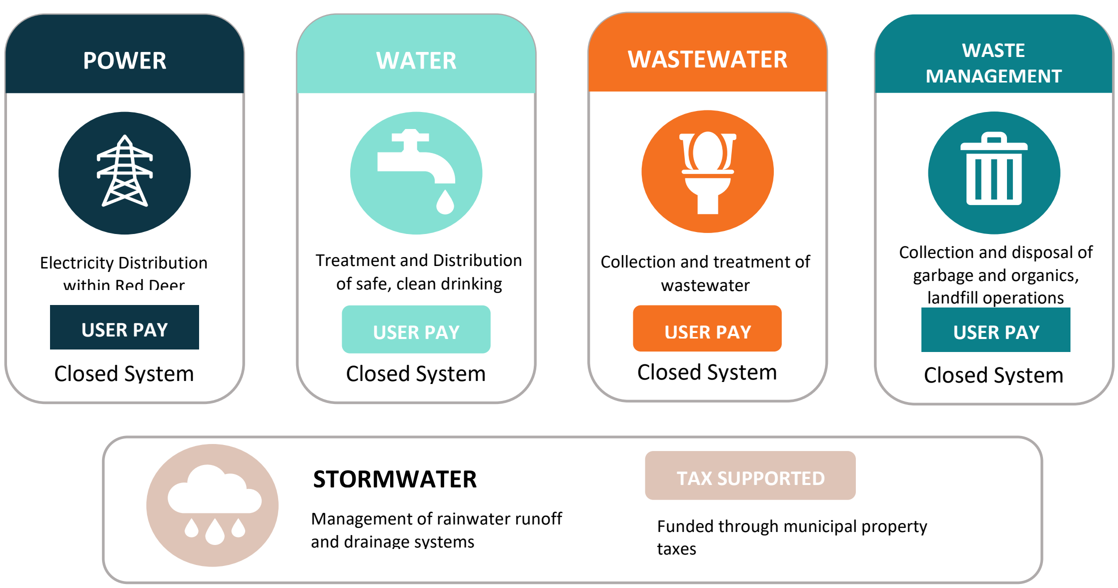
- Continue implementation of the Electric Utility governance transition to a Municipally Controlled Corporation (MCC).
- Complete Advanced Metering Infrastructure (AMI) implementation and smart grid investments.
- Continue implementation of Water Utilities Modernization Initiatives.
- Renew critical water and wastewater treatment and distribution infrastructure.
- Continue landfill and waste diversion planning, while preparing for provincial Extended Producer Responsibility (EPR) changes

2027 UTILITIES BUDGET BACKGROUND

THE UTILITIES

The City of Red Deer provides essential utility services that support homes, businesses, and public facilities every day. These services include electricity distribution, water treatment and distribution, wastewater collection and treatment, waste collection and diversion and disposal, and stormwater management. Utility services are funded primarily through rates and fees, ensuring the costs of operating, maintaining and renewing infrastructure are paid for by those who use the services.

For 2027, the utility-funded budgets will be presented within four categories: Power (Electric Utility), Water, Wastewater and Waste Management (including solid waste collections and landfill) Utilities. Stormwater budgeting occurs alongside the remainder of the tax-funded budget deliberations as it is a tax-funded operation.



The Utilities are supported by several corporate services, including utility billing, finance, information technology, legal services, communications, human resources, engineering, parks and public works, business development, and corporate leadership. Utilities contribute funding through corporate cost allocations to support these shared services.

Further information on each of the services the utilities provide can be found on The City's website at the following links:

Power Utility: https://www.reddeer.ca/city-services/electric-light-and-power/
Water Utility: https://www.reddeer.ca/city-services/water-wastewater--stormwater/
Waste Management Utility: https://www.reddeer.ca/city-services/garbage-recycling--organics/

2027 UTILITIES BUDGET SUMMARY & PROFILE

UTILITIES PROFILE

The City operates essential services including Water, Wastewater, Waste Management, and Electric Utilities. It also manages critical infrastructure such as Street Lighting, Traffic Signals, and Stormwater systems. The Water and Wastewater Utilities are regional service providers to several Central Alberta municipalities which rely on these services. Operating under Council-approved governance policies, the Utilities ensures services are safe, reliable, affordable, and sustainable. Utilities support Red Deer residents, delivering around the clock operations, long-term asset management, and capital investment planning to meet current and future focused service demands.

VALUE AND BENEFITS

Utilities ensure public health, safety, and environmental protection through uninterrupted service delivery and regulatory compliance. They enable economic development by maintaining resilient electric, waste management, water, wastewater, and stormwater systems, supporting growth, and providing adaptable infrastructure. Its financial performance contributes significant dividends to The City, while internal reinvestment sustains long-term reliability. The Utilities also promotes community education, supports conservation programs, and plays a critical role in Red Deer's climate and infrastructure resiliency goals.

CUSTOMERS

The City of Red Deer's Utilities serve all Red Deer residents, commercial, industrial, and institutional customers, and several regional service providers. Internally, it works closely with Council, and all other departments to align service levels with growth and policy goals.

WHAT WE DELIVER

- Water treatment and distribution for customers and regional service providers
- Wastewater collection and treatment, including biosolids reuse
- Electric distribution and transmission
- Various weekly residential and commercial waste collection services and landfill operation six days per week
- Emergency response to system outages and customer service requests
- Long-range system planning, capital projects, and infrastructure rehabilitation
- Regulatory and environmental support for both utility projects and other City held interests

WHO WE WORK WITH

Key relationships include provincial regulators, utility contractors, regional and third-party service providers, county, towns, and internal divisions. Utilities collaborate extensively with all City departments and engage with the public to coordinate projects, manage risk, and deliver reliable, customer-focused utility services.

KEY ASSETS

The Utilities relies on a diverse set of physical assets, technical infrastructure, and skilled personnel to deliver safe, reliable, and sustainable services such as:

- Waste Management Facility housing recycling, diversion and landfill operations
- Waste Management Collections, including Green, Blue, and Black Carts
- Water Treatment Plant, five reservoirs and pump stations and approximately 650km of distribution infrastructure
- Wastewater Treatment Plant and approximately 520km of collection infrastructure
- Stormwater system with approximately 650km of collection infrastructure
- Electric Distribution system with eleven substations and approximately 1,000km of overhead and underground infrastructure
- Electric Transmission system with four substations and 1.5km of overhead infrastructure
- Over 200 highly skilled operations, technical, and supports staff
- Multiple financial and rate models, tools, and systems

WHAT WE'VE HEARD & WHAT WE'RE WATCHING

Customers expect reliability, transparency, and responsiveness especially during outages or service interruptions. There is strong interest in waste diversion, water conservation, and affordability.

Utilities across the electric industry continue to experience increasing incidents of copper theft and intentional infrastructure damage. The Electric Utility is responding to these escalating threats and associated operating costs through targeted investments that protect critical infrastructure, maintain service reliability, and enhance public and worker safety.

The Water and Wastewater Utilities are monitoring the proposed Ardley Reservoir project currently being studied by the Government of Alberta which may impact Red Deer in various ways. The objectives of this project are to improve water security, drought resilience, flood mitigation, irrigation reliability and support future economic growth.

The Waste Management Utility is continuing to monitor and work with Alberta Municipalities on the implementation of Extended Producer Responsibility legislation.

The Utilities are monitoring inflation and the effect of tariffs, supply chain logistics, climate change impacts on infrastructure, and emerging technologies. The Utilities are also assessing workforce pressures, regulatory updates, and aging assets to ensure long-term service continuity.

W H A T   C O U N C I L   H A S   D I R E C T E D

Electrical Utility

Through Council Electric Utility Governance Policy, guiding principles were provided by Council to direct Administration on how to deliver the Electrical utility services. Council has prioritized safe, resilient infrastructure, environmental responsibility, affordability, marketability, adaptability, and financial sustainability. The Utility supports this by delivering regulated, self-funded services; maximizing system reliability; while contributing dividends, Municipal Consent and Access Fees (MCAF), property tax, and cost revenue to tax-supported operations. The Utility's planning, capital investment, and service strategies align with Red Deer 2050.
Under the direction of Council in June of 2025, The City is currently implementing the establishment of a Municipally Controlled Corporation for the Electric Utility. More information on this project can be found at.https://www.reddeer.ca/city-services/electric-light-and-power/utilities-governance-model-review/ .

Water and Wastewater Utilities

Similarly, through Council Water Utility Governance, guiding principles were provided by Council to direct Administration on how to deliver the Water and Wastewater utility services. Council has prioritized safe, reliable, financially responsible, affordable, well stewarded, adaptable, and environmentally sustainable.

Utility modernization is continuing with the Water and Wastewater Utilities. A modernization review is underway, further work with Council will occur this year to inform future modernization elements.

Waste Management Utility
Guided by the Waste Management Master Plan, the Waste Management Utility endeavors to ensure services provided are reliable, environmentally sustainable, financially responsible, driven by waste prevention and diversion, adaptable and well stewarded.

Utility modernization of the Waste Management Utility is expected to begin in late 2027.

UTILITY BUDGETING & RATE SETTING APPROACH

LONG-TERM FOCUS

Long-term sustainability of all Utility functions is critical to ensuring appropriate management of the billions of dollars of replacement value assets under our stewardship. The 2027 Utility budget focuses on balancing the benefits to our customers, our owners (residents), and our Utility operations by:

- The 2027 budget proposed within addresses short-term needs with a look to long-term planning
- Investing in our infrastructure and operations to maintain the reliability, responsiveness, and marketability of the businesses;
- Aligning infrastructure investments with organizational capacity for completion;
- Setting rates to manage affordability and stability for our customers;
- Optimizing and improving returns to our owners to allow budget certainty and financial benefit;
- The Municipal Consent and Access Fee (MCAF) rate for Electric, Water, and Wastewater Utilities was increased to 20% of tariff revenues for the 2027 budget year, while the MCAF rate for the Waste Management Utility was maintained at the 2026 level.

RATE-MAKING APPROACH

To meet these requirements, The City's Utilities follow Cost-Based Budgeting and Rate-Making methodologies established within the industry and recognized by the Alberta Utilities Commission (AUC). The recovery of the full revenue requirement for each utility is a key objective; however, this is balanced with other objectives to establish budget and rates that are in service to Council's Policies and Principles. For The City, full cost recovery includes considerations for:

Operating Expenses

- Covering costs for personnel, contracted services, materials and supplies, corporate cost allocations and all other internal charges and transfers.
- Depreciation and amortization of contributions
- The City's practice is to fully fund depreciation to ensure fair funding of future capital requirements.

Cost of Capital

- The City's Utilities have, historically, utilized capital reserves (savings) as the primary funding source for capital investment (pay-as-you-go). This contrasts with the more common industry practice of utilizing debt as the primary funding source following a 60% debt to 40% equity ratio to manage affordability by leveraging interest rates when they are low, and to establish intergenerational equity by ensuring current and future ratepayers contribute equitably to asset costs. Each utility's actual debt-to-equity ratio is well below industry practice and is outlined in specific sections of this document.
- To calculate the Cost of Capital, The City follows accepted practice of using a deemed debt-to-equity ratio to establish the most favourable cost for the ratepayer. Water, Wastewater, Waste Management, and Electric Distribution calculations are based on a deemed 60% debt to 40% equity split.
- For Electric Transmission, the rates are submitted to AUC for approval, and the deemed structure follows the most recent regulatory decisions.

Municipal Consent and Access Fees (MCAF)

- MCAF are charges imposed by municipalities for allowing utility access to land for the construction and operation of utility infrastructure. The City collects MCAF according to Council's Utility Governance policy suite including GP-F-2.7, GP-F-2.8 and GP-F-2.9. The MCAF cannot exceed 20% of total revenue unless otherwise directed by Council.

Regular Dividends

- The Utilities is required to pay The City (owner) annual regular dividends according to Council's Utility Governance policy suite including GP-F-2.7, GP-F-2.8 and GP-F-2.9. The City includes a dividend return as part of the total cost of service provision.

The 2027 budget and rate setting approach adheres to industry rules and regulations and is in compliance with Council's Utility Policies: GP-F-2.7 Utility Governance, GP-F-2.8 Electric Utility Governance, GP-F-2.9 Water Utility Governance.

BUDGET OUTCOMES

The 2027 Utilities budget and supporting multi-year plans are designed to advance key strategic, financial, and operational priorities. Notable outcomes include:

- **Strategic capital investments throughout the 10-year plan** support asset management practices and address the lifecycle needs of aging infrastructure.
- **Targeted operating investments** progress toward sustainable resourcing levels, including improved operating ratios that reflect efficient, reliable service delivery.
- **Continuous improvement** helps identify efficiencies, reduce waste, and improve how services are delivered.
- **Thoughtful financing strategies** leverage the Utilities' accumulated equity to help moderate rate impacts, support fairness in cost and benefit distribution, and enable continued reinvestment in core infrastructure.
- **Preparatory work for the Electric Utility's transition to a Municipally Controlled Corporation (MCC)** continues, including governance development, financial structuring, and implementation.
- **Ongoing regional collaboration and stewardship** include continuing to seek other sources of funding, such as grants from other levels of government.

FUTURE PLANNING CONSIDERATIONS

UTILITY GOVERNANCE EVOLUTIONS

The 2027 budget year marks a pivotal period of transition and planning across all City utilities, with several key initiatives underway to modernize governance, enhance operational sustainability, and respond to emerging regulatory and industry pressures. A major focus is the continued transition of the Electric Utility to a Municipally Controlled Corporation (MCC), enabling greater operational independence, market responsiveness, and long-term financial performance while retaining public ownership. In parallel, utility modernization efforts for both Water and Wastewater utilities are advancing, ensuring transparent, resilient, and future-focused service models. Regulatory changes in the Waste Management Utility, particularly the introduction of Extended Producer Responsibility (EPR), are also reshaping how recycling services are planned and delivered. These changes will affect The City's service provision, lower customer costs, enhance producer engagement, and redefine municipal roles under new provincial frameworks.

ELECTRIC UTILITY GUIDING PRINCIPLES

Guiding Principles are provided by Council through policy to direct Administration on how to deliver Utility operations. (Policy number GP-2.8)

RELIABLE

Provides high quality, dependable services to customers. Provides resilient, secure services and responds to outages with minimal disruption or downtime.

RESPONSIVE

Responsive to customer needs.

AFFORDABLE

Costs consider customer accessibility.

MARKETABLE

Contributes to economic development.

ADAPTABLE

Enables citizens to adapt to emerging opportunities.

FINANCIALLY BENEFICIAL

Provides a favourable revenue stream for The City.

WATER AND WASTEWATER UTILITIES GUIDING PRINCIPLES

The Water and Wastewater Utilities provide water and wastewater services. (Policy number GP-2.9) These services are:

SAFE

Water services protect the well-being of the public and the environment.

RELIABLE

Water services provide high quality, dependable services that are secure and resilient in the face of disruption.

FINANCIALLY RESPONSIBLE

Water services focus on cost efficiency and sustainable revenue, with pricing that reflects the resources and investments required to deliver and maintain water utility services.

AFFORDABLE

Water service charges are fair, equitable, and structured to ensure affordability for all income levels.

ENVIRONMENTALLY SUSTAINABLE

Water services consider the long-term impacts of water management and seek to respond to changing environmental and regulatory requirements.

WELL STEWARDED

Water service assets and infrastructure are well-managed and forward-looking, with proactive asset management and a focus on long-term infrastructure sustainability and responsible resource use.

ADAPTABLE

Water services are flexible and able to pivot in response to emerging concerns, opportunities, and customer needs, ensuring resilience alongside reliable service.

WASTE MANAGEMENT UTILITY GUIDING PRINCIPLES

The Waste Management Utility provides collection, diversion and landfill disposal services that support a clean, safe, and sustainable community. Guided by the Waste Management Master Plan (2013), these services are delivered according to the following principles:

RELIABLE

Provide consistent waste collection, disposal, diversion and customer service that meet customers' needs.

ENVIRONMENTALLY SUSTAINABLE

Protect natural resources and reduce environmental impacts through waste reduction, recycling, composting, and responsible landfill operations.

FINANCIALLY RESPONSIBLE

Operate in a fiscally responsible manner that balances affordability and accessibility with long-term operational, infrastructure, and environmental needs.

WASTE PREVENTION AND DIVERSION

Base program decisions on the waste management hierarchy, focusing on reduction, reuse, and recycling before disposal. Expand diversion programs to reduce the amount of waste sent to landfill.

ADAPTABLE

Continuously improve services, environmental performance, and operational effectiveness by applying innovation, informed decision-making, and best practices.

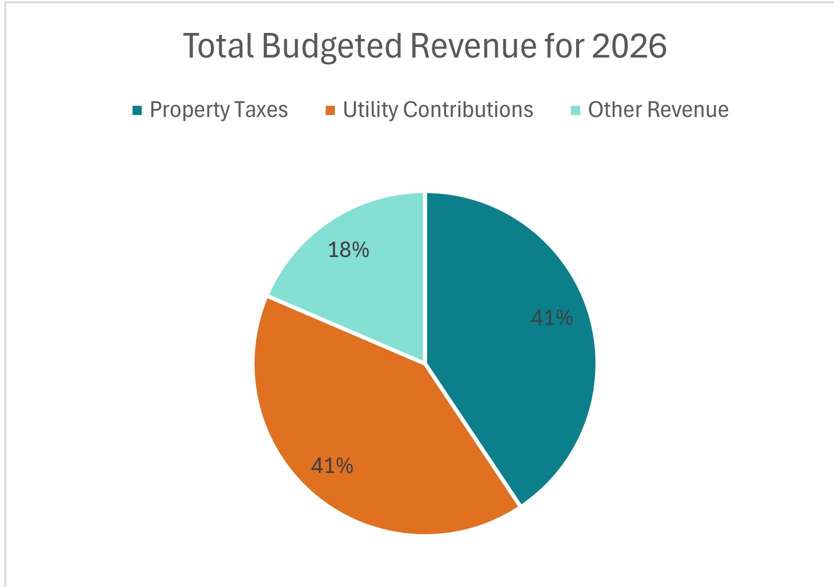
WELL STEWARDED

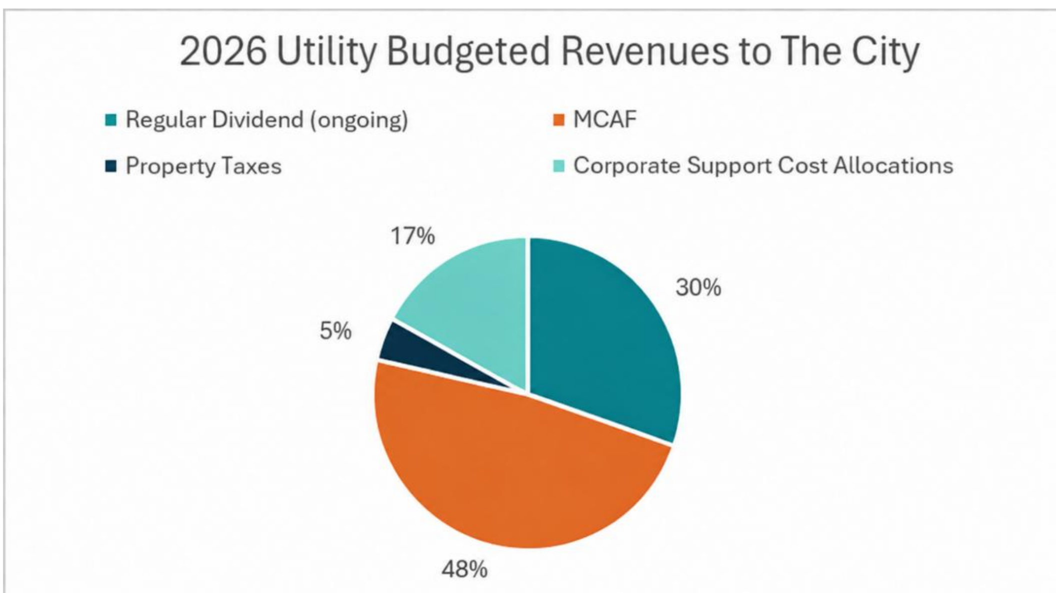
Manage and optimize landfill capacity, facilities, equipment and infrastructure to ensure service reliability.

HISTORICAL 2026 REVENUE DETAILS

The Overall Revenue View[1]:

Utility revenue made up approximately 41% of the total budgeted revenue for The City of Red Deer in 2026.





Utility Revenues[2]:

Revenue from the Utilities to The City is made up of several different contributions including dividends, corporate support cost allocations, municipal consent and access fees and property taxes the utility pays to The City.

[1] Table No.1
[2] Table No.2

2027 UTILITIES BUDGET OVERVIEW

A collective view of the four self-funded Utilities' operating budgets. Each utility has further detailed highlights in the document containing operating and capital budget information.[3]

	Electric Utility	Water Utility	Wastewater Utility	Waste Management	Total Utilities
Revenue					
User Fees and Sale of Goods	85,550,762	43,852,803	44,719,349	18,266,376	192,389,290
Fines and Penalties	120,000	166,000	115,000	19,000	420,000
Other Revenue	1,000	50,000	-	768,980	819,980
Revenues Totals	**85,671,762**	**44,068,803**	**44,834,349**	**19,054,356**	**193,629,270**
Expenses					
Net Municipal Taxes	2,238,766	-	-	-	2,238,766
Wages and Salaries	9,340,364	6,927,341	7,706,229	1,650,283	25,624,217
Contracted Services	6,539,256	1,786,149	3,608,716	11,404,012	23,338,133
Materials & Supplies	32,986,977	3,937,115	3,762,958	83,685	40,770,735
Amortization of Tangible Capital Assets	8,100,909	10,931,555	12,339,378	2,056,446	33,428,288
Accretion Expense	-	-	-	215,580	215,580
Finance Charge	919,202	1,527,117	606,265	19,000	3,071,584
Other Expenses	11,760	-	-	-	11,760
Expenses Total	**60,137,234**	**25,109,277**	**28,023,546**	**15,429,006**	**128,699,063**
Contributed Assets	-	368,585	265,048	-	633,633
Internal Charge/ (Recovery)	(1,312,542)	57,134	(827,683)	140,125	(1,942,966)
Operating Surplus	**24,221,986**	**19,385,245**	**16,248,168**	**3,765,475**	**63,620,874**
Funding Transfers					
To/From Operating	(19,697,897)	(15,764,007)	(14,735,416)	(3,561,840)	(53,759,160)
Reserve Transfers	(11,772,708)	(11,495,674)	(11,154,407)	(2,260,083)	(36,682,872)
Equity Transfers	8,100,909	10,562,971	12,074,331	2,056,448	32,794,659
Long Term Debt Principal Payment	(852,290)	(2,688,535)	(2,432,676)	-	(5,973,501)
Net Transfers	**(24,221,986)**	**(19,385,245)**	**(14,248,168)**	**(3,765,475)**	**(63,620,874)**
Net Utility Requirements	-	-	-	-	-

[3] Table No.3

ELECTRIC UTILITY(EU)

2027 ELECTRIC UTILITY (EU) OPERATING BUDGET[4]

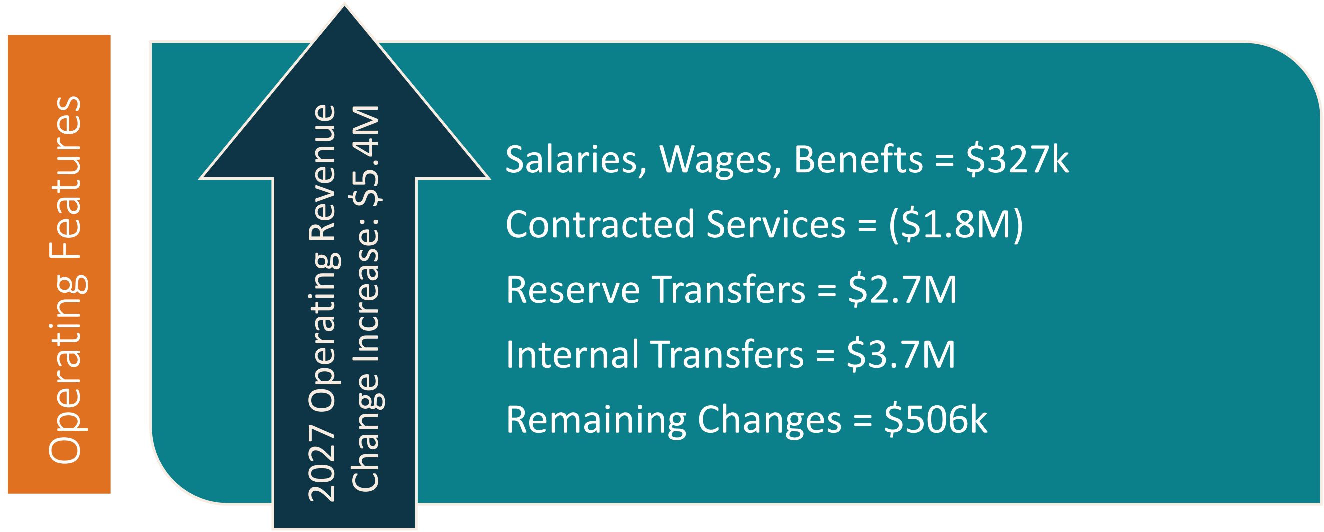
	Electric Utility		
	2026	2026 YE Forecast as at June 30, 2026	2027 Proposed
Revenue			
User Fees and Sale of Goods	80,159,671	81,054,472	85,550,762
Fines and Penalties	130,505	130,050	120,000
Other Revenue	1,000	1,000	1,000
Revenues Totals	**80,290,721**	**81,185,522**	**85,671,762**
Expenses			
Municipal Taxes Expenses	2,074,793	2,074,793	2,238,766
Salaries, Wages, Benefits	9,013,618	8,513,618	9,340,364
Contracted Services	8,337,615	10,116,267	6,539,256
Materials and Supplies	33,126,977	33,126,977	32,986,977
Amortization of Tangible Capital Assets	7,924,552	7,924,552	8,100,909
Financial Charges	778,905	778,905	919,202
Other Expenses	11,760	11,760	11,760
Expenses Total	**61,268,220**	**62,546,872**	**60,137,234**
Internal Charge/ (Recovery)	(1,048,715)	(1,048,945)	(1,312,542)
Operating Surplus	**17,973,786**	**17,589,705**	**24,221,986**
Funding Transfers			
To/From Operating	(16,001,147)	(16,013,647)	(19,697,897)
Reserve Transfers	(9,122,605)	(8,726,024)	(11,772,708)
Equity Transfers (Amortization & Contributed Assets)	7,924,554	7,924,554	8,100,909
Long Term Debt Principal Payment	(774,588)	(774,588)	(852,290)
Net Transfers	**(17,973,786)**	**(17,589,705)**	**(24,221,986)**
Net Utility Requirements	-	-	-

2027 Electric Utility Rate Increase proposed at $4.11 per month for an average residential customer.

(average customer based on industry and benchmark standards of 600 kWh per month)

[4] Table No.3 & 4 & 5

2027 ELECTRIC UTILITY (EU) OPERATING BUDGET FEATURES[5]



OPERATING RESERVE HEALTH

Operating reserves are established to cover unanticipated operating expenses and budgeted at a value of 45 days of operating expenses, or $7.0M. The forecasted 2027 Operating Reserve Balance is $7.0M.

OPERATING BUDGET FEATURES

SALARIES, WAGES, BENEFITS $327K

The 2027 Electric Utility operating budget reflects $327,000 in total changes to salaries, wages, and benefits in compliance with Collective Agreements. This includes $314,000 in provisions aligned with corporate compensation guidelines, supporting overall workforce stability.

CONTRACTED SERVICES ($1.8M)

The 2027 budget reflects several key changes to contracted services. The one-time funding of $2.0 million provided in 2026 to support governance transition activities associated to establishing the future Municipally Controlled Corporation (MCC), including legal costs, is not required in 2027 as the project is now fully funded.

Separately, and unrelated to the Governance Project, the 2027 budget reflects net savings of $133,000 resulting from the implementation of the Advanced Metering Infrastructure (AMI) program. The AMI program eliminates approximately $458,000 in manual meter reading costs, partially offset by $325,000 in new Itron service contract costs required to support the AMI system.

[5] Table No.6

RESERVE TRANSFERS $2.7M

The Electric Utility maintains capital and operating reserves as detailed in Council's Electric Utility policy for asset replacement, asset rehabilitation, acquisition of future assets, operational sustainability, and to support rate stabilization when required.

INTERNAL TRANSFERS $3.7M

The 2027 budget includes internal transfers to support cross-departmental initiatives and shared corporate services. This includes money to fund corporate support services, which ensures equitable cost-sharing for enterprise-wide functions and the Municipal Consent and Access Fee (MCAF).

REMAINING CHANGES $506K

Other changes to include municipal taxes, interest and debenture costs. These changes also include the ongoing $150,000 in savings related to AESO settlement costs, reflecting a rightsizing of the budget based on historical actual expenditures while maintaining sufficient funding for ongoing operational requirements.

2027 CAPITAL BUDGET

ELECTRIC UTILITY MAJOR PROJECTS[6]

Major projects are defined as projects with expenses exceeding $1M.

PROJECT TITLE	2027
Electric Customer Metering	$1,130,000
Electric Infrastructure Replacements & Upgrades	$4,370,000
Electric Customer Servicing*	$2,825,000
Electric Overhead & Underground Systems-Annual	$1,849,000
Electric Substations & SCADA	$3,030,000
Electric New System Construction	$2,762,000
Electric Smart Grid Infrastructure	$1,335,000

EU MAJOR CAPITAL PROJECT DESCRIPTIONS

ELECTRIC CUSTOMER METERING $1.1M

- The Electric Utility is in the field implementation phase of transitioning to an Advanced Metering Infrastructure (AMI), with crews actively replacing legacy electrical meters. Completing this initiative will be a significant step in modernizing the City's metering infrastructure while improving operational efficiency, system reliability, and customer service.
- This capital funding is required to complete the AMI program, procure meter inventory for customer growth, replacements, and regulatory compliance, and implement the supporting technology needed to maximize the value of AMI. This includes a data lake, distributed intelligence capabilities, and a Meter Data Management System (MDMS) to securely manage meter data, enhance grid monitoring and analytics, and support utility operations, billing, and future smart grid initiatives.
- Grant Funding: The City of Red Deer has been approved for a Natural Resources Canada (NRCan) grant of up to $9.9 million to support the AMI project. Eligible project expenditures incurred since the grant was approved, including expenditures from the previous budget year, count toward the $9.9 million maximum. Grant funding is reimbursed as eligible expenses are submitted, reviewed, and approved, helping reduce the overall cost of the AMI implementation to the utility.

[6] Table No.7

* Paid 100% by customer contributions

ELECTRIC INFRASTRUCTURE REPLACEMENTS & UPGRADES $4.4M

- The Electric Utility's infrastructure renewal program supports a safe, reliable, and resilient electrical distribution system through increased capital investment to replace aging assets and address evolving operational needs. The program includes the renewal of both overhead and underground electrical infrastructure, including transformers, cables, poles, and other critical distribution assets.
- Capital projects are prioritized using a risk-based approach that considers asset condition, system reliability, operational impacts, and lifecycle requirements to maximize the value of available funding.
- The Electric Utility continues to advance its Asset Management Program to support long-term infrastructure planning. This work will define future infrastructure investment and resource requirements.

ELECTRIC CUSTOMER SERVICING $2.8M

- This capital program supports customer driven residential and commercial growth in all areas of Red Deer. Standard practice is for customers to pay 100% of the associated costs. Capital requirements are influenced by the timing and scale of development activity, resulting in annual expenditures that vary based on customer demand and market conditions.

ELECTRIC OVERHEAD & UNDERGROUND SYSTEMS- ANNUAL $1.8M

- This capital program provides funding for unplanned, reactive capital work that arises throughout the year. It ensures the Electric Utility can respond to emergency repairs and maintenance discovered during inspections and ongoing projects while maintaining the safety, reliability, and integrity of the electrical distribution system.

ELECTRIC SUBSTATIONS & SCADA $3.0M

- The City owns and operates four transmission substations that connect Red Deer to the Alberta power grid. These substations form part of the provincial transmission system and fall under the regulatory oversight of the Alberta Utilities Commission (AUC) and the Alberta Electric System Operator (AESO). In addition, the City operates 11 distribution substations, which are regulated locally through City Council.
- This capital program supports the modernization of the Electric Utility's transmission and distribution substations through investments in protection and control systems, site security, and related infrastructure. The program also leverages Advanced Metering Infrastructure data and advanced analytics to improve system visibility, asset management, operational decision-making, and the reliability of the electrical distribution system.

ELECTRIC NEW SYSTEM CONSTRUCTION $2.8M

- This capital program supports new electrical infrastructure required to accommodate growth and increasing demand, reconfigure system loading, and optimize system overall grid operation to support current and future service requirements within the City of Red Deer.
- A significant focus is the planned expansion of the Electric Utility's service territory into the northwest area of the city municipal boundaries, enabling future development while supporting long-term community growth and reliable electrical service.

ELECTRIC SMART GRID INFRASTRUCTURE $1.3M

- This capital program supports the modernization of the electrical distribution system through investments in Smart Grid infrastructure, including automated switching equipment, fibre communications to site, and expansion of the fibre network. These investments improve system visibility, automation, and operational responsiveness while enhancing safety, reliability, and reducing outage restoration times.

ELECTRIC UTILITY CAPITAL RESERVE HEALTH

Capital reserves are utilized to save for future capital planning needs and to make resources available for unplanned infrastructure failures as necessary above and beyond the planned capital budget needs for that year. Forecasted 2027 Capital Reserve Balance is $20.5M after funding the 2027 capital budget. Targeted balances: $10M combined operating & capital reserves (Approximately $3M capital for EU).

CITY OF RED DEER DEBT UTILIZATION

The 2027 capital plan includes no debt financing to support required electric infrastructure projects. The 2027 debt to equity ratio proposed for the Electric Utility is 15% debt to 85% equity. These ratios remain well below industry norms, where a 60% debt to 40% equity balance is common. The Electric Utility remains in a favourable position, holding nominal debt compared to industry benchmarks.

2028-30 ELECTRIC UTILITY OPERATING PLAN[7]

	2028	2029	2030
OPERATING EXPENSE			
Wages and Salaries	9,620,575	9,909,192	10,206,468
Contracted Services	6,663,502	6,790,109	6,919,121
Materials & Supplies	36,090,621	36,980,004	37,889,835
Other	11,983	12,211	12,443
Internal Charges	1,338,790	1,365,566	1,392,877
To Operating	2,808,097	2,864,259	2,921,544
Total Operating Expense	56,533,569	57,921,341	59,342,288
REVENUE	87,888,048	89,886,600	92,076,356
Less			
Operating Expense	56,533,569	57,921,341	59,342,288
Depreciation	9,035,024	9,660,549	10,121,807
Amortization of contributions	(1,375,716)	(1,422,427)	(1,460,853)
Interest expense (actual)	889,139	1,121,420	1,274,366
MCAF	13,422,263	13,743,324	14,096,132
Net Income	9,383,769	8,862,392	8,702,615
RESERVE BALANCE (YEAR END)			
Operating	7,066,696	7,240,168	7,417,786
Capital	19,786,153	22,674,841	25,185,757
New Debt	5,700,000	4,100,000	4,500,000
Dividend Paid	3,753,507	3,701,041	3,701,041

[7] Table No.9

WATER UTILITY

2027 WATER OPERATING BUDGET[8]

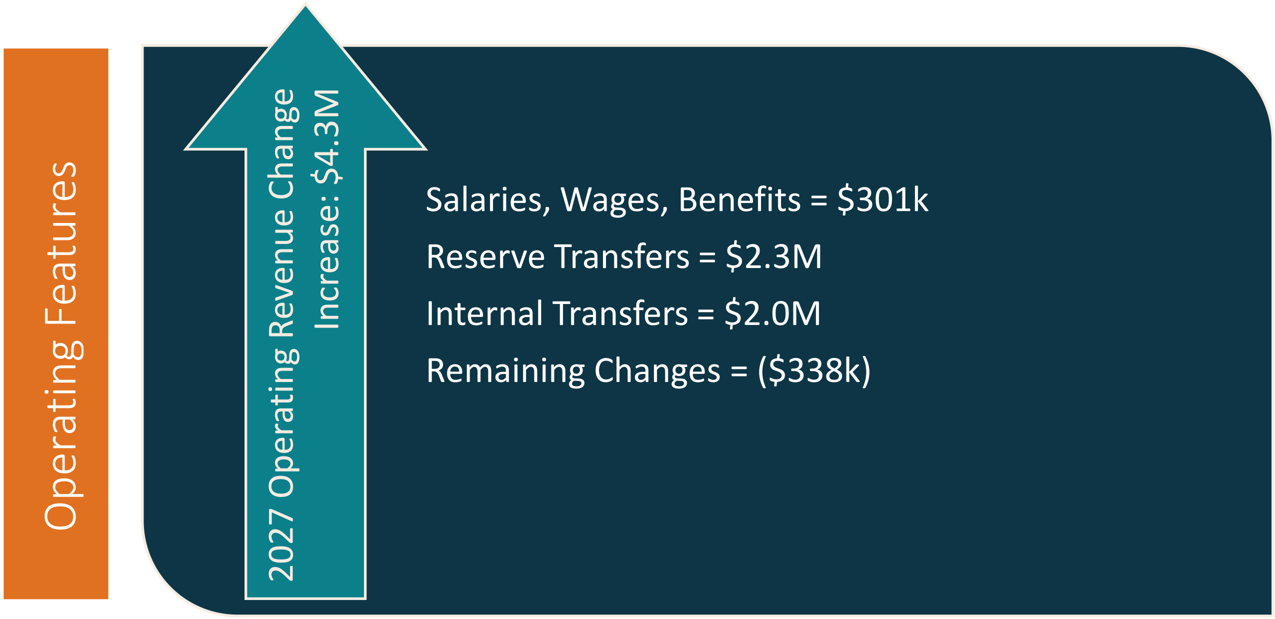
	Water Utility		
	2026	2026 YE Forecast as at June 30, 2026	2027 Proposed
Revenue			
User Fees and Sale of Goods	39,644,009	39,004,517	43,852,803
Fines and Penalties	166,000	169,630	166,000
Other Revenue	50,000	50,000	50,000
Revenues Totals	**39,860,009**	**39,224,147**	**44,068,803**
Expenses			
Salaries, Wages, Benefits	6,626,726	6,071,794	6,927,341
Contracted Services	1,939,095	1,606,207	1,786,149
Materials and Supplies	3,718,271	3,532,260	3,937,115
Amortization of Tangible Capital Assets	10,279,781	10,279,781	10,931,555
Financial Charges	1,748,528	1,748,528	1,527,117
Other Expenses	-	55,731	-
Expenses Total	**24,312,401**	**23,294,301**	**25,109,277**
Contributed Assets - Revenue	302,377	302,377	368,585
Internal Charge/ (Recovery)	28,977	44,286	57,134
Operating Surplus	**15,878,962**	**16,276,509**	**19,385,245**
Funding Transfers			
To/From Operating	(13,735,332)	(13,599,577)	(15,764,007)
Reserve Transfers	(9,211,651)	(9,744,953)	(11,495,674)
Equity Transfers (Amortization & Contributed)	9,977,404	9,977,404	10,562,971
Long Term Dept Principal Payment	(2,909,383)	(2,909,383)	(2,688,535)
Net Transfers	**(15,878,962)**	**(16,276,509)**	**(19,385,245)**
Net Utility Requirements	-	-	-

2027 Water Utility Rate Increase proposed $2.61 per month for the average in city residential customer.

(avg customer based on industry and benchmark standards of 17m^3 per month)

[8] Table No.3 & 4 & 5

2027 WATER UTILITY OPERATING BUDGET FEATURES[9]



WATER OPERATING RESERVE HEALTH

Operating reserves are established to cover unanticipated operating expenses and budgeted at a value of 45 days of operating expenses of $2.4M. The forecasted 2027 Operating Reserve Balance is $2.4M.

WATER UTILITY OPERATING BUDGET FEATURES

SALARIES, WAGES, BENEFITS $301K

The 2027 Water Utility operating budget reflects $301,000 in total changes to salaries, wages, and benefits in compliance with Collective Bargaining Agreements. This includes $262,000 in provisions aligned with corporate compensation guidelines, supporting overall workforce stability.

RESERVE TRANSFERS $2.3M

The Water Utility maintains capital and operating reserves as detailed in Council's Water Utility policy for asset replacement, asset rehabilitation, acquisition of future assets, operational sustainability, and to support rate stabilization when required.

[9] Table No.6

INTERNAL TRANSFERS $2.0M

The 2027 Water Utility operating budget reflects $2.0 million in total changes to internal transfers. This includes $1.8 million for corporate cost allocations and the Municipal Consent and Access Fee (MCAF). An additional $196,000 reflects internal transfers within the Utility. These transfers ensure appropriate cost-sharing across service areas and support efficient delivery of utility operations.

REMAINING CHANGES ($338K)

The remaining net change of $338,000 reflects adjustments related to natural gas, electricity, water, wastewater, and garbage services, as well as minor adjustments that ensure accurate distribution of utility-related expenses across City functions. These changes also include $350,000 for the inspection of Prestressed Concrete Cylinder Pipe (PCCP) to support the ongoing assessment and management of critical water infrastructure, and an additional $255,000 for purification and treatment chemicals to address increased operating requirements and cost pressures. The Water Utility continues to review treatment chemicals and dosing practices at the Water Treatment Plant to identify efficiencies while maintaining regulatory compliance and water quality standards.

2027 CAPITAL BUDGET

WATER UTILITY MAJOR PROJECTS[10]

Major projects are defined as projects with expenses exceeding $1M.

PROJECT TITLE	2027
Water Utility Infrastructure – Annual Program	$9,529,000
Water Treatment Plant Rehabilitation & Replacement & Upgrades	$7,394,000
Water Treatment Plant – Annual Program	$2,589,000

WATER CAPITAL PROJECT DESCRIPTIONS

WATER UTILITY INFRASTRUCTURE: ANNUAL PROGRAM $9.5M

This annual capital program funds the ongoing renewal and rehabilitation of Red Deer's linear water infrastructure. The investment ensures continued delivery of safe, reliable services to customers while meeting all applicable regulatory requirements.

WATER TREATMENT PLANT REHABILITATION, REPLACEMENT & UPGRADES $7.4M

The 2027 capital program includes $7.4 million in rehabilitation, replacement, and upgrade projects at Red Deer's Water Treatment Plant (WTP). These investments are essential to improving treatment capacity, operational efficiency, and regulatory compliance while extending the service life of critical infrastructure.

WATER TREATMENT PLANT: ANNUAL PROGRAM $2.6M

This annual capital program funds the ongoing renewal and rehabilitation of Red Deer's Water Treatment Plant. The investment ensures continued delivery of safe, reliable services to customers while meeting all applicable regulatory requirements.

[10] Table No.7

WATER UTILITY CAPITAL RESERVE HEALTH

Capital reserves are utilized to save for future capital planning needs and to make resources available for unplanned infrastructure failures as necessary. The forecasted 2027 Capital Water Reserve Balance is $6.0M.

Targeted balances inclusive of water reserves combined for operating & capital reserves total $13.3M. While this reserve is lower than targets, Administration recommends that Council balance/smooth the rate increase over time which results in slower recovery of the reserves to meet our investments needs. However, all planned funding needs are met, and the reserve balance is anticipated to be sufficient to manage risk in the short term.

CITY OF RED DEER DEBT UTILIZATION

The 2027 capital plan includes $12.5 million in debt financing to support critical water infrastructure projects. This results in a 26% debt to 74% equity ratio These ratios remain well below industry norms, where a 60% debt to 40% equity balance is not uncommon.

Utilizing debt to fund long-life infrastructure in a utility context is a responsible and strategic financial approach. It allows the cost of essential capital investments to be shared fairly over time—aligning repayment with the generations who benefit from the infrastructure (a principle known as generational equity). While borrowing is established as City debt, repayment is fully supported by utility rates, making these debentures self-funded through cost recovery over the life of the asset.

The Water Utility remains in a favourable position, holding nominal debt compared to industry benchmarks, which provides flexibility for future investments and ensures stable, predictable rate impacts for customers.

2028 – 30 WATER UTILITY OPERATING PLAN[11]

	Water Utility		
	2028	2029	2030
OPERATING EXPENSE			
Wages and Salaries	7,135,160	7,349,215	7,569,691
Contracted Services	1,837,572	1,963,369	1,970,353
Materials & Supplies	4,015,857	4,096,174	4,178,098
Internal Charges	510,578	520,789	531,205
To Operating	6,443,063	6,566,385	6,692,175
Total Operating Expense	19,942,229	20,495,933	20,941,521
REVENUE	49,851,766	51,197,901	52,734,683
Less			
Operating Expense	19,942,229	20,495,933	20,941,521
Depreciation	11,425,848	11,228,040	11,414,510
Amortization of contributions	(2,287,634)	(2,301,137)	(2,314,912)
Interest expense (actual)	2,015,372	2,320,053	2,785,006
MCAF	6,767,935	6,924,364	7,116,815
Net Income	11,988,016	12,530,649	12,791,742
RESERVE BALANCE (YEAR END)			
Operating	2,492,779	2,561,992	2,617,690
Capital	10,059,632	17,778,820	22,137,851
New Debt	8,600,000	11,900,000	6,800,000
Dividend Paid	4,795,206	5,012,260	5,116,697

[11] Table No.9

WASTEWATER UTILITY

2027 WASTEWATER OPERATING BUDGET[12]

	Wastewater Utility		
	2026	2026 YE Forecast as at June 30, 2026	2027 Proposed
Revenue			
User Fees and Sale of Goods	40,455,999	39,729,832	44,719,349
Fines and Penalties	115,000	115,000	115,000
Other Revenue	-	20,000	-
Revenues Totals	**40,570,999**	**39,864,832**	**44,834,349**
Expenses			
Salaries, Wages, Benefits	7,326,814	6,223,701	7,706,229
Contracted Services	4,274,525	3,921,439	3,608,716
Materials and Supplies	3,283,958	3,491,557	3,762,958
Amortization of Tangible Capital Assets	11,984,216	11,984,216	12,339,378
Financial Charges	430,730	430,730	606,265
Expenses Total	**27,300,243**	**26,051,643**	**28,023,546**
Contributed Assets - Revenue	318,773	318,773	265,048
Internal Charge/ (Recovery)	(717,191)	(788,923)	(827,683)
Operating Surplus	**12,872,338**	**13,343,039**	**16,248,168**
Funding Transfers			
To/From Operating	(12,733,597)	(12,749,222)	(14,735,416)
Reserve Transfers	(9,471,341)	(10,245,190)	(11,154,407)
Equity Transfers (Amortization & Contributed)	11,665,444	11,984,217	12,074,331
Long Term Dept Principal Payment	(2,332,844)	(2,332,844)	(2,432,676)
Net Transfers	**(12,872,338)**	**(13,343,039)**	**(16,248,168)**
Net Utility Requirements	-	-	-

2027 Wastewater Utility Rate Increase proposed at$4.90 per month for the average in city residential customer.

(avg customer based on industry and benchmark standards of $17 m^3$ per month)

[12] Table No.3 & 4 & 5

2027 WASTEWATER UTILITY OPERATING BUDGET FEATURES[13]

Operating Features

2027 Operating Revenue Change Increase: $4.2M

Salaries, Wages, and Benefits = $379k
Contracted Services= ($666k)
Materials and Supplies = $479k
Reserve Transfers = $1.7M
Internal Transfers = $2.0M
Remaining Changes = $332k

WASTEWATER OPERATING RESERVE HEALTH

Operating reserves are established to cover unanticipated operating expenses and budgeted at a value of 45 days of operating expenses, or $2.6M. The forecasted 2027 Operating Reserve Balance is $2.6M

WASTEWATER UTILITY OPERATING BUDGET FEATURES

SALARIES, WAGES, BENEFITS $379K

The 2027 Wastewater Utility operating budget reflects $379,000 in total changes to salaries, wages, and benefits in compliance with Collective Bargaining Agreements. This includes $300,000 in provisions aligned with corporate compensation guidelines, supporting overall workforce stability.

CONTRACTED SERVICES ($666K)

Contracted Services decreased by $666,000 in 2027, primarily due to the removal of the $450,000 one-time Utility governance work that were included in the 2026 budget and are no longer required. In addition, $174,000 has been reallocated from Contracted Services to the Chemicals and Commercial Equipment expense categories to better align budgeted expenditures with the nature of the goods and services being purchased. This budget realignment improves the accuracy and transparency of financial reporting and does not result in any reduction in service levels or overall operating costs.

[13] Table No.6

MATERIALS AND SUPPLIES $479K

The 2027 Wastewater Utility operating budget reflects a $479,000 increase in materials and supplies to support ongoing operations and maintain service reliability. Key drivers include $300,000 for electricity and natural gas cost increases consistent with corporate budget assumptions, and $150,000 for increased purchases of salts and chemicals required for treatment processes and operational requirements.

RESERVE TRANSFERS $1.7M

The Wastewater Utility maintains capital and operating reserves as detailed in Council's Water Utility policy for asset replacement, asset rehabilitation, acquisition of future assets, operational sustainability, and to support rate stabilization when required.

INTERNAL TRANSFERS $2.0M

The 2027 Wastewater Utility operating budget reflects $2.0 million in total changes to internal transfers. This includes $2.0 million for corporate cost allocations and the Municipal Consent and Access Fee (MCAF). An additional $23,000 reflects internal transfers within the Utility. These transfers ensure appropriate cost-sharing across service areas and support efficient delivery of utility operations.

REMAINING CHANGES $332k

The remaining net change of $332,000 reflects adjustments related to natural gas, electricity, water, wastewater, and garbage services, as well as minor adjustments that ensure accurate distribution of utility-related expenses across City functions. In 2027, the Wastewater Utility will continue inspections of wastewater siphons throughout the collection system using advanced inspection technologies. These inspections will provide improved condition assessment data, support risk-based asset management, help prioritize future capital investments, and reduce the likelihood of costly emergency repairs. The use of these technologies allows the Utility to assess critical river crossing infrastructure more efficiently and effectively, supporting long-term system reliability and service delivery.

2027 CAPITAL BUDGET WASTEWATER UTILITY MAJOR PROJECTS[14]

Major projects are defined as projects with expenses exceeding $1M.

PROJECT TITLE	2027
Wastewater Utility Infrastructure – Annual Program	$9,859,000
Wastewater Utility Main Infrastructure	$1,021,000
Wastewater Treatment Plant Rehabilitation & Replacement & Upgrades	$11,153,000
Wastewater Treatment Plant – Annual Program	$2,503,000

WASTEWATER CAPITAL PROJECT DESCRIPTIONS

WASTEWATER UTILITY INFRASTRUCTURE: ANNUAL PROGRAM $9.9M

This annual capital program funds the ongoing renewal and rehabilitation of Red Deer’s linear wastewater infrastructure. The investment ensures continued delivery of safe, reliable services to customers while meeting all applicable regulatory requirements.

WASTEWATER UTILITY MAIN INFRASTRUCTURE $1.0M

This one-time capital funding will be used to support the monitoring, and strategic infrastructure initiatives associated with Red Deer's linear wastewater system. The investment ensures the continued delivery of safe, reliable services while positioning the City to meet future operational and regulatory requirements.

WASTEWATER TREATMENT PLANT REHABILITATION, REPLACEMENT & UPGRADES $11.2M

The 2026 capital program includes $11.2 million in rehabilitation, replacement, and upgrade projects at Red Deer’s Wastewater Treatment Plants. These investments are essential to improving treatment capacity, operational efficiency, and regulatory compliance while extending the service life of critical infrastructure.

WASTEWATER TREATMENT PLANT: ANNUAL PROGRAM $2.5M

This annual capital program funds the ongoing renewal and rehabilitation of Red Deer’s Wastewater Treatment Plant. The investment ensures continued delivery of safe, reliable services to customers while meeting all applicable regulatory requirements.

[14] Table No.7

WASTEWATER UTILITY CAPITAL RESERVE HEALTH

Capital reserves are utilized to save for future capital planning needs and to make resources available for unplanned infrastructure failures as necessary. The forecasted 2027 Capital Wastewater Reserve Balance is $15.2M.

Targeted balances inclusive of wastewater reserves combined for operating & capital reserves total $14.3M, meeting the established reserve target.

CITY OF RED DEER DEBT UTILIZATION

The 2027 capital plan includes $12.8 million in debt financing to support critical wastewater infrastructure projects. This results in a 13% debt to 87% equity ratio These ratios remain well below industry norms, where a 60% debt to 40% equity balance is not uncommon.

Utilizing debt to fund long-life infrastructure in a utility context is a responsible and strategic financial approach. It allows the cost of essential capital investments to be shared fairly over time—aligning repayment with the generations who benefit from the infrastructure (a principle known as generational equity). While borrowing is established as City debt, repayment is fully supported by utility rates, making these debentures self-funded through cost recovery over the life of the asset.

The Wastewater Utility remains in a favourable position, holding nominal debt compared to industry benchmarks, which provides flexibility for future investments and ensures stable, predictable rate impacts for customers.

2028 – 30 WASTEWATER UTILITY OPERATING PLAN[15]

	Water Utility		
	2028	2029	2030
OPERATING EXPENSE			
Wages and Salaries	7,937,411	8,175,533	8,420,799
Contracted Services	3,680,890	3,754,508	3,829,598
Materials & Supplies	3,838,217	3,914,982	3,993,281
Internal Charges	1,300,847	1,326,864	1,353,401
To Operating	4,327,589	4,409,912	4,493,880
Total Operating Expense	21,084,954	21,581,798	22,090,960
REVENUE	47,769,042	49,459,170	52,315,828
Less			
Operating Expense	21,084,954	21,581,798	22,090,960
Depreciation	12,868,832	12,613,189	13,021,508
Amortization of contributions	(4,163,174)	(4,170,284)	(3,658,171)
Interest expense (actual)	1,086,719	1,488,030	2,269,004
MCAF	6,248,050	6,507,977	6,943,310
Net Income	10,643,661	11,438,460	11,649,218
RESERVE BALANCE (YEAR END)			
Operating	2,635,619	2,697,725	2,761,370
Capital	16,942,133	18,878,984	15,542,202
New Debt	10,500,000	17,800,000	10,700,000
Dividend Paid	4,397,235	4,575,384	4,659,687

[15] Table No.9

WASTE MANAGEMENT UTILITY

2027 WASTE MANAGEMENT UTILITY OPERATING BUDGET[16]

	Waste Management Utility (includes Collection & Landfill)		
	2026	2026 YE Forecast as at June 30, 2026	2027 Proposed
Revenue			
User Fees and Sale of Goods	17,429,770	16,874,170	18,266,376
Fines and Penalties	30,020	30,020	19,000
Other Revenue	2,264,333	2,490,190	768,980
Revenues Totals	**19,724,123**	**19,394,380**	**19,054,356**
Expenses			
Salaries, Wages, Benefits	1,630,031	1,398,778	1,650,283
Contracted Services	12,312,460	12,416,896	11,404,012
Materials and Supplies	88,959	89,674	83,685
Amortization of Tangible Capital Assets	3,231,528	3,231,528	2,056,446
Accretion Expense	215,580	215,580	215,580
Financial Charges	16,000	16,000	19,000
Other Expenses	-	(850)	-
Expenses Total	**17,494,558**	**17,367,606**	**15,429,006**
Internal Charge/ (Recovery)	131,457	141,131	140,125
Operating Surplus	**2,361,022**	**2,167,905**	**3,765,475**
Funding Transfers			
To/From Operating	(3,592,741)	(3,500,020)	(3,561,840)
Reserve Transfers	(1,999,809)	(1,899,413)	(2,260,083)
Equity Transfers (Amortization & Contributed)	3,231,528	3,231,528	2,056,448
Net Transfers	**(2,361,022)**	**(2,167,905)**	**(3,765,475)**
Net Utility Requirements	-	-	-

2027 Waste Management Landfill Rate average increase proposed at $3.94.

2027 Waste Management Collections Rate average increase proposed at $0.56.

[16] Table No.3 & 4 & 5

2027 WASTE MANAGEMENT UTILITY OPERATING BUDGET FEATURES[17]

WM OPERATING RESERVE HEALTH

Operating reserves are established to cover unanticipated operating expenses and budgeted at a value of 45 days of operating expenses, or $1.865M. The forecasted 2027 Operating Reserve Balance is $1.865M.

WM UTILITY OPERATING BUDGET FEATURES

CONTRACTED SERVICES ($908K)

Contracted Services decreased by $908,000 primarily due the producers of packaging and printed materials (not the City) now providing recycling collection services, effective April 1, 2027.

REMAINING CHANGES $239K

The remaining net change of $239,000 reflects adjustments related to natural gas, electricity, water, wastewater, and garbage services—as well as minor adjustments that ensures accurate distribution of utility-related expenses across City functions.

[17] Table No.6

2027 WASTE MANAGEMENT CAPITAL BUDGET MAJOR PROJECTS[18]

Major projects are defined as projects with expenses exceeding $1M.

PROJECT TITLE	2027
Waste Management Infrastructure	$5,212,000

WM MAJOR CAPITAL PROJECT DESCRIPTIONS

WASTE MANAGEMENT UTILITY INFRASTRUCTURE $5.2M

Planned capital investments for 2027 support the ongoing development, modernization, and operational efficiency of the Waste Management Facility (WMF) and associated systems. Key projects include:

- Design and construction of recommended improvements stemming from the long-term site infrastructure plan. The plan considers a number of improvements, including extension of the public drop-off, weigh scale replacements and expansion, entrance retrofits, and a new maintenance and operations building in support of growing operations.

WM CAPITAL RESERVE HEALTH

Capital reserves are utilized to save for future capital planning needs and to make resources available for unplanned infrastructure failures as necessary. Targeted balances capital reserve is $7.1M The forecasted 2027 Capital Reserve balance is $19.3 million. While the projected balance exceeds the minimum target, Administration recommends maintaining the reserve at its current level to ensure sufficient funding is available for future landfill expansion, closure and post-closure obligations, and other significant long-term capital requirements as they arise. Maintaining a higher reserve balance supports the long-term financial sustainability of the landfill operation, ensures the reserve remains adequately funded throughout the 10-year financial plan, and helps minimize the need for significant future rate increases.

CITY OF RED DEER DEBT UTILIZATION

The Waste Management utility currently holds no debt. There is no new borrowing anticipated for 2027.

[18] Table No.7

WASTE MANAGEMENT 2028-2030 OPERATING PLAN[19]

	Waste Management		
	2028	2029	2030
OPERATING EXPENSE			
Wages and Salaries	1,499,536	1,529,527	1,560,117
Contracted Services	11,144,869	11,357,464	11,587,776
Materials & Supplies	111,141	113,364	115,631
Other	19,380	19,768	20,163
Internal Charges	168,765	172,140	175,583
To Operating	1,381,996	1,409,636	1,437,829
Total Operating Expenses	14,325,687	14,601,899	14,897,099
REVENUE	19,085,964	19,580,512	20,196,058
Less			
Operating Expense	14,325,687	14,601,899	14,897,099
Depreciation	2,991,286	3,398,295	3,740,514
MCAF	1,770,089	1,781,919	1,833,703
Net Income (Deficit)	(1,098)	(201,602)	(275,258)
RESERVE BALANCE (YEAR END)			
Operating	1,790,711	1,825,237	1,862,137
Capital	16,594,657	17,952,071	19,029,394
Dividend Paid	210,134	210,134	210,134

[19] Table No.9

UTILITY
10-YEAR CAPITAL PLAN

10 YEAR UTILITY CAPITAL PLAN

Summary Detail Page 1of2[20]

Electric Utility Capital Project Plan in 000's											
Project Title	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**
Electric Infrastructure Replacements & Upgrades	4,370	4,484	4,600	5,422	5,552	5,686	6,696	6,856	7,021	8,268	8,466
Electric New System Construction	2,762	2,712	1,081	1,108	1,362	813	1,428	853	1,497	894	916
Electric Customer Servicing	2,825	3,645	3,032	2,578	2,639	2,702	2,767	2,833	2,901	2,971	3,042
Electric Overhead & Underground Systems-Annual	1,849	1,897	1,946	1,995	2,042	2,092	2,142	2,193	2,246	2,300	2,355
Electric Substations & Scada	3,030	5,795	4,120	4,503	5,247	5,541	7,855	6,031	5,739	-	-
Electric Smart Grid Infrastructure	1,335	1,370	1,405	1,219	1,248	1,278	1,428	1,340	1,372	1,405	1,439
Electric New Substation - Queen's Business Park	-	-	-	-	-	-	-	6,092	12,476	12,776	-
Electric Customer Metering	1,130	327	281	122	125	290	131	134	137	141	144

Water Utility Capital Project Plan in 000's											
Project Title	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**
Water Pumping Stations	514	1,054	-	-	-	116	-	1,218	-	-	-
Water Pumping Stations - Annual	128	158	189	222	255	290	327	366	374	383	392
Water Treatment Plant	7,394	1,264	3,081	233	-	2,209	-	1,157	-	3,194	-
Water Treatment Plant - Annual	2,589	2,794	2,934	3,047	3,177	3,365	4,230	5,350	5,478	5,610	5,744

Water Infrastructure - Annual	9,529	10,567	11,652	12,774	13,932	14,266	14,609	14,959	15,319	15,686	16,063
Water Utility Infrastructure - One Time	985	11	-	-	149	-	-	12	-	-	144
Development Service Agreements	588	588	588	588	588	588	588	588	588	588	588

Wastewater Utility Capital Project Plan in 000's

Project Title	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Wastewater Treatment Plant	11,153	3,688	42,975	45,889	32,452	32,912	12,746	12,926	6,682	511	616
Wastewater Treatment Plant - Annual	2,502	2,597	2,656	2,733	2,881	3,229	3,344	3,558	3,643	3,731	3,820
Liftstation Replacement	462	121	-	-	-	134	-	-	-	147	-
Liftstation - Annual	72	84	97	111	125	139	155	171	187	192	196
WW Infrastructure - Annual	9,859	10,906	11,406	11,912	12,482	13,072	13,683	14,316	15,284	16,289	17,334
WW Infrastructure - One Time	1,021	100	189	83	193	87	89	116	117	96	170
Development Service Agreements	417	421	425	429	433	437	441	445	449	453	458

Waste Management Utility Capital Project Plan in 000's

Project Title	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Waste Management Annual	5,212	5,789	1,487	2,030	596	1,540	4,968	13,006	4,897	543	229
Waste Management Infrastructure	103	105	108	111	113	116	119	122	125	128	131

[20] Table No.8

10 YEAR UTILITY CAPITAL PLAN

Summary Detail Page 2 of 2[21]

Annual Utility Capital Plan Summary Totals in 000's											
	2027	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**
	69,829	60,477	94,252	97,109	85,591	90,902	77,746	94,642	86,532	76,306	62,247

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[21] Table No.8

2027 UTILITY REVENUE SUMMARY TO THE OWNER

2027 UTILITY BUDGET SUMMARY PROPOSED REVENUE TO OWNER[22]

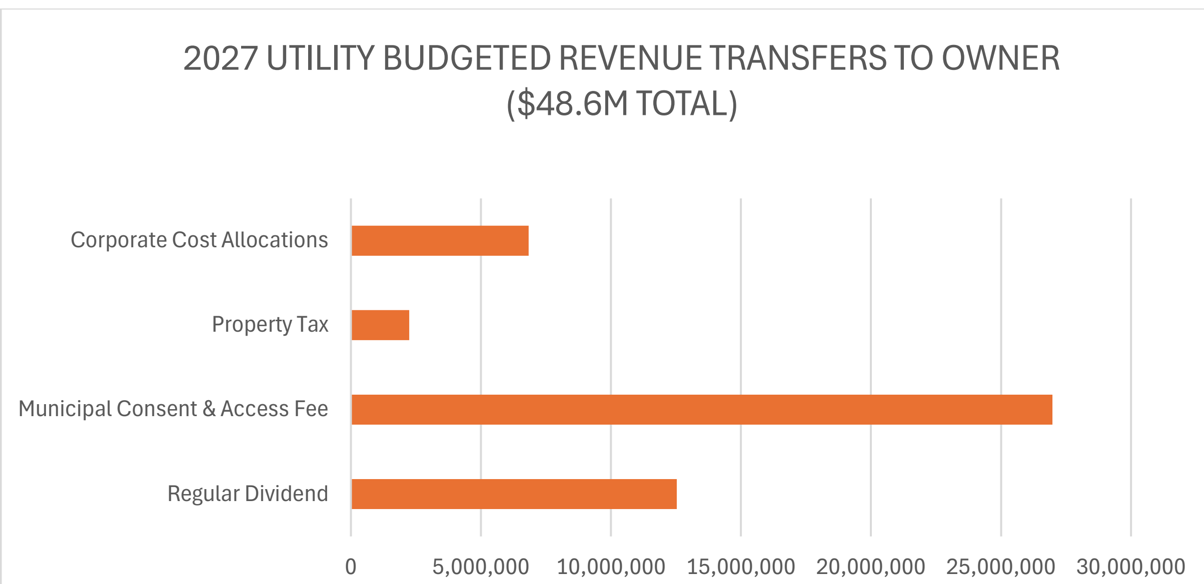
Below is a summary of the revenue to owner potential for 2027 proposed Utility budget. Each Utility is listed, along with each of the different revenue sources to showcase a summarized picture of the total revenue to owner.

[23]Anticipated change per month for average in-city residential customer will be approximately $12.18.

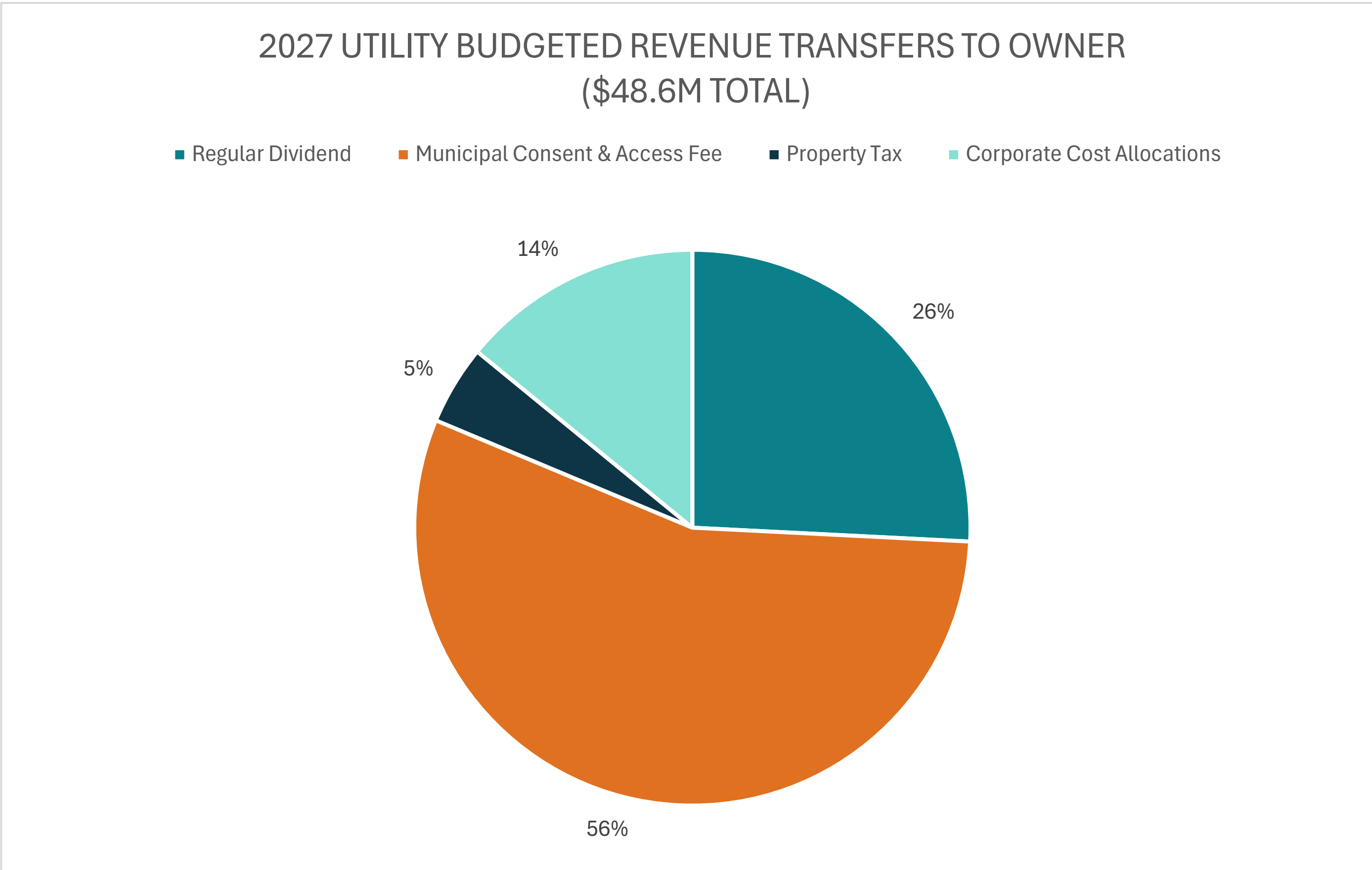
(Includes all four utilities - electric, water, wastewater and waste management)

Proposed 2027 Utility Budgeted Revenue Transfers to Owner

	Regular Dividend	Municipal Consent & Access Fee	Property Tax	Corporate Cost Allocations	TOTAL
EU	3,880,067	13,064,793	2,238,766	2,740,239	21,923,865
Water	4,045,162	6,044,499	-	1,636,178	11,725,839
WW	4,397,235	6,091,304	-	1,643,629	12,132,168
WM	210,134	1,770,090	-	819,210	2,799,434
Total	12,532,598	26,970,686	2,238,766	6,839,256	**48,581,306**



[22] Table No.13 & 14 & 15
[23] Table No.12


2027 UTILITY BUDGETED REVENUE TRANSFERS TO OWNER
($48.6M TOTAL)
Regular Dividend
Municipal Consent & Access Fee
Property Tax
Corporate Cost Allocations
14%
26%
5%
56%

UTILITIES OPEN CAPITAL COMMITMENTS BY SECTION

UTILITIES OPEN CAPITAL COMMITMENTS BY SECTION[24]

Below is the open capital commitments by section, which show the amount of previously approved capital funding that remains committed to active capital projects within each section.

230 E.L.& P. UTILITY SECTION											
Budget Year	**Project Name**	**Approved Budget**	**Expenditures Inception to Aug 2026**	**Remaining Budget**	**Sept-Dec 2026**	**2027**	**2028**	**2029**	**2030+**	**Anticipated Surplus**	**Completion Date**
BY2023	22873 CUSTOMER METERING 2023-2024	16,697	9,676	7,021	3,200	3,021	800	-	-	0	Dec-28
BY2025	23009 2025 ELECTRIC NEW CONSTRUCT	311	-	311	-	-	311	-	-	-	Dec-28
BY2025	23008 2025 ELECTRIC OH & UG SYSTEMS	2,248	2,094	155	144	-	-	-	-	11	Dec-26
BY2025	23010 2025 ELECTRIC SUBST & SCADA	1,111	714	397	-	-	-	-	-	397	Dec-26
BY2025	23012 2025 ELECTRIC CUSTOMER METEI	-	-	-	-	-	-	-	-	-	Dec-25
BY2025	23011 2025 ELECTRIC SMART GRID	1,349	515	834	423	300	-	-	-	111	Dec-27
BY2026	23105 2026 ELECTRIC INFRAS REPL & UF	4,578	2,098	2,480	1,980	500	-	-	-	-	Dec-27
BY2026	23106 2026 ELECTRIC NEW SYSTEM CON	515	-	515	-	165	350	-	-	-	Dec-27
BY2026	23110 2026 ELECTRIC CUSTOMER SERVI	4,773	512	4,261	896	390	-	-	-	2,975	Dec-27
BY2026	23107 2026 ELECTRIC OH & UG ANNUAL	1,845	1,094	751	688	62	-	-	-	0	Dec-27
BY2026	23108 2026 ELECTRIC SUBSTATIONS & S	3,217	1,723	1,494	574	920	-	-	-	-	Dec-27
BY2026	23112 2026 ELECTRIC TRAFFIC LIGHT	77	-	77	20	57	-	-	-	-	Dec-27
BY2026	23111 2026 ELECTRIC STREET LIGHT UP(	439	-	439	15	385	39	-	-	-	Dec-28
BY2026	23109 2026 ELECTRIC SMART GRID INFR	824	-	824	95	729	-	-	-	-	Dec-27
BY2021	22785 ELP SUBSTN/SCADA 2021	5,695	478	5,218	341	3,556	1,320	-	-	(0)	Dec-28
BY2023	22870 INFRA REPL & UPGRA 20	5,861	5,860	0	0	-	-	-	-	0	Dec-26
BY2023	22872 SUBSTATIONS/SCADA 202	1,231	1,092	139	-	-	-	-	-	139	Dec-26
BY2024	22875 CUSTOMER SERVICING -	5,055	262	4,797	0	1	-	-	-	4,796	Dec-26
BY2025	23006 2025 ELECTRIC INFRAST	3,796	3,736	60	0	-	-	-	-	60	Dec-26
BY2025	23007 2025 ELECTRIC CUSTOME	2,488	1,617	2,395	-	2,395	-	-	-	(0)	Dec-27
BY2022	26661 RM/FC ELP-BURY OVERHE	794	794	0	-	-	-	-	-	0	Dec-26
Total		**62,904**	**32,263**	**32,167**	**8,377**	**12,481**	**2,820**	**-**	**-**	**8,489**	

390 WATER UTILITY SECTION											
Budget Year	**Project Name**	**Approved Budget**	**Expenditures Inception to Aug 2026**	**Remaining Budget**	**Sept-Dec 2026**	**2027**	**2028**	**2029**	**2030+**	**Anticipated Surplus**	**Completion Date**
BY2019	81105 RM/FC EVS-WATER INFR	10,578	10,130	448	-	-	-	-	-	448	Dec-26
BY2019	81127 2019 WTP REHAB & REPL	695	485	210	40	-	-	-	-	169	Dec-26
BY2022	81363 2022 WATER PUMPING ST	387	389	(2)	-	-	-	-	-	(2)	Dec-26
BY2022	81371 2022 WTP REHAB & REPL	768	221	547	0	18	-	-	-	529	Jul-27
BY2023	81513 2023 WTP REHAB & REPL	3,445	2,361	1,084	736	276	-	-	-	73	Dec-27
BY2024	81573 2024 WTP REHAB & REPL	4,246	1,294	2,952	135	2,817	-	-	-	(0)	Dec-27
BY2024	81582 2024 WATER INFR ANNUA	74	74	-	-	-	-	-	-	-	Dec-25
BY2025	81644 2025 WATER INFR - ANN	9,112	8,480	632	-	-	-	-	-	632	Dec-26
BY2025	81647 2025 WTP REHAB & REPL	4,004	812	3,192	1,177	1,986	-	-	-	28	Dec-27
BY2025	81682 2025 DEVELOPMENT SERV	730	161	569	-	-	-	-	-	569	Dec-27
BY2025	81686 2025 WATER INFRA - ON	1,017	5	1,012	16	996	-	-	-	-	Dec-27
BY2025	81692 2025 WATER PUMPING ST	104	96	8	-	-	-	-	-	8	Dec-26
BY2026	81745 2026 PUMP STATION - A	408	293	115	115	-	-	-	-	-	Dec-26
BY2026	81747 2026 WTP REHAB & REPL	1,452	11	1,441	1,125	317	-	-	-	-	Dec-27
BY2026	81755 2026 WTP - ANNUAL	1,431	21	1,409	846	563	-	-	-	-	Dec-26
BY2026	81757 2026 WATER INFR - ANN	9,556	5,995	3,561	1,573	-	-	-	-	1,988	Dec-26
BY2026	81760 2026 WATER UTILITY -	31	-	31	31	-	-	-	-	-	Dec-26
BY2026	81762 2026 DEV SERVICING -	763	17	746	17	-	-	-	-	729	Dec-27
Total		**48,799**	**30,845**	**17,954**	**5,811**	**6,974**	**-**	**-**	**-**	**5,169**	

[24] Table No.16 & 17 & 18 & 19 & 20

415 WASTEWATER UTILITY SECTION											
Budget Year	**Project Name**	**Approved Budget**	**Expenditures Inception to Aug 2026**	**Remaining Budget**	**Sept-Dec 2026**	**2027**	**2028**	**2029**	**2030+**	**Anticipated Surplus**	**Completion Date**
BY2020	81270 2020 WWTP PLANT SECUR	1,009	637	372	-	-	-	-	-	372	Dec-26
BY2018	81289 WWTP PHASE 5	43,602	18,760	24,842	274	4,290	16,315	3,963	-	(0)	Dec-29
BY2021	81331 2021 WWTP REHAB & REP	3,353	1,017	2,335	-	-	-	-	-	2,335	Dec-26
BY2021	81356 2021 WWTP FLOOD BERM	3,946	3,946	(0)	-	-	-	-	-	(0)	Dec-26
BY2022	81377 2022 WWTP REHAB & REP	1,375	1,061	314	94	209	-	-	-	11	Dec-29
BY2023	81475 2023 WWTP REHAB & REP	2,386	1,101	1,284	48	913	-	-	-	324	Dec-29
BY2024	81544 2024 WWTP REHAB & REP	6,290	145	6,145	-	5,915	-	-	-	230	Dec-29
BY2024	81562 2024 LIFTSTATION REPL	120	-	120	-	-	-	-	-	120	Dec-26
BY2024	81565 2024 WW MAIN INFR - A	1,411	-	1,411	-	-	-	-	-	1,411	Dec-25
BY2024	81612 2024 WWTP BIOSOLIDS L	2,500	623	1,877	1,765	111	-	-	-	0	Jun-27
BY2025	81640 2025 WW MAIN INFR - O	1,064	21	1,043	14	970	-	-	-	59	Dec-27
BY2025	81662 2025 WWTP REHAB & REP	8,018	1,144	6,873	142	2,435	3,242	1,009	-	45	Dec-29
BY2025	81680 2025 WW INFRA - ANNUA	7,460	5,834	1,625	-	-	-	-	-	1,625	Dec-26
BY2025	81682 2025 DEVELOPMENT SERV	730	-	730	58	-	-	-	-	672	Dec-27
BY2025	81690 2025 LIFTSTATION REPL	52	-	52	-	-	-	-	-	52	Dec-26
BY2026	81728 2026 WWTP REHAB & REP	1,895	14	1,881	-	1,779	103	-	-	(1)	Dec-28
BY2026	81733 2026 WWTP - ANNUAL	2,401	424	1,977	598	-	-	-	-	1,379	Dec-26
BY2026	81735 2026 LIFTSTATION REPL	155	82	73	1	72	-	-	-	-	Dec-27
BY2026	81738 2026 LIFTSTATION - AN	62	14	48	6	-	-	-	-	42	Dec-26
BY2026	81740 2026 WW INFR - ANNUAL	9,373	4,030	5,343	3,226	-	-	-	-	2,116	Dec-26
BY2026	81742 2026 WW INFR - ONE TI	113	38	75	25	-	-	-	-	50	Dec-26
BY2026	81762 2026 DEV SERVICING -	724	-	724	-	-	-	-	-	724	Dec-27
Total		**98,036**	**38,892**	**59,145**	**6,252**	**16,693**	**19,660**	**4,972**	**-**	**11,567**	

460 WASTE MGMT UTILITY SECTION											
Budget Year	**Project Name**	**Approved Budget**	**Expenditures Inception to Aug 2026**	**Remaining Budget**	**Sept-Dec 2026**	**2027**	**2028**	**2029**	**2030+**	**Anticipated Surplus**	**Completion Date**
BY2022	81397 2022 WASTE MGMT INFRA	302	56	246	21	185	-	-	-	40	Dec-27
BY2022	81441 2022 HYDROVAC PARENT	3,128	2,996	133	-	-	-	-	-	133	Dec-26
BY2023	81467 2023 WASTE MGMT INFR	3,301	1,443	1,858	705	-	-	-	-	1,153	Dec-26
BY2024	81537 2024 WASTE MGMT INFRA	927	417	510	-	-	-	-	-	510	Dec-26
BY2025	81672 2025 WASTE MANAGEMENT	3,730	307	3,423	173	500	-	-	-	2,751	Dec-27
BY2026	81720 2026 WASTE MANAGEMENT	2,369	201	2,168	1,238	930	-	-	-	-	Dec-27
BY2026	81726 2026 WASTE MANAGMENT	103	29	74	74	-	-	-	-	-	Dec-26
Total		**13,861**	**5,448**	**8,413**	**2,211**	**1,615**	**-**	**-**	**-**	**4,586**	

Open Capital Commitments By Section - Utilities

Section	Approved Budget	Expenditures Inception to Aug 2026	Remaining Budget	Sept-Dec 2026	2027	2028	2029	2030+	Unspent
230 E.L.& P. UTILITY SECTION	62,904	32,263	32,167	8,377	12,481	2,820	-	-	8,489
390 WATER UTILITY SECTION	48,799	30,845	17,954	5,811	6,974	-	-	-	5,169
415 WASTEWATER UTILITY SECTION	98,036	38,892	59,145	6,252	16,693	19,660	4,972	-	11,567
460 WASTE MGMT UTILITY SECTION	13,861	5,448	8,413	2,211	1,615	-	-	-	4,586
Total	**223,600**	**107,448**	**117,679**	**22,651**	**37,763**	**22,481**	**4,972**	**-**	**29,811**

THE CITY OF Red Deer

BUDGET 2027