THE CITY OF Red Deer

BUDGET 2026 IN VIEW

UTILITIES BUDGET

PROPOSED FOR 2026

SEPTEMBER 2, 2025

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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, the Utilities Department can align resources with service priorities, plan proactively for infrastructure renewal, and adapt to evolving community needs.

Enclosed is the proposed 2026 Utilities Department budget, which outlines the funding required to support utility operations.

To aid in long-term planning and oversight, Administration has also provided utility-funded operating forecasts for 2027 through 2029, along with the 10-year capital investment plan for the Utilities Department.

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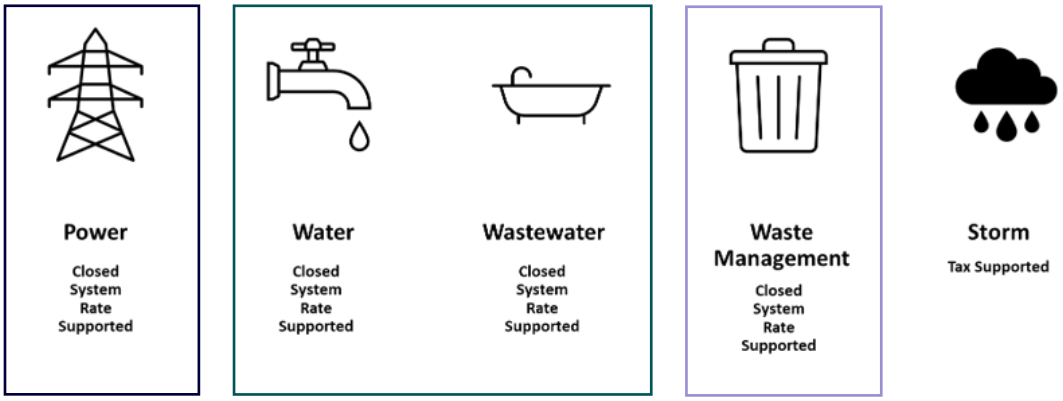
2026 UTILITY BUDGET BACKGROUND

THE UTILITIES

The City of Red Deer operates many utilities within five different modelling systems, these include power, water, wastewater, waste management (collection and processing of garbage and recycling) and stormwater.

For 2026, the utility-funded budgets will be presented within three categories: Power (Electric Utility), Water (including water and wastewater) and Waste Management (including solid waste collections and landfill). Stormwater budgeting occurs alongside the remainder of the tax-funded budget deliberations as it is a tax-funded operation.



The City's Utilities function within one department of the organization and retain support services from other parts of the organization. Support services outside of the Utilities department include utility billing, finance, information technology, legislative and legal services, communications, human resources, engineering, parks and public works, business excellence supports, leadership and governance (Council). Funding through corporate cost allocations is provided to The City in return for support services not directly paid for by the utilities.

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/

2026 UTILITY DEPARTMENT BUDGET SUMMARY & PROFILE

UTILITIES DEPARTMENT PROFILE

The City Utilities Department is a regional provider of essential services including Water, Wastewater, Waste Management, and Electric Utilities. It also manages critical infrastructure such as Street Lighting, Traffic Signals, and Stormwater systems. Operating under Council-approved governance policies, the department ensures services are safe, reliable, affordable, and sustainable. Utilities support Red Deer residents and regional service providers, delivering 24/7 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. The department enables economic development by maintaining resilient electric, waste management, and water 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 Department 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 Department serves 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

The Utilities Department delivers:

- 24/7 water treatment and distribution for customers and regional service providers
- 24/7 wastewater collection and treatment, including biosolids reuse
- 24/7 electric distribution and transmission
- Various weekly residential and commercial waste collection services and landfill operation 6 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 commissions, county, towns, third-party service providers, 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 Department 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, composting and landfill operations
- Waste Management Collections green, blue, and black carts
- Water Treatment Plant and roughly 650km of distribution infrastructure
- Wastewater Treatment Plant and roughly 520km of collection infrastructure
- Stormwater system with roughly 560km of collection infrastructure
- Electric Distribution system with 11 substations and roughly 1000km of overhead and underground infrastructure
- Electric Transmission system with 4 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.

The Utilities Department is monitoring a troubling increase in copper theft and intentional infrastructure damage, which threaten service reliability, escalate operating costs, and raise significant health and safety risks.

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

WHAT COUNCIL HAS DIRECTED

Through Council Governance Process Policy, guiding principles were provided by Council to direct Administration on how to deliver utility services. Council has prioritized safe, resilient infrastructure, environmental responsibility, and financial sustainability. The Utilities Department support this by delivering regulated, self-funded services; maximizing system reliability; while contributing dividends, Municipal Consent and Access Fees (MCAF), property tax, and cost recoveries to tax-supported operations. The Department'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/ .

Evolution to a 'One Water' model is underway within the utility's governance review work; further work with Council will occur in the coming year to inform future modernization elements.

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 2026 Utility budget focuses on balancing the benefits to our customers, our owners (residents), and our Utility operations by:

- Setting rates to manage affordability and stability for our customers;
- Optimizing and improving returns to our owners to allow budget certainty and financial benefit;
- Investing in our infrastructure and operations to maintain the reliability, responsiveness, and marketability of the businesses;
- Aligning infrastructure investments with organizational capacity for completion;
- The 2026 budget proposed within addresses short-term needs with a look to long-term planning *(being driven by the Utilities Governance Review Project);*
- The Municipal Consent and Access Fee (MCAF) was retained at the 2025 percentage of tariff revenues for each Utility.

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. 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, operating expenses also include 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, 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 Alberta Utilities Commission 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 15% of total revenue unless otherwise directed by Council.

Regular Dividends

- The Utility 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 2026 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 2026 Utilities Department 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.
- **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.**

FUTURE PLANNING CONSIDERATIONS

UTILITY GOVERNANCE EVOLUTIONS

The 2026 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, governance modernization efforts for both Water and Waste Management utilities are advancing, ensuring transparent, resilient, and future-focused service models. Regulatory changes, 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 UTILITY GUIDING PRINCIPLES

The Water Utility provides water and wastewater services. (Policy number GP-2.9) These water 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.

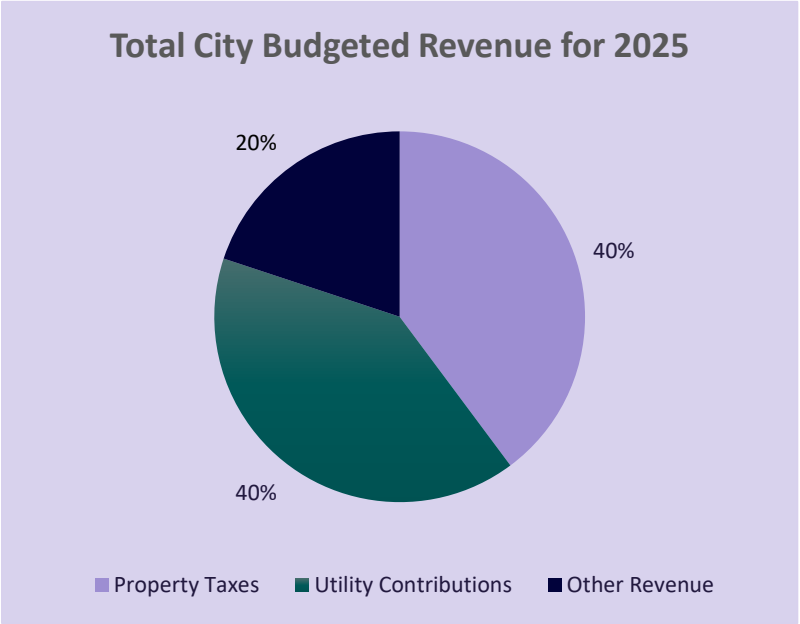
ADAPTABLE

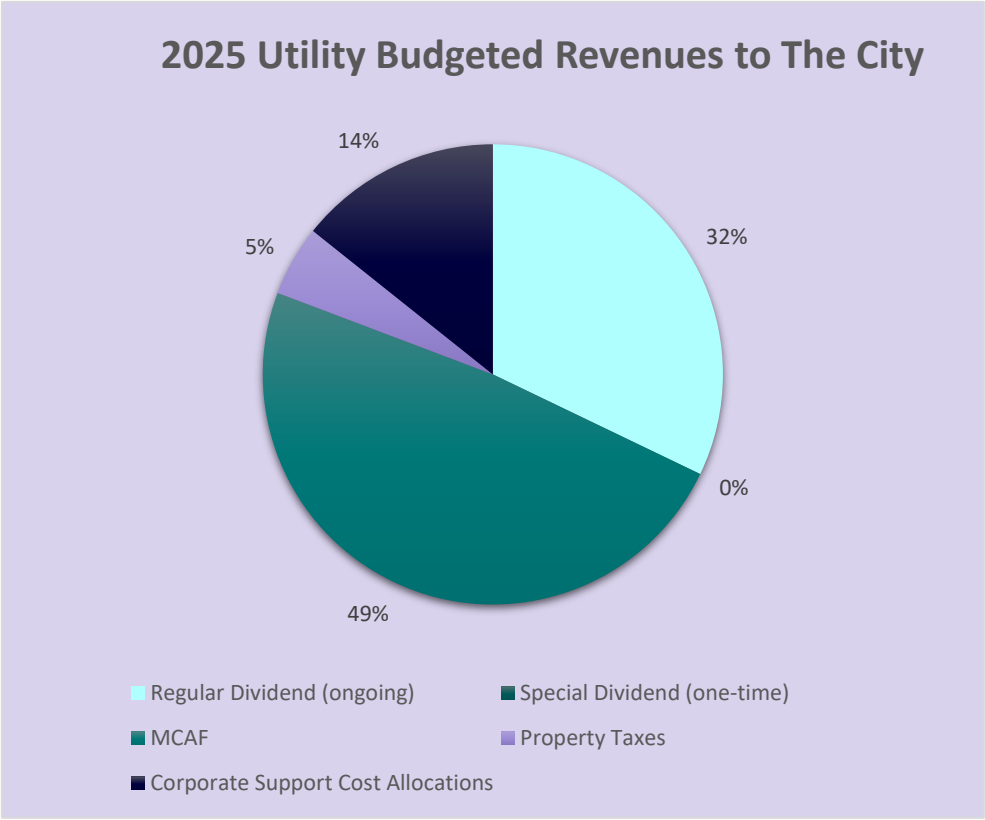
Water services are flexible and able to pivot in response to emerging concerns, opportunities, and customer needs, ensuring resilience alongside reliable service.

HISTORICAL 2025 REVENUE DETAILS

The Overall Revenue View[1]:

Utility revenue made up approximately 40% of the total budgeted revenue for The City of Red Deer in 2025.





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

2026 UTILITIES BUDGET OVERVIEW

A collective view of the three 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	Waste Management	Total Utilities
Revenue				
User Fees and Sale of Goods	80,159,671	80,100,008	17,429,770	177,689,449
Fines and Penalties	130,050	281,000	30,020	441,070
Other Revenue	1,000	50,000	2,264,333	2,315,333
Revenues Totals	**80,290,721**	**80,431,008**	**19,724,123**	**180,445,852**
Expenses				
Net Municipal Taxes	2,074,793	-	-	2,074,793
Wages and Salaries	9,013,618	13,953,540	1,630,031	24,597,189
Contracted Services	8,337,615	6,213,620	12,312,460	26,863,695
Materials & Supplies	33,126,977	7,002,229	88,959	40,218,165
Amortization of Tangible Capital Assets	7,924,552	22,263,997	3,231,528	33,420,077
Accretion Expense			215,580	215,580
Finance Charge	778,905	2,179,258	16,000	2,974,163
Other Expenses	11,760	-	-	11,760
Expenses Total	**61,268,220**	**51,612,644**	**17,494,558**	**130,375,422**
Contributed Assets		621,150	-	621,150
Internal Charge/ (Recovery)	(1,048,715)	(688,214)	131,457	(1,605,472)
Operating Surplus/ (Deficit)	**17,973,786**	**28,751,300**	**2,361,022**	**49,086,108**
Funding Transfers				
To/From Operating	(16,001,147)	(26,468,929)	(3,592,741)	(46,062,817)
Reserve Transfers	(9,122,605)	(18,682,992)	(1,999,809)	(29,805,406)
Equity Transfers	7,924,554	21,642,848	3,231,528	32,798,930
Long Term Debt Principal Payment	(774,588)	(5,242,227)	-	(6,016,815)
Net Transfers	**(17,973,786)**	**(28,751,300)**	**(2,361,022)**	**(49,086,108)**
Net Utility Requirements	-	-	-	-

[3] Table No.3

ELECTRIC UTILITY(EU)

2026 OPERATING BUDGET Pg 16

2026 CAPITAL BUDGET Pg 18

2027-29 OPERATING PLAN Pg 20

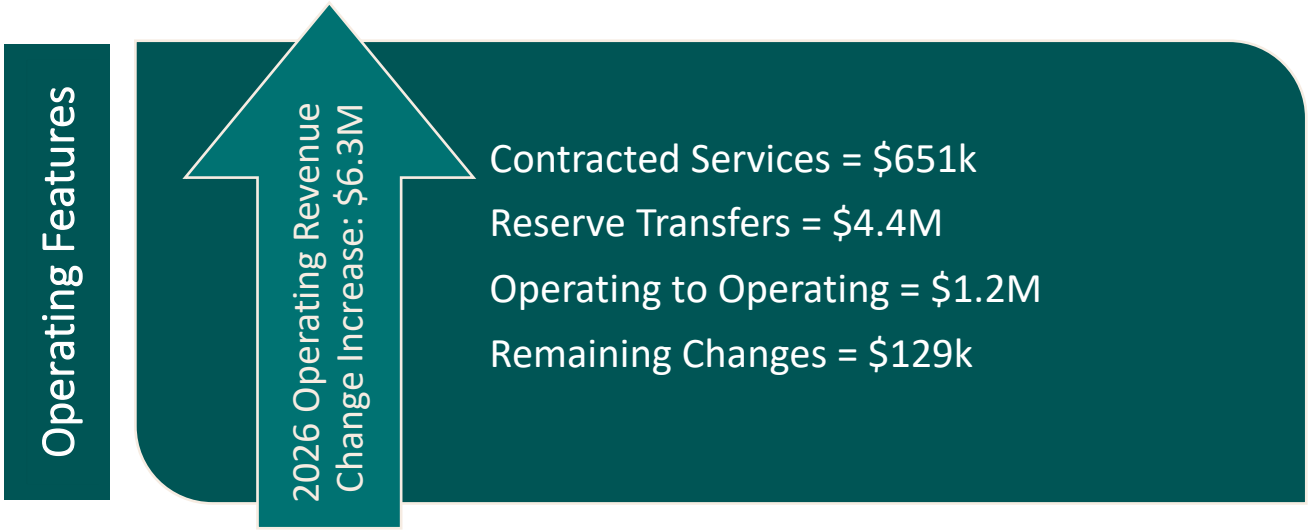
2026 ELECTRIC UTILITY (EU) OPERATING BUDGET[4]

	Electric Utility		
	2025	2025 YE Forecast as at June 30, 2025	2026 Proposed
Revenue			
User Fees and Sale of Goods	73,699,474	76,452,116	80,159,671
Fines and Penalties	289,000	100,000	130,050
Other Revenue	2,000	2,000	1,000
Revenues Totals	**73,990,474**	**76,554,116**	**80,290,721**
Expenses			
Municipal Taxes Expenses	1,909,576	1,909,576	2,074,793
Salaries, Wages, Benefits	9,145,499	7,542,353	9,013,618
Contracted Services	7,686,663	7,363,018	8,337,615
Materials and Supplies	33,152,544	33,031,286	33,126,977
Amortization of Tangible Capital Assets	7,018,690	7,018,690	7,924,552
Accretion Expense	-	-	-
Financial Charges	572,227	572,227	778,905
Other Expenses	11,760	300,660	11,760
Expenses Total	**59,496,959**	**57,737,809**	**61,268,220**
Contributed Assets - Revenue	-	-	-
Internal Charge/ (Recovery)	(1,016,394)	(1,021,127)	(1,048,715)
Operating Surplus/ (Deficit)	**13,477,121**	**17,795,181**	**17,973,786**
Funding Transfers			
To/From Operating	(14,849,666)	(14,849,666)	(16,001,147)
Reserve Transfers	(4,753,378)	(9,071,438)	(9,122,605)
Equity Transfers (Amortization & Contributed Assets)	7,018,692	7,018,692	7,924,554
Long Term Debt Principal Payment	(892,769)	(892,769)	(774,588)
Net Transfers	**(13,477,121)**	**(17,795,181)**	**(17,973,786)**
Net Utility Requirements	-	-	-

2026 Electric Utility Rate Increase proposed at 6.0% or $3.85 per month for an average residential customer. (average customer based on industry and benchmark standards of 600 kWh per month)

[4] Table No.4

2026 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 2026 Operating Reserve Balance is $7.0M

OPERATING BUDGET FEATURES

CONTRACTED SERVICES $651K

The 2026 budget reflects key changes related to contracted services. One-time transfers will support one-time governance transition activities to establish corporate MCC structure such as legal costs. Ongoing costs of $726,000 are included to support the establishment of the administrative and board oversight structures for the future municipally controlled corporation (MCC). Unrelated to the Governance Project, there is one-time cost savings of $430,000 through changes to the ENMAX service contract.

RESERVE TRANSFERS $4.4M

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.

OPERATING TO OPERATING TRANSFERS $1.2

The 2026 budget includes operating-to-operating transfers to support cross-departmental initiatives and shared corporate services. This includes one-time funding to support change management activities related to utility governance, and $1.09 million to fund corporate support services, which ensures equitable cost-sharing for enterprise-wide functions and the Municipal Consent and Access Fee (MCAF).

REMAINING CHANGES $129K

Other changes to include municipal taxes, salaries, wages and benefits, interest and debenture costs.

[5] Table No.10

2026 CAPITAL BUDGET
ELECTRIC UTILITY MAJOR PROJECTS

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

PROJECT TITLE	2026
Electric Customer Metering	$4,429,000
Electric Infrastructure Replacements & Upgrades	$4,578,000
Electric Customer Servicing	$4,773,000
Electric Overhead & Underground Systems-Annual	$1,845,000
Electric Substations & SCADA	$3,217,000

EU MAJOR CAPITAL PROJECT DESCRIPTIONS

ELECTRIC CUSTOMER METERING $4.4M

- Red Deer is one of the few jurisdictions in Canada still transitioning to an Advanced Metering Infrastructure (AMI) platform. According to Electricity Canada, AMI adoption has reached approximately 85–90% nationwide. The City's current metering assets—while having provided exceptional value and longevity—are now considered obsolete and there is limited vendor support for legacy metering equipment.
- Planning, procurement, and partial implementation has been approved through previous budgets. This budget request will allow for full completion of the transitions to Advanced Metering technology for Red Deer.

ELECTRIC INFRASTRUCTURE REPLACEMENTS & UPGRADES $4.6M

- This capital program includes multiple projects focused on the replacement and upgrading of aging electric infrastructure throughout Red Deer. These projects involve both overhead and underground cables, as well as transformer replacements in various neighbourhoods. Currently, approximately 30% of The City's electrical distribution system is 40 years old or more, contributing to an estimated 50-year (+/-) backlog to modernize the network. These investments are critical to maintaining system reliability and preparing for future demands.
- Project prioritization is based on a range of factors including asset age, historical outage data, service call volumes, and overall system risk assessments. The department continues to evaluate capacity needs and project timing, taking a prudent approach that balances system upgrade priorities with economic and operational considerations.

[6] Table No.6

ELECTRIC CUSTOMER SERVICING $4.8M

- This capital program supports a range of customer servicing projects, including residential subdivision servicing, downtown network connections, overhead-to-underground conversion and commercial service expansions. These projects are largely customer-driven and responsive to development trends and economic activity. Actual expenditures can vary year-to-year depending on customer demand and overall market conditions.

ELECTRIC OVERHEAD & UNDERGROUND SYSTEMS- ANNUAL $1.8M

- These investments may be triggered by emergency repairs (e.g., outage response), the utility's portion of customer service jobs, or discovered deficiencies during other planned projects. While unbudgeted in nature, these projects are essential to ensure continuity of service and mitigate risk across the electrical distribution network.

ELECTRIC SUBSTATIONS & SCADA $3.2M

- 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.
- The 2026 capital program includes investments in both transmission and distribution substations, covering additions, modifications, and upgrades to protection and control systems, buildings, fencing, and related infrastructure to ensure safety, compliance, and operational reliability.

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 2026 Capital Reserve Balance is $3.4M after funding the 2026 capital budget. Targeted balances: $9M combined operating & capital reserves (Approximately $2M capital for EU).

CITY OF RED DEER DEBT UTILIZATION

The 2026 capital plan includes $3.4M in debt financing to support required electric infrastructure projects. The 2026 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. 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 Electric Utility remains in a favourable position, holding nominal debt compared to industry benchmarks.

2027-29 ELECTRIC UTILITY OPERATING PLAN[7]

	2027	2028	2029
OPERATING EXPENSE			
Wages and Salaries	9,284,027	9,562,547	9,849,424
Contracted Services	7,458,030	6,580,732	6,705,766
Materials & Supplies	36,038,722	36,897,357	37,773,394
Other	11,983	12,211	12,443
Internal Charges	1,069,688	1,091,081	1,112,903
To Operating	2,720,182	2,774,586	2,830,077
Total Operating Expense	56,582,631	56,918,514	58,284,007
REVENUE	82,919,252	85,771,270	88,453,265
Less			
Operating Expense	56,582,631	56,918,514	58,284,007
Depreciation	8,942,967	9,660,484	10,051,722
Amortization of contributions	(905,470)	(980,424)	(1,037,598)
Interest expense (actual)	910,125	1,218,278	1,415,997
MCAF	9,854,965	10,217,552	10,557,868
Net income	7,534,034	8,736,866	9,181,269
RESERVE BALANCE (YEAR END)			
Operating	7,072,829	7,114,814	7,285,501
Capital	7,583,114	11,746,811	15,677,301
New Debt	7,500,000	5,200,000	4,500,000
Dividend Paid	3,701,041	3,701,041	3,701,041
Forecasted Incremental Rate Change (reduction)	3.00%	3.00%	3.00%

[7] Table No.5

WATER UTILITY

2026 OPERATING BUDGET Pg 22

2026 CAPITAL BUDGET Pg 25

2027-29 OPERATING PLAN Pg 27

2026 WATER OPERATING BUDGET[8]

	Water Utility (includes Water and Wastewater)		
	2025	2025 YE Forecast as at June 30, 2025	2026 Proposed
Revenue			
User Fees and Sale of Goods	78,203,937	77,958,128	80,100,008
Fines and Penalties	281,000	281,000	281,000
Other Revenue	200,000	200,000	50,000
Revenues Totals	**78,684,937**	**78,439,128**	**80,431,008**
Expenses			
Municipal Taxes Expenses	-	-	-
Salaries, Wages, Benefits	12,546,736	11,764,586	13,953,540
Contracted Services	5,846,772	5,030,442	6,213,620
Materials and Supplies	7,196,338	6,812,338	7,002,229
Amortization of Tangible Capital Assets	21,632,853	21,632,853	22,263,997
Accretion Expense	-	-	-
Financial Charges	1,773,046	1,773,046	2,179,258
Other Expenses			
Expenses Total	**48,995,745**	**47,013,265**	**51,612,644**
Contributed Assets - Revenue	1,196,155	1,196,155	621,150
Internal Charge/ (Recovery)	(503,835)	(490,631)	(688,214)
Operating Surplus/ (Deficit)	**30,381,512**	**32,131,387**	**28,751,300**
Funding Transfers			
To/From Operating	(25,290,065)	(25,447,771)	(26,468,929)
Reserve Transfers	(19,925,298)	(21,517,467)	(18,682,992)
Equity Transfers (Amortization & Contributed)	20,436,698	20,436,698	21,642,848
Long Term Dept Principal Payment	(5,602,847)	(5,602,847)	(5,242,227)
Net Transfers	**(30,381,512)**	**(32,131,387)**	**(28,751,300)**
Net Utility Requirements	-	-	-

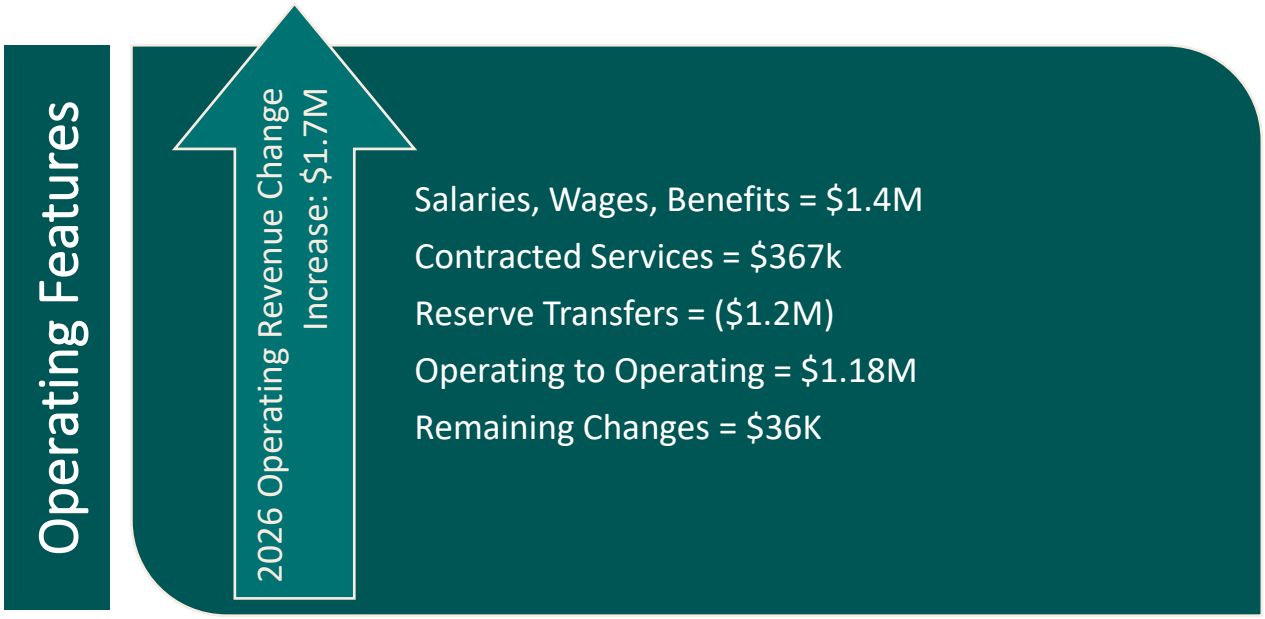
2026 Water Utility Rate Increase proposed at 5% or $2.48 per month for the average in city residential customer.

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

2026 Wastewater Utility proposed rates at 0% change.

[8] Table No.3 & 4

2026 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, or $4.8M. The forecasted 2026 Operating Reserve Balance is $4.8M

WATER UTILITY OPERATING BUDGET FEATURES

SALARIES, WAGES, BENEFITS $1.4M

The 2026 Water Utility operating budget reflects $1.4 million in total changes to salaries, wages, and benefits. This includes $1.5 million in provisions aligned with corporate compensation guidelines, supporting overall workforce stability.

RESERVE TRANSFERS ($1.2M)

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.10

CONTRACTED SERVICES $367K

The 2026 Water Utility operating budget reflects a net increase of $367,000 in contracted services. This includes a one-time investment of $900,000 to support the continued advancement of the Utility Governance Review and Modernization project. This work builds on prior-year efforts and supports key exploratory activities, business model evaluation, and ongoing strategic advisory services as Council considers the long-term governance of the utility. As a component of the model evaluations, to strengthen trust and ensure fairness, we are launching a third-party review of our financial and rate models. This independent review will help confirm rates are transparent, equitable, and sustainable, while also providing clear information to customers and regional service providers.

The increase is partially offset by the reversal of $550,000 in one-time contracted service costs from the previous year. An additional $17,000 reflects minor adjustments to other service contracts.

As the City continues to evaluate and evolve its utility governance, external expertise remains essential to ensure decisions are informed, future-focused, and balanced across public benefit, operational sustainability, and customer value.

OPERATING TO OPERATING TRANSFERS $1.24M

The 2026 Water Utility operating budget includes $1.38 million in operating-to-operating transfers to support shared corporate and departmental services. This includes $1.0 million for corporate cost allocations, The Municipal Consent and Access Fee (MCAF) . An additional $240,000 reflects internal transfers within the Utility. These transfers ensure appropriate cost-sharing across service areas and support efficient delivery of utility operations.

REMAINING CHANGES $36K

The remaining net change of $36,000 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.

2026 CAPITAL BUDGET
WATER UTILITY MAJOR PROJECTS[10]

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

PROJECT TITLE	2026
Water Utility Infrastructure – Annual Program	$18,929,000
Treatment Plants Rehabilitation & Replacement & Upgrades	$7,484,000
New Services & Upgrades	$1,597,000

WATER CAPITAL PROJECT DESCRIPTIONS

WATER UTILITY INFRASTRUCTURE: TOTAL ANNUAL PROGRAMS $18.9M

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

WATER UTILITY TREATMENT PLANTS REHABILITATION, REPLACEMENT & UPGRADES $7.5M

The 2026 capital program includes $7.5 million in rehabilitation, replacement, and upgrade projects at Red Deer's Water and Wastewater Treatment Plants (WTP and WWTP). These investments are essential to improving treatment capacity, operational efficiency, and regulatory compliance while extending the service life of critical infrastructure.

NEW SERVICES & UPGRADES $1.6M

This program funds the installation of new water and wastewater services from the main line to the property line in support of residential, commercial, and industrial development. Customers are charged a fee based on the size and type of service connection required. In some cases, cost-sharing may be applied where the project also provides broader asset renewal benefits to the utility system. These investments ensure timely servicing for growth while maintaining alignment with long-term infrastructure planning and cost recovery principles.

[10] Table No.6

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 2026 Capital Water Reserve Balance is $12.7M.

Targeted balances inclusive of water and wastewater reserves combined for operating & capital reserves total $18M. This result is an approximate target for Water capital reserve of $13.2M. 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 out investments needs, recovery from previous rate freezes and enhancing ongoing dividends. However, all planned funding needs are met, and the reserve balance is anticipated to be sufficient to manage risk in the short term. Further, introduction of an updated debt utilization strategy will ensure appropriate funding, spreading costs over the asset's useful life, and ease the strain of managing billions of dollars in assets on a pay as you go basis which will improve reserve balances over the 3-year plan as The City continues to evolve its financial management approach.

CITY OF RED DEER DEBT UTILIZATION

The 2026 capital plan includes $14.8 million in debt financing to support critical water and wastewater infrastructure projects. This includes $8.3 million for the Water Utility (resulting in a 26% debt to 74% equity ratio) and $6.5 million for the Wastewater Utility (8% debt to 92% equity). 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.

2027 – 29 WATER UTILITY OPERATING PLAN[11]

	Water Utility		
	2027	2028	2029
OPERATING EXPENSE			
Wages and Salaries	14,372,144	14,803,308	15,247,408
Contracted Services	5,792,592	5,997,490	6,085,156
Materials & Supplies	7,142,273	7,285,118	7,430,820
Other	-	-	-
Internal Charges	1,626,967	1,659,506	1,692,697
To Operating	10,524,808	10,735,305	10,950,011
Total Operating Expense	39,458,785	40,480,728	41,406,091
REVENUE	88,533,945	92,661,816	96,297,819
Less			
Operating Expense	39,458,785	40,480,728	41,406,091
Depreciation	22,931,906	23,855,647	25,818,209
Amortization of contributions	(6,441,739)	(6,919,994)	(8,171,362)
Interest expense (actual)	2,640,085	3,450,386	4,290,723
MCAF	9,032,919	9,510,287	9,916,364
Net income	20,911,989	22,284,763	23,037,794
RESERVE BALANCE (YEAR END)			
Operating	4,932,348	5,060,091	5,175,761
Capital	14,488,870	18,630,018	21,815,378
New Debt	22,600,000	22,700,000	13,800,000
Dividend Paid	8,466,108	8,913,905	9,215,118
Forecasted Average Rate Change (Reduction)	5.87%	4.53%	3.82%

[11] Table No.5

WASTE MANAGEMENT UTILITY

2026 OPERATING BUDGET Pg 29
2026 CAPITAL BUDGET Pg 31
2027-29 OPERATING PLAN Pg 32

2026 WASTE MANAGEMENT UTILITY OPERATING BUDGET[12]

	Waste Management Utility (includes Collection & Landfill)		
	2025	2025 YE Forecast as at June 30, 2025	2026 Proposed
Revenue			
User Fees and Sale of Goods	17,980,203	17,461,822	17,429,770
Fines and Penalties	37,020	37,020	30,020
Other Revenue	1,808,489	1,808,489	2,264,333
Revenues Totals	**19,825,712**	**19,307,331**	**19,724,123**
Expenses			
Municipal Taxes Expenses	-	-	-
Salaries, Wages, Benefits	1,490,422	1,340,422	1,630,031
Contracted Services	12,114,228	12,114,228	12,312,460
Materials and Supplies	72,609	72,609	88,959
Amortization of Tangible Capital Assets	806,900	806,900	3,231,528
Accretion Expense	215,580	215,580	215,580
Financial Charges	12,300	12,300	16,000
Other Expenses	-	-	-
Expenses Total	**14,712,039**	**14,562,039**	**17,494,558**
Contributed Assets	-	-	-
Internal Charge/ (Recovery)	133,363	133,363	131,457
Operating Surplus/ (Deficit)	**5,247,036**	**4,878,655**	**2,361,022**
Funding Transfers			
To/From Operating	(3,715,174)	(3,715,174)	(3,592,741)
Reserve Transfers	(2,338,762)	(1,970,381)	(1,999,809)
Equity Transfers (Amortization & Contributed)	806,900	806,900	3,231,528
Long Term Debt Principal Payment	-	-	-
Net Transfers	**(5,247,036)**	**(4,878,655)**	**(2,361,022)**
Net Utility Requirements	-	-	-

2026 Waste Management Landfill Rate Increase proposed at 5.5%.
2026 Waste Management Collections Rate Increase proposed at 5%.

[12] Table No.4

2026 WASTE MANAGEMENT UTILITY OPERATING BUDGET FEATURES[13]

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 approximately $1.976M. The forecasted 2026 Operating Reserve Balance is $1.976M.

WM UTILITY OPERATING BUDGET FEATURES

RESERVE TRANSFERS ($339K)

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

REMAINING CHANGES $237K

The remaining net change of $237,000 reflects adjustments related to natural gas, electricity, water, wastewater, and garbage services. The budget also includes updates to contracted services at the landfill.

[13] Table No.10

2026 WASTE MANAGEMENT CAPITAL BUDGET MAJOR PROJECTS

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

PROJECT TITLE	2026
Waste Management Infrastructure	$2,369,000

WM MAJOR CAPITAL PROJECT DESCRIPTIONS

WASTE MANAGEMENT UTILITY INFRASTRUCTURE $2.4M

Planned capital investments for 2026 support the ongoing development, modernization, and operational efficiency of the Waste Management Facility (WMF) and associated systems. Key projects include:

- Security system upgrades at the WMF to enhance site safety and asset protection.
- Development of an updated long-term site infrastructure plan for non-landfill areas of the WMF, including potential for public drop-off extension, weigh scale replacements and expansion, entrance retrofits, and system improvements.
- Replacement and expansion of carts to meet service demands and maintain the reliability of collection services.
- Construction of an onsite building to support the aggregate recycling facility operations.
- Replacement of the landfill's alternative daily cover plates, which are used to preserve airspace by reducing reliance on traditional daily cover materials.

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 for combined operating & capital reserves is $9M, resulting in a capital reserve target of approximately $7M capital for waste management.

Forecasted 2026 Capital Reserve Balance is $22.2M. This is considerably higher than targeted, however, the recent approvals to increase the height at the landfill has extended the life of our current resource beyond the expansion target date that was intended for the reserve funds. Administration recommends maintaining the balance of this reserve to ensure future expansion as required and intended.

CITY OF RED DEER DEBT UTILIZATION

The Waste Management utility currently holds no debt. There is no new borrowing anticipated for 2026.

[14] Table No.6

WASTE MANAGEMENT
2027-2029 OPERATING PLAN[15]

	Waste Management		
	2027	2028	2029
OPERATING EXPENSE			
Wages and Salaries	1,662,632	1,695,884	1,729,802
Contracted Services	12,524,585	12,764,775	13,023,232
Materials & Supplies	113,817	116,093	118,415
Other	16,320	16,646	16,979
Internal Charges	164,249	167,534	170,885
To Operating	1,632,502	1,665,152	1,698,455
Total Operating Expenses	16,114,105	16,426,085	16,757,769
REVENUE	20,726,331	21,581,070	22,509,618
Less			
Operating Expense	16,114,105	16,426,085	16,757,769
Depreciation	3,994,007	4,914,811	5,274,523
Amortization of contributions	-	-	-
Interest expense (actual)	-	-	-
MCAF	1,770,153	1,790,292	1,841,374
Net income	(1,151,934)	(1,550,118)	(1,364,048)
RESERVE BALANCE (YEAR END)			
Operating	2,014,263	2,053,261	2,094,721
Capital	19,569,384	15,540,096	12,334,184
	-	-	-
New Debt	-	-	-
	-	-	-
Dividend Paid	232,321	232,321	232,321
Forecasted Rate Increases (%)	Landfill 5%; Collections 5%	Landfill 5%; Collections 5%	Landfill 5%; Collections 5%

[15] Table No.5

UTILITY
10-YEAR CAPITAL PLAN

10 YEAR UTILITY CAPITAL PLAN

Summary Detail Page 1 of 2 [16]

Electric Utility Capital Project Plan in 000's											
Project Title	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Electric Infrastructure Replacements & Upgrades	4,578	4,697	5,102	5,710	5,804	7,095	7,235	8,331	8,526	9,201	9,412
Electric New System Construction	515	1,902	1,082	776	1,134	812	1,186	850	1,242	889	1,299
Electric Customer Servicing	4,773	5,338	5,377	2,796	2,895	2,961	3,029	3,099	3,170	3,243	3,318
Electric Overhead & Underground Systems-Annual	1,845	1,893	1,938	1,984	2,030	2,077	2,125	2,173	2,223	2,275	2,327
Electric Substations & Scada	3,217	3,297	3,034	3,508	3,696	3,784	3,588	4,695	7,327	6,414	6,107
Electric Smart Grid Infrastructure	824	1,585	1,623	1,662	1,700	1,740	1,483	1,456	1,366	1,397	1,429
Electric New Substation - Queen's Business Park	-	-	-	-	-	-	-	-	1,242	1,270	1,299
Electric Customer Metering	4,429	899	921	122	125	128	297	134	137	140	143

Waste Management Utility Capital Project Plan in 000's											
Project Title	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Waste Management Annual	103	106	108	111	113	116	119	121	124	127	130
Waste Management Infrastructure	2,369	4,881	7,014	6,732	822	261	1,038	6,827	6,487	286	292

[16] Table No.7

10 YEAR UTILITY CAPITAL PLAN

Summary Detail Page 2 of 2[17]

Water Utility Capital Project Plan in 000's											
Project Title	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Pump Station Annual	103	106	108	111	113	116	119	121	124	127	130
WTP Annual	1,736	1,872	2,221	2,176	2,343	2,587	3,436	4,314	5,452	5,577	5,705
Water Infrastructure - Annual Program	9,556	10,862	11,934	13,162	14,599	15,514	16,464	17,450	18,472	18,897	19,331
WTP Rehabilitation & Replacement	1,452	7,292	1,786	2,770	340	244	2,137	121	869	318	3,248
Water Utility Infrastructure	31	62	43	33	-	71	36	-	50	38	-
New Services & Upgrades - Annual	1,597	1,639	1,679	1,719	1,758	1,798	1,840	1,882	1,926	1,970	2,014
Water Pumping Stations	-	528	1,082	-	-	-	-	121	1,242	-	-
WWTP Annual	2,401	2,047	2,018	2,026	2,342	2,597	3,297	3,412	3,625	3,709	3,794
Lift station Annual	62	74	87	100	113	116	119	121	124	127	130
Wastewater Main Infrastructure	113	99	92	83	85	175	89	91	106	95	97
WWTP Rehab, Replacement & Upgrades	1,895	7,322	32,590	31,919	11,382	-	203	-	-	-	-
Wastewater Main Infrastructure - Annual Program	9,373	10,145	11,200	11,691	12,186	12,756	13,346	13,957	14,588	14,924	15,267
Lift station Replacement	155	476	124	-	-	-	136	-	-	-	-

Annual Utility Capital Plan Summary Totals in 000's											
	2026	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
	51,127	67,122	91,163	89,191	63,580	54,948	61,322	69,276	78,422	71,024	75,472

[17] Table No.7

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PRIOR YEAR CAPITAL INFORMATION & FORECASTS[18]

The expenses perspective – Year to Date

	Capital Commitments December 31, 2024	2025 Capital Budget	YTD spend to June 30, 2025	Surplus Funds to be De-committed	Commitments June 30, 2025
Electric Utility	19,302,801	17,160,216	(4,323,320)	(1,082,301)	31,057,395
Water Utility	61,710,789	33,459,930	(5,206,033)	-	89,964,686
Waste Management	4,798,293	3,793,890	(49,928)	-	8,542,256
	85,811,883	54,414,036	(9,579,281)	(1,082,301)	129,564,336

The expenses perspective - Projection & Budget 2026

	Projected Spend to December 31, 2025	Projected Balance December 31, 2025	2026 Capital Budget	Capital Commitments January 1, 2026
Electric Utility	(16,885,590)	14,171,805	20,181,000	34,352,805
Water Utility	(33,384,402)	56,580,284	28,474,000	85,054,284
Waste Management	(3,991,518)	4,550,737	2,472,000	7,022,737
	(54,261,510)	75,302,827	51,127,000	126,429,827

The funding sources perspective - Year to Date

Reserves	
Electric Utility	15,303,103
Water Utility	48,111,232
Waste Management	8,542,256
	71,956,591
Debt	
Electric Utility	9,105,899
Water Utility	13,174,451
Waste Management	-
	22,280,349
Grants & Customer Contributions	
Electric Utility	6,648,393
Water Utility	28,679,003
Waste Management	-
	35,327,396

The funding sources perspective - Projection & Budget 2026

Reserves				
Electric Utility	(6,871,581)	8,431,523	11,908,000	20,339,523
Water Utility	(7,007,784)	41,103,448	12,076,000	53,179,448
Waste Management	(3,991,518)	4,550,737	2,472,000	7,022,737
	(17,870,883)	54,085,708	26,456,000	80,541,708
Debt				
Electric Utility	(3,365,616)	5,740,283	3,500,000	9,240,283
Water Utility	(17,030,957)	(3,856,506)	14,800,000	10,943,494
Waste Management	-	-	-	-
	(20,396,573)	1,883,776	18,300,000	20,183,776
Grants & Customer Contributions				
Electric Utility	(6,648,393)	-	4,773,000	4,773,000
Water Utility	(9,345,660)	19,333,343	1,598,000	20,931,343
Waste Management		-	-	-
	(15,994,054)	19,333,343	6,371,000	25,704,343

[18] Table No.12

ELECTRIC UTILITY PRIOR APPROVED CAPTIAL PROJECTS SUMMARY

						Remaining Cost Disbursements to Completion					Funding Sources July 1, 2025			
Budget Year(s)	**Project Name**	**Original Budget**	**Outstanding Commitments (as of Dec 31/24)**	**2025 Budget & Approved Changes**	**Surplus To Be De-Committed**	**2025**	**2026**	**2027**	**2028**	**Est. Completion Date**	**Reserves**	**Grants/ Customer Contributions**	**Debt**	**Total**
2018	ELECTRIC COMMUNICATIONS INFRASTRUCTURE	1,115,000	691,080		(321,000)	(348,753)	-	-	-	Dec-25			348,753	348,753
2020	ELECTRIC SUBSTATIONS & SCADA	381,750	76,606		-	(50,287)	-	-	-	Dec-25	50,287			50,287
2021-2023	ELECTRIC SUBSTATIONS & SCADA	5,695,227	5,293,494		-	(981,819)	(4,234,796)	-	-	Dec-26	5,216,615			5,216,615
2023-2024	ELECTRIC INFRASTRUCTURE REPLACEMENT & UPGRADES	5,957,120	1,454,502		-	(685,611)	-	-	-	Dec-25	685,611			685,611
2023-2024	ELECTRIC OVERHEAD & UNDERGROUND SYSTEMS	3,509,190	84,074		-	5,888	-	-	-	Dec-25	(5,888)			(5,888)
2023-2024	ELECTRIC SUBSTATIONS & SCADA	1,285,160	789,646		-	(86,308)	(552,752)	-	-	Dec-26	639,060			639,060
2023-2024	ELECTRIC CUSTOMER METERING	6,481,790	5,767,925		-	(3,072,185)	(2,307,170)	-	-	Dec-26	5,379,355			5,379,355
2023-2024	ELECTRIC NEW SYSTEM CONSTRUCTION	1,306,345	961,301		(761,301)	(197,184)	-	-	-	Dec-25	197,184			197,184
2023-2024	ELECTRIC CUSTOMER SERVICING	5,057,377	4,184,172		-	(4,184,172)	-	-	-	Dec-25		4,184,172		4,184,172
2025	ELECTRIC INFRASTRUCTURE REPLACEMENT & UPGRADES	-	-	3,840,600	-	(1,710,547)	(130,953)	-	-	Dec-26			1,841,501	1,841,501
2025	ELECTRIC CUSTOMER SERVICING	-	-	2,498,466	-	(2,464,221)	-	-	-	Dec-25		2,464,221		2,464,221
2025	ELECTRIC OVERHEAD & UNDERGROUND SYSTEMS	-	-	2,262,840	-	(1,306,315)	(427,240)	-	-	Dec-26	561,005		1,172,550	1,733,555
2025	ELECTRIC NEW SYSTEM CONSTRUCTION	-	-	311,400	-	(185,000)	(126,400)	-	-	Dec-26	311,400			311,400
2025	ELECTRIC SUBSTATIONS & SCADA	-	-	1,110,660	-	(919,075)	-	-	-	Dec-25	919,075			919,075
2025	ELECTRIC SMART GRID	-	-	1,349,400	-		(649,400)	-	-	Dec-26	1,349,400			1,349,400
2025	ELECTRIC CUSTOMER METERING	-	-	5,786,850	-	(700,000)	(5,743,095)	-	-	Dec-26			5,743,095	5,743,095
	EU Utility Total	**30,788,959**	**19,302,801**	**17,160,216**	**(1,082,301)**	**(16,885,590)**	**(14,171,806)**	**-**	**-**		**15,303,103**	**6,648,393**	**9,105,899**	**31,057,395**

WATER UTILITY PRIOR APPROVED CAPTIAL PROJECTS SUMMARY

						Remaining Cost Disbursements to Completion					Funding Sources July 1, 2025			
Budget Year(s)	**Project Name**	**Original Budget**	**Outstanding Commitments (as of Dec 31/24)**	**2025 Budget & Approved Changes**	**Surplus To Be De-Committed**	**2025**	**2026**	**2027**	**2028**	**Est. Completion Date**	**Reserves**	**Grants/ Customer Contributions**	**Debt**	**Total**
2021, 2022	WASTEWATER TREATMENT PLANT PHASE 5	43,602,170	33,939,131	-	-	(9,211,547)	(1,500,000)	(7,000,000)	(13,752,353)	Dec-28	5,883,749	25,580,151		31,463,900
2019	WATER TREATMENT PLANT REHABILITATION & REPLACEMENT	695,236	222,933	-	-	(24,701)	-	-	-	Dec-25	210,419			210,419
2020 - 2024	WASTEWATER TREATMENT PLANT SECURITY	1,008,642	518,724	-	-	(200,000)	-	-	-	Dec-25	517,762			517,762
2021, 2022	WATER DISTRIBUTION SYSTEM PRESSURE MONITORING	105,650	5,634	-	-	-	-	-	-	Dec-25	5,634			5,634
2021	WASTEWATER TREATMENT PLAN REHABILITATION & REPLACEMENT	3,435,615	2,413,617	-	-	10,718	-	-	-	Dec-25	2,374,994			2,374,994
2021	WASTEWATER TREATMENT PLANT FLOOD BERM CONSTRUCTION	3,945,711	(12,220)	-	-	81	-	-	-	Dec-25	(81)			(81)
2021	CIVIC YARDS FLOOD BERM	1,653,500	53,047	-	-	(11,400)	-	-	-	Dec-25	11,400			11,400
2022	WATER PUMPING STATIONS	386,924	311,469	-	-	(28,360)	(104,112)	-	-	Dec-26	303,391			303,391
2022	WATER TREATMENT PLANT REHABILITATION & REPLACEMENT	975,562	640,413	-	-	23,025	-	-	-	Dec-25	558,257			558,257
2022	WASTEWATER TREATMENT PLAN REHABILITATION & REPLACEMENT	1,375,192	685,262	-	-	(348,528)	-	-	-	Dec-25	611,106			611,106
2022	NON-SANITARY HYDROVAC WASTE FACILITY CONSTRUCTION	3,128,373	2,616,012	-	-	(2,604,053)	-	-	-	Dec-25	2,604,053			2,604,053

2023	WASTEWATER TREATMENT PLAN REHABILITATION & REPLACEMENT	3,198,520	2,418,770	-	-	(674,725)	(453,595)	-	-	Dec-26	1,980,299			1,980,299
2023	WATER TREATMENT PLANT REHABILITATION & REPLACEMENT	3,555,491	1,814,799	-	-	(474,151)	(837,449)	-	-	Dec-26	1,354,751			1,354,751
2024	WASTEWATER TREATMENT PLAN REHABILITATION & REPLACEMENT	6,398,608	6,323,758	-	-	(173,301)	(5,072,315)	-	-	Dec-26	6,207,293			6,207,293
2024	LIFTSTATION REPLACEMENT	119,554	119,554	-	-	(20,000)	(99,554)	-	-	Dec-26	119,554			119,554
2024	WASTEWATER MAIN INFRASTRUCTURE - ANNUAL PROGRAM	5,731,796	1,311,180	-	-	609	-	-	-	Dec-25	1,301,644			1,301,644
2024	WATER TREATMENT PLANT REHABILITATION & REPLACEMENT	4,578,524	4,331,248	-	-	(320,030)	(3,326,980)	(317,400)	-	Dec-27	3,964,410			3,964,410
2024	WATER INFRASTRUCTURE - ANNUAL PROGRAM	4,531,344	(36,826)	-	-	-	-	-	-	Dec-25	-			-
2024	WASTEWATER TREATMENT PLAN BIOSOLIDS LAGOON LINER REPLACEMENT	2,500,000	2,478,945	-	-	(223,828)	(2,209,246)	-	-	Dec-26	2,433,074			2,433,074
2024	NEW SERVICES AND UPGRADES - ANNUAL PROGRAM	1,640,958	1,555,339	-	-	(60,696)				Dec-25		1,494,958		1,494,958
2025	WASTEWATER MAIN INFRASTRUCTURE - ONE OFFS	-	-	1,074,330	-	(180,380)	(893,950)	-	-	Dec-26	1,074,330			1,074,330
2025	WASTEWATER TREATMENT PLAN REHABILITATION & REPLACEMENT	-	-	8,017,512	-	(1,681,860)	(4,659,372)	(1,676,280)	-	Dec-27	8,017,512			8,017,512
2025	LIFTSTATION REPLACEMENT	-	-	51,900	-	(51,900)	-	-	-	Dec-25	51,900			51,900
2025	WATER PUMPING STATIONS	-	-	103,800	-	(25,000)	(78,800)	-	-	Dec-26	103,800			103,800

2025	WATER INFRASTRUCTURE - ANNUAL PROGRAM	-	-	9,111,564	-	(7,939,510)	-	-	-	Dec-25			8,285,831	8,285,831
2025	WATER TREATMENT PLANT REHABILITATION & REPLACEMENT	-	-	4,003,566	-	(1,060,609)	(2,887,081)	(55,876)	-	Dec-27	2,842,566		1,161,000	4,003,566
2025	WASTEWATER MAIN INFRASTRUCTURE - ANNUAL PROGRAM	-	-	8,459,700	-	(7,839,318)	-	-	-	Dec-25	5,579,413		2,700,000	8,279,413
2025	WATER INFRASTRUCTURE - ONE OFFS	-	-	1,027,620	-	(191,520)	(836,100)	-	-	Dec-26			1,027,620	1,027,620
2025	NEW SERVICES AND UPGRADES - ANNUAL PROGRAM	-	-	1,609,938	-	(73,417)				Dec-25		1,603,895		1,603,895
One Water Utility Total		**92,567,370**	**61,710,789**	**33,459,930**	**-**	**(33,384,402)**	**(22,958,554)**	**(9,049,556)**	**(13,752,353)**		**48,111,232**	**28,679,003**	**13,174,451**	**89,964,686**

WASTE MANAGEMENT UTILITY PRIOR APPROVED CAPTIAL PROJECTS SUMMARY

						Remaining Cost Disbursements to Completion					Funding Sources July 1, 2025			
Budget Year(s)	Project Name	Original Budget	Outstanding Commitments (as of Dec 31/24)	2025 Budget & Approved Changes	Surplus To Be De-Committed	2025	2026	2027	2028	Estimated Completion Date	Reserves	Grants/ Customer Contributions	Debt	Total
2021, 2022	WASTE MANAGEMENT FACILITY SECURITY	414,315	233,894	-	-	(230,258)	-	-	-	Dec-25	230,258	-	-	230,258
2022	WASTE MANAGEMENT INFRASTRUCTURE	302,127	300,979	-	-	(235,615)	-	-	-	Dec-25	275,598	-	-	275,598
2023	WASTE MANAGEMENT INFRASTRUCTURE	4,249,548	3,322,478	-	-	(235,615)	(921,700)	-	-	Dec-26	3,306,129	-	-	3,306,129
2024	WASTE MANAGEMENT INFRASTRUCTURE	1,067,008	940,942	-	-	(2,384,429)	(176,814)	-	-	Dec-26	936,380	-	-	936,380
2025	WASTE MANAGEMENT INFRASTRUCTURE	-	-	3,793,890	-	(759,566)	(3,108,300)	(303,940)	-	Dec-27	3,793,890	-	-	3,793,890
	WM Utility Total	**6,032,998**	**4,798,293**	**3,793,890**	**-**	**(3,991,518)**	**(4,206,814)**	**(303,940)**	**-**		**8,542,256**	**-**	**-**	**8,542,256**

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2026 UTILITY REVENUE SUMMARY TO THE OWNER

2026 UTILITY BUDGET SUMMARY PROPOSED REVENUE TO OWNER[19]

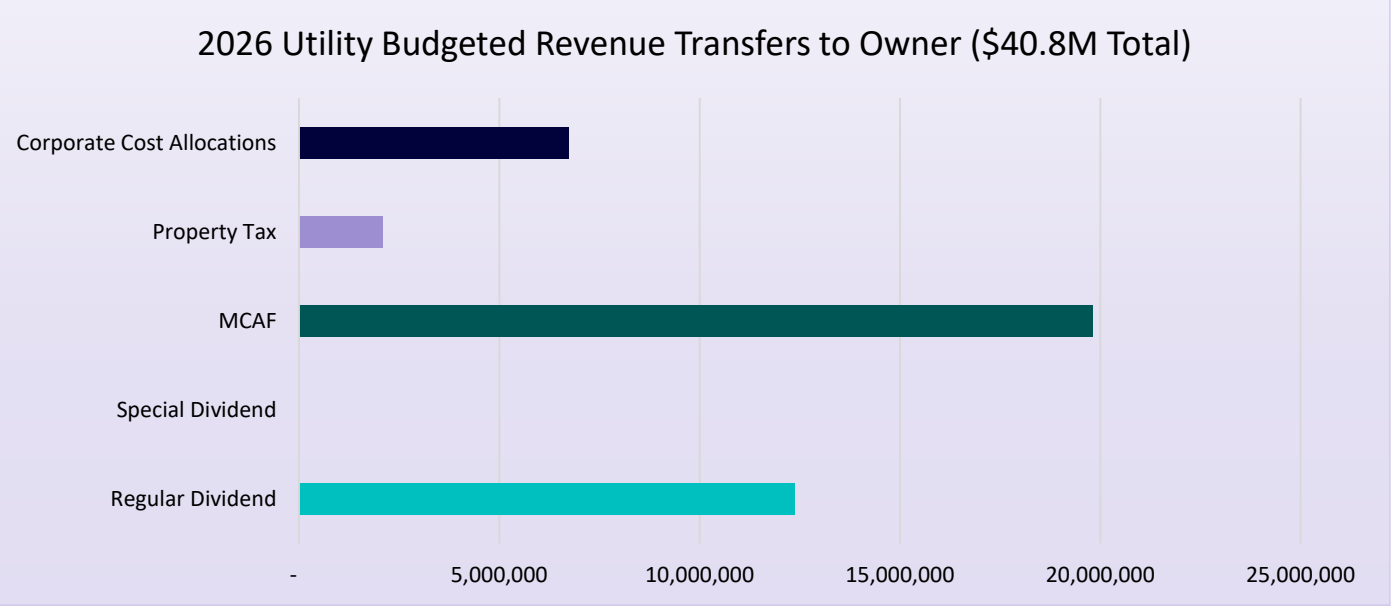
Below is a summary of the revenue to owner potential for 2026 proposed Utility budget. Each Utility is listed, along with each of the different revenue sources to showcase a summarized picture of the total revenue to owner.

[20]Anticipated change per month for average in city residential customer will be approximately $7.28.

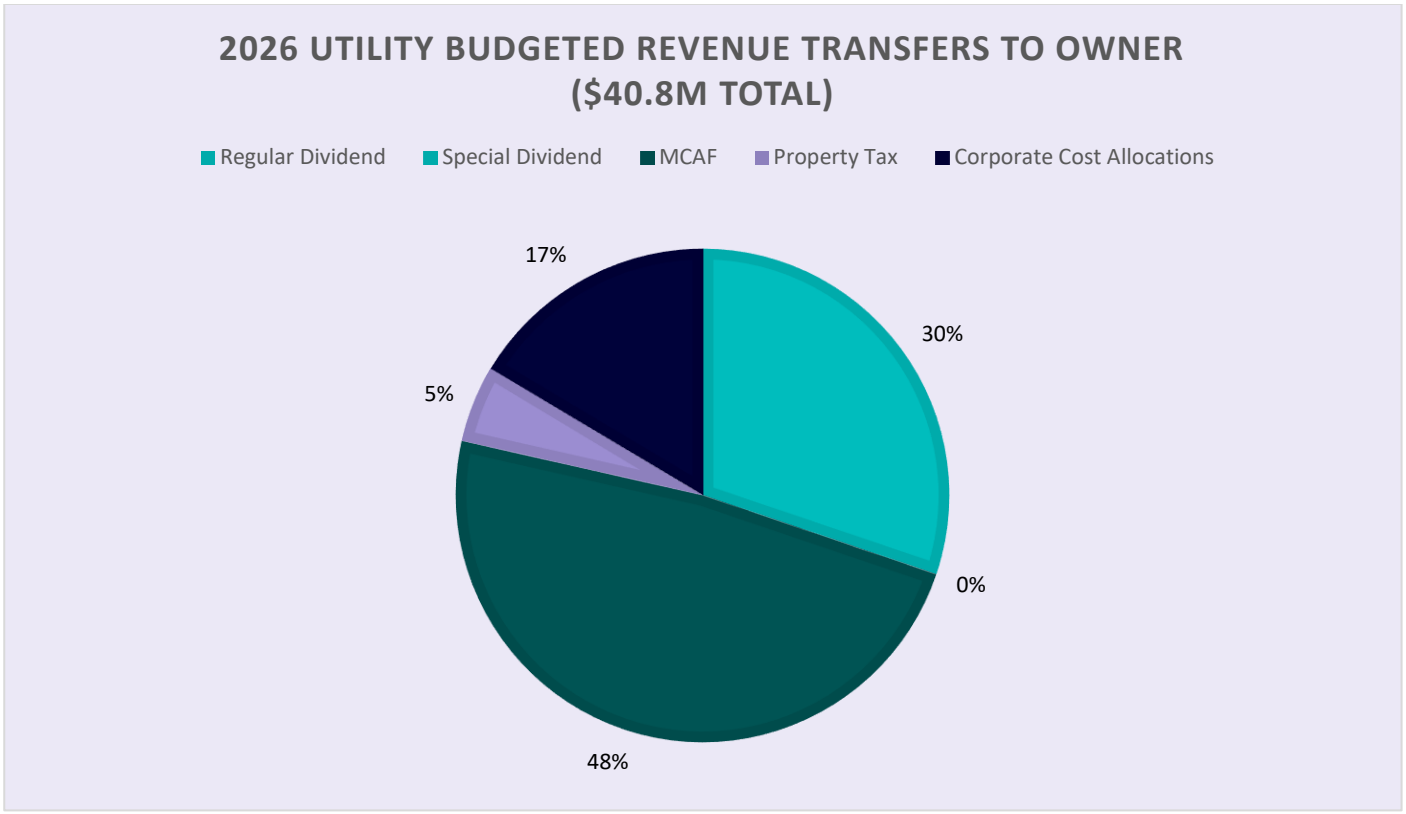
(Includes all three utilities - electric, water and waste management)

Proposed 2026 Utility Budgeted Revenue Transfers to Owner

	Regular Dividend	Municipal Consent & Access Fee	Property Tax	Corporate Cost Allocations	TOTAL
EU	3,701,041	9,521,435	2,074,793	2,654,402	17,951,671
Water	8,442,397	8,321,744	-	3,283,014	20,047,155
WM	232,321	1,770,153	-	788,117	2,790,591
Total	12,375,759	19,613,332	2,074,793	6,725,533	**40,789,417**



[19] Table No.8 & 9
[20] Table No.11


2026 UTILITY BUDGETED REVENUE TRANSFERS TO OWNER
($40.8M TOTAL)
Regular Dividend
Special Dividend
MCAF
Property Tax
Corporate Cost Allocations
17%
30%
5%
0%
48%

THE CITY OF

Red Deer

BUDGET 2026 IN VIEW