

2025/26



Annual Accountability Report

Delivering Today. Adapting for Tomorrow.

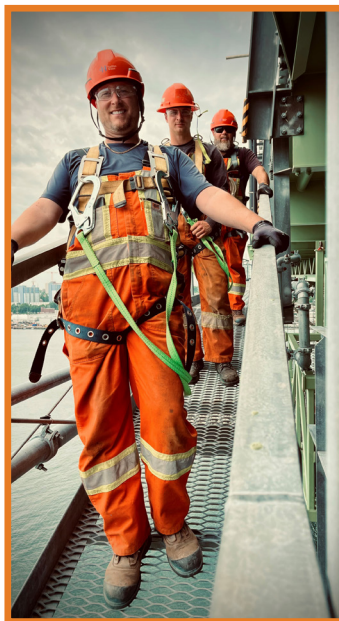


TABLE OF CONTENTS

About Us

Our Purpose
Our Vision
Our Values

3

Information Technology Strategic Plan Progress
Cyber & Physical Security
Intelligent Water: Data Analytics & AI
Customer Care
Customer Connect

Message from the Chair

Board of Commissioners

4

Message from the General Manager & CEO

Executive Staff

5

People

Employee Experience
Employee Recognition
Diversity, Equity & Inclusion
Community Engagement

8

Environment, Health, Safety & Social Responsibility

Get the Lead Out
Environmental Compliance
Climate Change Program
Commitment to Safety
Drinking Water Regulatory Compliance
Wastewater Regulatory Compliance

17

Operational Effectiveness

Operational Highlights
Operational Resiliency at J.D. Kline WSP
Water Loss Control
Driveway & Cross Culvert Program
Burnside Operations Centre
Water Supply Enhancement Program

25

Financial & Regulatory Compliance

35

Capital Investment
Halifax Water Capital Projects
Biosolids Processing Facility Expansion
Cogswell District Energy System
Alignment with HRM
Integrated Projects with HRM
Financial Overview

Financial Statements

Audited Financial Statements 45
Audited Employees' Pension Plan 79

Halifax Water by the Numbers

100

Water Supply Plants Service Areas
Water Infrastructure
Wastewater & Stormwater Infrastructure
Customers by Service Type
Corporate Balanced Scorecard Results
Halifax Water Service Area Map
Typical Water Analysis

2026/27 Business Plan on a Page

115

Halifax Water 2030 - Empowering People, Transforming Services

117

About Us

Halifax Water is a proud steward of the water cycle, providing clean water to customers and safely conveying it back to the source.

Our Purpose

Our purpose is to supply and safeguard sustainable, high-quality water services.

Our Vision

We will provide our customers with high-quality water, wastewater, and stormwater services. Through adoption of best practices, we will place the highest value on public health, customer service, fiscal responsibility, workplace safety and security, asset management, regulatory compliance, and stewardship of the environment. We will fully engage employees through teamwork, innovation, and professional development.

Our Values

Relationships

We nurture relationships with our customers, our team members, and the environment. We are engaged in the neighbourhoods we serve, and we support continual learning across our team.

Accountability

We refuse to cut corners. We check in with our excellence standards regularly and look to one another for support. Safety steers our decision-making. We are driven to make our policies, decisions, and projects as clear as our drinking water.



Innovation

We are among the top utilities across the continent, and we are known on the global stage. We always ask, “How can we improve efficiency, sustainability, creativity and the customer experience?”

Protection

Halifax Water protects the health and well-being of our population. We exist to guard natural resources, finding ways to sustain our communities and environment

Message from the Chair



On behalf of the Halifax Water Board of Commissioners, I am pleased to share the 2025/26 Annual Accountability Report.

This year marked an important period of transition and strategic clarity for Halifax Water. With the launch of Halifax Water 2030, our new five-year strategy, the organization has set a clear direction for the years ahead: strengthening public trust, improving operational resiliency, investing responsibly in infrastructure, and continuing to deliver essential water, wastewater, and stormwater services in a way that supports a healthy, growing, and prosperous community.

The Board recognizes that Halifax Water is operating in a complex environment. Population growth, aging infrastructure, climate change, regulatory requirements, affordability pressures, and rising costs all shape the decisions before us. These pressures are compounded by increased costs for chemicals, contracted services, inflation, borrowing, and increased allowances for depreciation of new infrastructure (recognizing the cost of new assets over their useful life).

The Board understands that the rates requested through the most recent General Rate Application were significant and that any increase has a real impact on customers. These challenges require disciplined governance, long-term planning, and a continued commitment to transparency and accountability. They also require difficult choices about how we invest today to protect service reliability for future generations while continuing to work as efficiently and effectively as possible.

Throughout 2025/26, the Board remained focused on its oversight role, ensuring decisions were guided by sound evidence, responsible financial stewardship, and the best interests of customers. The advancement of the 2025 General Rate Application, implementation of the Integrated Resource Plan, and work to strengthen risk management and performance reporting all reflect Halifax Water's commitment to being transparent about both the needs facing the utility and the value delivered to customers. This includes challenging the organization to find efficiencies, improve how work is planned and delivered, and make the best possible use of every dollar entrusted to the utility.

The Board also acknowledges the importance of learning from service disruptions and operational incidents, which have impacted customers. Public confidence is built not only by delivering reliable service, but also by communicating clearly, acting promptly, and demonstrating continuous improvement when challenges arise. This annual report reflects that responsibility and the organization's ongoing work to improve how it plans, performs, and reports on progress.

I want to thank my fellow Commissioners for their leadership and diligence, and Halifax Water's employees for their professionalism and dedication. Their work often happens behind the scenes, but it is vital to the quality of life, public health, environmental protection, and economic growth of the Halifax region.

As Halifax Water moves forward, the Board will continue to provide steady oversight and support the organization's efforts to deliver safe, reliable, and sustainable service. The decisions made today will shape the utility for decades to come, and we remain committed to making those decisions with care, accountability, and a clear focus on the customers and communities we serve. Halifax Water will continue to work with partners involved in infrastructure development and financing to ensure the needs of current and future customers are met in the most cost-efficient manner possible.

John MacPherson,
King's Counsel

*Chair of the Halifax Water
Board of Commissioners*

BOARD OF COMMISSIONERS

March 31, 2026



John MacPherson,
Board Chair



**Councillor Cathy
Deagle Gammon**
*Vice Chair
Commissioner*



Brad Anguish
*Acting CAO, HALIFAX
Commissioner*



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Commissioner



Nancy MacLellan
Commissioner

Message from the General Manager & CEO



Halifax Water's 2025/26 fiscal year was one of focus, momentum, and change.

As we began implementation of Halifax Water 2030, our new five-year strategy, we sharpened our attention on the fundamentals that matter most: reliable service, operational resiliency, strong financial management, environmental responsibility, and earning the confidence of customers through clear communication and consistent performance.

Every day, Halifax Water employees manage the region's water cycle across a large and complex service area. The work is essential, highly technical, and often unseen. In 2025/26, our teams operated and maintained critical systems, responded to customer needs, advanced major capital projects, supported regulatory filings, and modernized internal processes while managing the pressures of growth, aging infrastructure, and more frequent extreme weather events.

One of Halifax Water's most important areas of focus this year was strengthening accountability and performance. Halifax Water 2030 provides a practical framework for aligning annual business plans, team priorities, capital investment, and service outcomes.

This alignment is helping the organization connect strategy to day-to-day work, measure progress more clearly, and make better decisions about where to focus time, resources, and attention.

Halifax Water also advanced significant infrastructure planning and renewal. Halifax Water's Integrated Resource Plan identifies the scale of investment required to renew existing assets, meet compliance obligations, respond to growth, and maintain dependable service into the future. This work is not optional; it is fundamental to public health, environmental protection, and the region's development. At the same time, the organization recognizes that the cost of delivering these services is increasing and that those costs place pressure on rates. Growth, aging infrastructure, and regulatory requirements are driving investment needs, while higher costs for chemicals, contracts, inflation, and borrowing add further pressure. Halifax Water understands that the rates requested in the most recent General Rate Application were significant, and the utility is looking for ways to do its work more efficiently and effectively while being transparent with customers about costs, priorities, and value.

Customer trust remained central to Halifax Water's work. Trust is earned through dependable service, timely information, and accountability when the organization falls short. During the year, Halifax Water improved how it communicates with customers, strengthened its approach to incident response, and identified opportunities to make information easier to understand and act on. These efforts are part of a broader commitment to transparency, continuous improvement, and service excellence.

I am grateful to Halifax Water employees for their dedication, professionalism, and adaptability. Their work keeps essential services running every day, often under challenging conditions. I also want to thank the Board of Commissioners for its guidance and support, and our customers, partners, and interested parties for their continued engagement as we address the needs of a growing region.

Looking ahead, Halifax Water will focus on delivering safe, reliable, and sustainable service while building the capacity, systems, and culture needed for the future. The work ahead is significant, as is the organization's commitment. Halifax Water will lead with accountability, make decisions grounded in evidence, and communicate openly about progress as it serves customers and supports the communities that depend on it. The utility will also work with industry partners and all levels of government to address the funding challenges facing water and wastewater infrastructure. These are shared challenges that affect communities across the country, and they require shared solutions that balance growth, environmental protection, affordability, and service reliability.

Kenda MacKenzie,
General Manager
& CEO

EXECUTIVE STAFF

March 31, 2026



Kenda MacKenzie,
P.Eng.
General Manager & CEO



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Culture



Liana Rintoul
JD, MBA,
General Counsel

PEOPLE

Employee Experience

Stronger Connections Across the Organization

Over the past fiscal year, Halifax Water made meaningful progress in strengthening the overall employee experience, with a focus on connection, engagement, inclusion, and development.

A key area of advancement was the enhancement of employee connection points across the organization. More consistent opportunities for interaction helped employees access information, understand organizational priorities, and connect with colleagues.



Employee town halls support two-way communication, organizational alignment, and stronger service delivery for customers.

This work was complemented by engagement with leaders and employees. Leadership remained visible and accessible, supporting open dialogue and a culture where employee feedback is heard and considered. These engagement efforts helped build trust, strengthen relationships, and contribute to a more connected organizational environment.

Turning Feedback Into Action

The organization also made steady progress on employee survey action planning, working collaboratively with the Employee Engagement Council. By focusing on key themes identified through employee feedback, Halifax Water demonstrated a strong commitment to listening and responding in meaningful ways. This approach contributed to measurable improvements in engagement and reinforced a culture of continuous improvement.

Advancing Diversity, Equity, and Inclusion

In the area of Diversity, Equity, and Inclusion (DEI), the organization advanced its efforts by introducing enhanced support related to immigration services. This offering reflects a commitment to supporting a diverse workforce and ensuring employees have access to resources that support professional and personal success.

Investing in Employee Development

Halifax Water also emphasized learning and development, expanding opportunities for growth through the introduction of a Learning and Development

Centre team within People & Culture. This investment supports organizational capability, career development, and the skills and training employees need for future requirements.

Despite a competitive labour market, the turnover rate for 2025/26 was 4.95%, close to a 50% reduction from the prior fiscal year.

Overall, these advancements reflect progress toward a more connected, inclusive, and development-focused employee experience at Halifax Water.

Employee Survey

Halifax Water conducts an annual employee engagement survey, providing employees the opportunity to share their experiences and helping the organization better understand how to enhance the overall employee experience. Results are compared with industry-specific data to assess performance relative to similar organizations and identify key priorities for employees.

What Employees Told Us

In 2025, 68% of employees participated, resulting in an overall Engagement Index score of 73.

Employee feedback highlighted several strengths across the organization, including:

- A strong culture of safety
- Respectful and supportive workplace
- Focus on well-being
- Clear understanding of Halifax Water’s purpose, vision, and values
- Strong connection between individual contributions and organizational goals

Opportunities for Improvement

Employees also identified areas where Halifax Water can continue to enhance the employee experience, including:

- Improving communication across the organization.
- Increasing clarity around goals and priorities.
- Making information and resources easier to find and access.

Building on this feedback, Halifax Water is advancing its Employee Engagement Council, bringing together employees from across the organization to review results and recommend priority actions with the support and commitment of the Executive Team.

Survey Report Card		
Employee Commitment & Pride	3.9	B+
Safety & Well-Being	4.2	A
Strategic Directions & Communications	3.7	B
Leadership & Supervision	4.0	A-
Overall	4.0	A-



Employee Recognition

One Water Excellence Awards

This was the third year of the Halifax Water One Water Excellence Awards. In addition to the Carolyn Bruce Excellence in Customer Service Award, three additional award categories recognize employees who have made significant contributions to Safety and Environment, True Value, and Team Spirit.

Carolyn Bruce Customer Service Excellence Award

In 2012, Halifax Water introduced the Customer Service Excellence Award in honour and memory of Carolyn Bruce. The award recognizes the standard Carolyn set for exemplary customer service.

The recipient of the 2025 Carolyn Bruce Excellence in Customer Service Award is Robert Oakley, Central Utility Operator.

Robert has provided exceptional customer service throughout his nearly 15-year career, earning recognition from customers and colleagues for his professionalism, kindness, and willingness to help.

As the first point of contact for private service leaks, he uses his expertise and customer service skills to support customers during stressful situations.

Robert has also supported community members in need, including assisting residents during storm events and helping ensure vulnerable individuals receive support.

His long-standing dedication, positive influence, and reputation as a knowledgeable resource in Central Water make him a strong recipient of the Carolyn Bruce Award.



Robert Oakley was recognized for exceptional customer service through the Carolyn Bruce Customer Service Excellence Award.

Halifax Water Service Awards

Halifax Water recognizes employees for their years of service and commitment to the organization. Under Halifax Water's Service Award policy, eligible employees have completed their years of continuous service by the end of the calendar year in which the award is received.

The following employees were recognized for reaching service milestones.

35 Years of Service **Operations**

Andrew Eisan

30 Years of Service **Operations**

Cleve Barkhouse

Wayne Hiltz

James McEachren

Gerald Ryan

Engineering & Capital Infrastructure

Greg Rice

25 Years of Service **Operations**

Michael Edwards

Andrew Houlihan

Duane King

20 Years of Service **Operations**

Jason Avery

Jason Barkhouse

Melvin Cameron

Paul Canning

Jan-Michael Kidd

Danny Patey

Jason Rutledge

Engineering & Capital Infrastructure

Heather Crowell

Corporate Services

Warren Brake

15 Years of Service **Operations**

Adam Bryson

Robert Christie

Morgen Cobb

David Connolly

Kelly Conway

Jeremy Dauphinee

Dwayne Harris

Leon Ingalls

Cindy King

Allan MacInnis

Paul Kohoot

Charles Rudolph

Engineering & Capital Infrastructure

Wilson Wight

Environment, Health, & Safety

Peter Maynard

Corporate Services

Michelle Bennett

Krista Danylkiw

Gregory Mesheau

Alana Murray

Lisa Nickerson

Andrea Power

Drew Roundell

Raymond Snook

10 Years of Service **Operations**

Jeffrey Broussard

Colton Clarke

Patrick Jodrey

James LeJeune

John Legge

Peter McIntyre

Darcy Poirier

Michael Singer

Engineering & Capital Infrastructure

Graham Hart

Tina Martin

Meghan Woszczynski

Environment, Health, & Safety

Randi Redmond

Corporate Services

Michael MacNeil

Ryan White

5 Years of Service **Operations**

Wayne Cribb

Michael Fiander

John MacDougall

Darrell MacLean

Devin Munden

Catherine Ozon

Brittini Ruhr

Engineering & Capital Infrastructure

Martin Leblanc

Andrew Snow

Corporate Services

Corey Chapman

Stuart Fraser

Sergey Reznikov

David Trenholm

Andrew Whalen

Administration

Nicole Jollymore

Diversity, Equity, & Inclusion

Building an Inclusive Workplace

Diversity, Equity, and Inclusion (DEI) continues to be a strategic priority at Halifax Water as the organization creates and promotes a workplace culture representative of the communities it serves.

During the past fiscal year, Halifax Water intentionally paused development of its next three-year implementation strategy. This provided an opportunity to reflect and gain insight into local services available to assist with implementation. During this time, Halifax Water also engaged in productive conversations with the Policy Committee regarding potential revisions to the current DEI Policy.

Despite the brief pause, Halifax Water continued to advance DEI through ongoing conversations, learning opportunities, and workplace initiatives.

Key activities included:

- Supporting current and future Temporary Foreign Workers through the Nova Scotia Nominee Program (NSNP).
- Continuing the partnership with Ashanti Leadership & PDS.
- Re-engaging employees in Unconscious Bias Training for 2024-2026 hires.
- Promoting inclusion through ongoing employee discussion and awareness initiatives.

Supporting Community Partnerships

Halifax Water continued to support organizations and events that celebrate diversity and promote inclusion within the broader community.

During the year, Halifax Water:

- Sponsored the **African Heritage Month Gala** hosted by the Black Cultural Centre for Nova Scotia.
- Supported the **Spotlight on Local Innovation** event presented by the Women in Engineering Committee.



Halifax Water supported the Spotlight on Local Innovation event to promote inclusion, learning, and diverse participation in engineering and technical fields.

Celebrating Diversity

Halifax Water also marked International Women's Day with virtual coffee breaks, where employees were invited to share personal stories in support of women's leadership. Monthly articles highlighting moments of diversity also helped recognize key dates and encourage DEI awareness across Halifax Water.

The upcoming fiscal year will focus on establishing and launching the next three-year DEI implementation strategy, with emphasis on an inclusive workplace culture. A more inclusive and representative workplace strengthens Halifax Water's ability to understand the communities it serves and deliver service with respect, fairness, and cultural awareness.

Community Engagement

Career Fairs

Over the past year, Halifax Water was represented at several career fairs within the communities it serves. These events provided opportunities to connect with prospective applicants, build relationships, share current and future opportunities, and highlight the work of Halifax Water.

The career fairs included:

- **NSCC Industry Night** (November 2025)
- **CANS Job Fair** (February 2026)
- **YMCA Newcomers' Job Fair** (March 2026)



Halifax Water participated in the YMCA Newcomers' Job Fair to connect with prospective employees and support future workforce needs for essential water services.

These connections help Halifax Water attract skilled people who can contribute to dependable service and workforce needs.

Education & Engagement Activities

Throughout 2025/26, Halifax Water engaged community groups to seek input, gather feedback, and provide education and awareness on key topics. This activity included:

Newsletters

Halifax Water newsletters provide information about Halifax Water watersheds. Hard copies are delivered to community focal points and are available on the Halifax Water website. Watershed newsletters give residents accessible information about source water protection and their role in protecting local water resources.

Source Water Protection Week

Halifax Water provided source water protection presentations to educate students about the watersheds in their communities. Source water education helps residents understand how everyday actions can protect drinking water sources and preserve water quality over time.

Watershed Advisory Board/Committee

Hosted by Halifax Water, this board/committee meets 10 times per year to share and discuss watershed-related information. It acts as a communication channel between the regulator (NSECC), the water utility, and the communities. Regular watershed engagement builds transparency and trust while creating a forum for sharing information about the protection of local drinking water sources.



Watershed staff led a tour for emergency services groups to support shared understanding of source water protection and emergency preparedness.

Mill Cove Wastewater Treatment Facility Community Engagement Session

In August 2025, Halifax Water hosted one in-person and one online engagement session to address residents' concerns about odour from the facility. The sessions also provided information about the facility, background context, and upcoming upgrades.

These sessions gave residents an opportunity to ask questions, raise concerns, and better understand the work underway to improve facility performance and reduce community impacts.

Topsail Mountain Biking Steering Committee

Specific to the Cycle NS agreement with Halifax Water to permit the Topsail Mountain bike park on Halifax Water lands, the group meets twice per year to discuss and plan mountain biking activities. This committee supports safe and coordinated public use of Halifax Water lands while protecting the watershed and the infrastructure needed to deliver drinking water.

Sponsorships & Donations

Special Olympics Nova Scotia

Halifax Water fleet operators participated in the Special Olympics Nova Scotia Truck Convoy. The Truck Convoy raises money for Special Olympics Nova Scotia; this year, Halifax Water was a Silver Level Sponsor of the event and participated with fleet vehicles. This support reflects Halifax Water's commitment to contributing beyond daily utility service and supporting community connections.

Purple Ribbon Campaign

In support of the Purple Ribbon Campaign, which raises awareness of violence against women, Halifax Water employees donated gift cards to the Transition House Association of Nova Scotia for women accessing transitional housing services. Employee-led support helps local organizations provide practical assistance to people facing difficult circumstances.



Halifax Water hosted community engagement sessions to listen to residents, share information, and discuss work underway to address odour concerns at the Mill Cove Wastewater Treatment Facility.

North Preston Rate Payers Association

Halifax Water provided an in-person update on the changes in the Lake Major Watershed Protected Water Area Regulations. Direct updates help make regulatory changes easier to understand and provide an opportunity to discuss how watershed protection decisions affect the community.



Halifax Water fleet operators participated in the Special Olympics Nova Scotia Truck Convoy, reflecting the organization's connection to the communities it serves.

Fundraising & Volunteering

Halifax Water employees are part of the communities the utility serves. Throughout the year, employees participated in fundraising events, volunteer groups, and community causes.

Employee volunteering and fundraising reflect Halifax Water's role as both an essential service provider and a community partner.



Halifax Water employees supported community initiatives throughout the year, including charitable giving, blood donation, and public hydration services at major events.

Angel Tree Toy Drive

For more than ten years, Halifax Water employees have participated in the Angel Tree Program to provide gifts for children in need in the community. Employees provided gifts for more than 100 children, from newborns to 11 years old. This long-standing tradition supports families during the holiday season and reflects the generosity of Halifax Water employees.



Water for People

Halifax Water employees donated \$5,854 to Water for People. These funds support access to clean drinking water for communities in nine countries.

United Way Halifax

Halifax Water employees have supported United Way Halifax for more than 25 years. This year, employees raised a total of \$4,199.

Water Stations

Halifax Water provided a water station for the 2025 Halifax Pride Festival and several water stations around Downtown Halifax for the 2025 Blue Nose Marathon. Water stations support public health, reduce reliance on single-use bottled water, and make it easier for residents and visitors to stay hydrated at major community events.



H2o Fund Update

The H2O (Help to Others) Fund is a water, wastewater, and stormwater assistance fund for Halifax Water residential customers who are having difficulty making their bill payments. Approved applicants will receive assistance up to a maximum of \$275.00 once in a 24-month period. The Salvation Army administers this program on behalf of Halifax Water. Halifax Water's H2O Fund is funded by donations from Halifax Water employees throughout the year. Halifax Water matches these donations to a maximum of \$25,000 annually, with the matching contribution funded through Halifax Water's unregulated revenue.

Throughout 2025/26, Halifax Water worked with The Salvation Army to review the H2O Fund and identify improvements so the program's eligibility criteria reflect the financial realities of customers who may need assistance. This work is ongoing, and updated criteria are expected to launch in 2026/27.

NSCC Scholarships

Halifax Water is an active supporter of the educational growth of the community through scholarships provided to the Nova Scotia Community College. Since 2008, Halifax Water has offered more than \$124,000 in scholarships for NSCC students, with accompanying work terms. The scholarships benefit the community and recipients while helping Halifax Water connect with skilled and motivated future employees. These scholarships help build a future workforce with the technical skills needed to deliver reliable water, wastewater, and stormwater services over the long term.

Jipuktuk etli apatua'timk Award

\$4,000 Awarded each Fall & Spring

This award was established by Halifax Water to support First Nations, Métis and Inuit students entering the Civil Engineering Technology, Environmental Engineering Technology, Electronic Engineering Technology, or Mechanical Engineering Technology Programs at NSCC.

Arnold D. Johnson Sr. Award for Water Resources

\$3,600 Awarded Each Fall

This award was established by Halifax Water to support Indigenous African Nova Scotian students entering Environmental Engineering Technology or Mechanical Engineering Technology at NSCC. Named in honour of Arnold D. Johnson Sr., who served the Preston area communities as a Halifax County Councillor and was instrumental in creating the Watershed Association Development Enterprise and the Lake Major Watershed Advisory Committee, the award recognizes Mr. Johnson's foresight and dedication during his many years of public service and his many accomplishments.

Robert T. Peacock Achievement Award

\$2,000 Awarded Each Fall

This award was established by Halifax Water to support students who self-identify as racially visible entering their second year of the Environmental Engineering Technology program at NSCC. This award includes an opportunity for the successful recipient to complete their required work term with Halifax Water.

Halifax Water Achievement Award

\$2,000 Awarded Each Fall

This award is open to any student enrolled full-time in the Civil Engineering Technology Program at NSCC. The successful recipient will also be eligible to complete their required work term with Halifax Water.

Women in Non-Traditional Careers

\$2,000 Awarded eEach Fall

This award is open to women in non-traditional careers who are entering one of the eligible NSCC Programs listed. This award includes an opportunity for the successful recipient to complete their required work placement with Halifax Water and an opportunity for summer employment.



ENVIRONMENT, HEALTH, SAFETY AND SOCIAL RESPONSIBILITY

Get the Lead Out

Halifax Water's Get the Lead Out Program aims to replace all lead service lines (LSLs) by 2038. These replacements are provided at little to no cost to property owners. In July 2025, an increase in the homeowner funding amount was approved, increasing from \$10,000 including HST to \$20,000 plus HST to address rising costs. For the 2025/26 fiscal year, average costs were approximately \$9,692 for public lead service line replacements and \$8,367 for private replacements.

Get the Lead Out Water Service Line Inventory as of April 1, 2026

Service Line Material	Public Portion (Owned by Halifax Water)	Private Portion (Owned by the Property Owner)
Lead	1,001	2,607
Unknown Material	1,553	2,751

Halifax Water coordinates lead service line replacements where possible with Halifax Regional Municipality street paving and Halifax Water capital projects to minimize disruption to the community and improve cost-effectiveness for customers. The table below shows lead service line replacement statistics for the 2025/26 fiscal year.

Get the Lead Out Statistics as of April 1, 2026

Year	Public LSL Goal	Public LSLs (Actual)	Private LSL Goal	Private LSLs Replaced (Actual)
2025/26	120	130	200	165

Halifax Water continues to improve its lead service line inventory through cost-effective strategies such as meter-level home inspections and customer-submitted photos.

Environmental Compliance

The Inflow & Infiltration (I&I) and Pollution Prevention (P2) Programs regulate the quantity and quality of discharge from customer connections and other sources into Halifax Water's wastewater and stormwater systems.

These programs help protect public infrastructure, reduce avoidable costs, and support cleaner waterways by managing what enters the wastewater and stormwater systems.

Inflow and Infiltration Reduction Program

Through its Inflow and Infiltration Reduction Program, Halifax Water identifies and works to resolve private property connections where stormwater enters the wastewater system, with the goal of reducing I&I in targeted areas from private sources.



Halifax Water's environmental compliance work helps identify and reduce sediment runoff that can affect stormwater systems and local waterways.

In 2025/26, the I&I team expanded field activities, including additional residential property inspections, downspout assessments, and smoke testing in key program areas. This focus helps identify private I&I sources earlier and reduce wet-weather impacts on the wastewater system.

The I&I team worked closely with the Engineering & Capital Infrastructure group and the Wet Weather Management Program to ensure private sources of I&I are investigated during the planning and delivery of capital projects, including sewer separation, pump station upgrades, and pipe lining initiatives. Integrating I&I considerations into capital planning helps maximize infrastructure investments and improve system performance over time.

To further strengthen the program, the I&I team completed a jurisdictional review and engaged with other utilities to better understand emerging best practices. This work will inform future program enhancements and support increased customer awareness, understanding, and participation.

Reducing inflow and infiltration helps lower the risk of sewer backups, improves wastewater system capacity during wet weather, and supports more efficient use of ratepayer-funded infrastructure.

Pollution Prevention (P2) Program

Halifax Water's Pollution Prevention Program identifies and addresses non-compliant discharges entering the wastewater and stormwater systems to protect infrastructure, the environment, and downstream treatment processes.

During 2025/26, P2 staff inspected, investigated, and engaged 318 industrial, commercial, and institutional (ICI) customers. The team responded to a wide range of spills and non-compliant discharges, including construction site dewatering activities and wastewater-to-stormwater cross-connections.

The P2 team was also involved in sourcing a software solution aimed at helping regulated dischargers better track requirements and maintain compliance with Halifax Water's regulations. A procurement process was initiated in late Q4, representing an important step toward modernizing compliance management and strengthening the Pollution Prevention Program's effectiveness in future years.

Through inspections, incident response, and investment in tools and processes, the P2 Program advances compliance while responding to the evolving needs of customers, infrastructure, and environmental protection.

Pollution prevention helps protect treatment facilities, reduce the risk of environmental incidents, and support regulatory compliance that safeguards local waterways.



Pollution Prevention staff investigate non compliant discharges to protect stormwater infrastructure, treatment systems, and receiving waters.

Climate Change Program

Climate change continues to pose material risk to Halifax Water through more frequent and severe storm events, flooding, drought, rising temperatures, wildfire risk, and sea level rise. In 2025, prolonged drought conditions highlighted the vulnerability of source water supplies and risks to both customer service and environmental protection.

In response, Halifax Water advanced its Climate Change Program in 2025/26, with a focus on integrating climate change adaptation and greenhouse gas mitigation across planning, operations, and capital investment. Climate considerations are being embedded into programs, projects, and operational decision-making to increase system resilience and reduce emissions.

Key mitigation initiatives progressed during the year include approval for participation in the Green Choice program, completion of a Fleet Electrification Study, and continued development of the Cogswell District Energy System.

Consistent with the Halifax Water 2030 five-year business plan, Halifax Water will address climate risks and opportunities through its planning, operations, and capital programs to protect service continuity, environmental protection, and sustainability for future needs. Climate adaptation and emissions-reduction work help protect essential services from more frequent extreme weather while reinforcing environmental responsibility and system resilience.

Commitment to Safety

Safety is fundamental to how Halifax Water delivers services today while preparing the organization for the challenges of tomorrow. Over the past year, 284 total incidents were reported, including 23 security incidents and five environmental incidents. This level of reporting reflects a strong culture of awareness and accountability, where employees are encouraged to speak up, report concerns, and contribute to continuous improvement. The Lost Time Injury Rate (LTIR) of 2.3 underscores both the progress made and the importance of staying focused on prevention.

Established safety programs, an engaged Joint Occupational Health and Safety Committee (JOHSC), Designated Safety Representatives (DSRs), and a growing understanding of safety ownership through the Internal Responsibility System support this work. Employees across the organization demonstrate a genuine commitment to safety, supported by well maintained assets, clear procedures, and a willingness to learn from experience.

As part of the shift to safer operations, Halifax Water is moving from reactive responses to a proactive, risk-based approach through the development of hazard registries, risk assessments, and hazard mitigation strategies to guide day-to-day operations. Supported by a rigorous program of workplace safety audits and inspections, with more than 500 safety inspections completed annually, Halifax Water promotes a proactive safety culture where hazards are identified, assessed, and mitigated to reduce incidents.

Delivering today means doing work safely and responsibly. Adapting for tomorrow means embedding a healthy safety culture at all levels of the organization, from executives to front-line workers, and reinforcing Halifax Water's ability to achieve its mission and objectives while safeguarding personal safety, environmental sustainability, and asset integrity.

Drinking Water Regulatory Compliance

Halifax Water oversees three large water supply plants and four smaller, community-based systems, all regulated by Nova Scotia Environment and Climate Change (NSECC) through facility-specific Approvals to Operate. These approvals set regulatory limits for key water quality parameters, such as chlorine residual and turbidity, ensuring consistent compliance across all systems.

A comprehensive monitoring program supports the delivery of safe, high-quality drinking water. Weekly bacteriological sampling is conducted at 63 locations across the urban core, along with routine sampling at all small systems. Each year, parameters identified in the Guidelines for Canadian Drinking Water Quality are tested at every Halifax Water facility. Sampling throughout the system—from source to consumer tap—ensures that known and emerging risks are identified and addressed.

Drinking Water Compliance Summary

Total Coliform Sample Results April 2025 to March 2026		
Systems	% Absent	# of Samples
Pockwock	99.99%	1407
Lake Major	99.99%	1247
Bennery	100.00%	156
Five Islands	100.00%	104
Silver Sands	100.00%	46
Middle Musquodoboit	100.00%	108
Collins Park	100.00%	104
Bomont	100.00%	106
Totals		3278
Absent		3276
Present		2
All Sites - % Absent		99.94%

Routine monitoring and testing help ensure Halifax Water's drinking water is protected from source to tap.

In 2025/26, Halifax Water conducted 3,278 tests for total coliform and E. coli, with 99.99% of samples free of bacteria. Two facilities, the Bennery and Bomont water supply plants, experienced short-term elevated manganese levels within their distribution systems due to facility-related issues. These exceedances were promptly reported to NSECC.

As regulatory expectations evolve alongside scientific understanding and changing environmental conditions, Halifax Water adapts its practices. Active participation in consultations with Health Canada and other regulators supports early awareness of emerging monitoring requirements, allowing operational and monitoring practices to be updated proactively. This approach helps Halifax Water deliver safe drinking water while preparing for future regulatory and water quality challenges.

This monitoring and compliance work gives customers confidence that drinking water is being tested, managed, and protected from source to tap.

Wastewater Treatment Regulatory Compliance

Halifax Water operates five large harbour wastewater treatment facilities and nine smaller community-based systems, all regulated by NSECC through facility-specific Approvals to Operate. These approvals set effluent discharge limits for key performance parameters such as carbonaceous biochemical oxygen demand (cBOD), total suspended solids (TSS), and E. coli, with some facilities also required to monitor nutrients and pH based on site-specific conditions. Federal oversight is provided through Environment and Climate Change Canada and Fisheries and Oceans Canada under the Wastewater Systems Effluent Regulations (WSER), which establish additional requirements to protect fish and aquatic habitat.

Compliance at the larger treatment facilities is assessed on a monthly average, while smaller systems are evaluated quarterly, with North Preston and Wellington assessed annually. During 2025/26, compliance performance at the five large facilities improved, with both Mill Cove and Eastern Passage achieving full compliance for the year.

Several of the larger systems experienced operational challenges during the year, primarily during extreme conditions such as heavy precipitation and periods of very low flow that affected treatment efficiency. Outside of these periods, compliance was maintained. Isolated non-compliances for smaller systems were typically related to temporary operational issues, including equipment breakdowns, nutrient removal challenges, and UV disinfection system issues. Where required, corrective actions were implemented to restore compliance and improve treatment performance.

Halifax Water has an active research partnership with Dalhousie University with initiatives to improve operational decision-making and effluent quality. Research efforts are currently focused at the larger wastewater treatment facilities and involve bench, pilot and full-scale experiments as well as the ongoing development of decision support tools with a goal of enhancing treatment performance.

A significant portion of the Halifax and Dartmouth collection systems consists of combined sewers, which convey both wastewater and stormwater to treatment facilities. Approved relief points within these systems play a critical role in managing high-flow conditions, helping to prevent sewer backups into homes and uncontrolled discharges to the environment. Investments in infrastructure upgrades, system optimization, and flow reduction initiatives support regulatory compliance today while strengthening system resilience to climate change and more frequent extreme precipitation events.

By monitoring compliance trends, investing in targeted research, and anticipating future regulatory and environmental pressures, Halifax Water delivers wastewater services while adapting systems and practices for changing conditions.

Wastewater compliance protects public health, reduces environmental impacts, and helps ensure wastewater services remain reliable as the region grows and weather patterns change.

Wastewater Treatment Facility Compliance Summary

April 2025 to March 2026															
WWTF	Apr-25					May-25					Jun-25				
	CBOD ₅	TSS	E.Coli	pH	Toxicity Pass	CBOD ₅	TSS	E.Coli	pH	Toxicity Pass	CBOD ₅	TSS	E.Coli	pH	Toxicity Pass
Halifax	27	19	N/A	6.8	N/A	38	21	674	6.8	N/A	43	22	3225	6.8	N/A
Herring Cove	20	20	N/A	6.9	N/A	31	27	32	7	N/A	35	24	130	6.9	N/A
Dartmouth	31	46	N/A	6.9	N/A	28	17	0	6.7	N/A	40	20	182	6.8	N/A
Eastern Passage	15	25	N/A	7	N/A	6	5	21	7	YES	8	10	11	7.1	N/A
Mill Cove	15	19	32	6.6	N/A	14	18	20	6.5	YES	7	10	10	6.6	N/A
Jul-25					Aug-25					Sep-25					
Halifax	52	28	6412	6.7	N/A	52	24	25877	6.7	N/A	52	20	31295	6.8	N/A
Herring Cove	37	27	334	6.8	N/A	48	39	88	6.8	N/A	45	33	1991	6.8	N/A
Dartmouth	54	23	416	6.6	N/A	54	19	961	6.6	N/A	71	25	1611	6.8	N/A
Eastern Passage	6	10	16	7.1	N/A	5	6	34	7.1	N/A	5	6	54	7.2	N/A
Mill Cove	11	14	32	6.5	N/A	11	12	16	6.6	N/A	13	18	54	6.6	N/A
Oct-25					Nov-25					Dec-25					
Halifax	57	21	21994	6.7	N/A	32	21	N/A	6.6	N/A	34	25	N/A	6.7	N/A
Herring Cove	47	28	1158	6.7	N/A	21	19	N/A	6.7	N/A	32	20	1700	6.7	N/A
Dartmouth	75	38	7083	6.7	N/A	36	40	N/A	6.7	N/A	47	47	N/A	6.6	N/A
Eastern Passage	9	18	56	7.2	N/A	7	6	N/A	6.9	N/A	7	7	N/A	7.1	N/A
Mill Cove	11	18	100	6.7	N/A	12	13	178	6.7	N/A	12	22	56	7	N/A
Jan-26					Feb-26					Mar-26					
Halifax	32	24	N/A	6.8	N/A	43	26	N/A	6.8	N/A	30	25	N/A	6.8	N/A
Herring Cove	27	24	N/A	6.9	N/A	58	51	N/A	6.9	N/A	16	15	N/A	6.9	N/A
Dartmouth	41	35	N/A	6.8	N/A	49	38	N/A	6.8	N/A	36	61	N/A	6.8	N/A
Eastern Passage	15	20	N/A	7.1	N/A	10	8	N/A	7	N/A	14	23	N/A	6.9	N/A
Mill Cove	15	21	21	7	N/A	18	20	25	7	N/A	17	20	30	6.8	N/A

Wastewater Treatment Facility Compliance Summary

Q1 - April to June 2025									
WWTF	CBOD5	TSS	E. coli	Phospho- rus	Ammonia	pH	Dissolved Oxygen	Chlorine	Toxicity Pass
Aerotech	2	1	10	0.1	0.1	7.2	7.5	N/A	YES
Frame	9	1	10	N/A	N/A	7.2	N/A	N/A	N/A
Lakeside-Timberlea	5	21	25	1	6	7	N/A	0.10	N/A
Lockview-MacPherson	4	10	28	1.3	1	6.7	N/A	N/A	N/A
Middle Musquodoboit	12	36	207	N/A	N/A	7.2	N/A	N/A	N/A
North Preston	Compliance based on annual averages. See Q4.						N/A	N/A	N/A
Springfield	3	7	24	N/A	N/A	7	N/A	N/A	N/A
Steeves (Wellington)	Compliance based on annual averages. See Q4.						N/A	N/A	N/A
Uplands Park	6	12	2109	N/A	N/A	6.7	N/A	N/A	N/A

Q2 - July to September 2025									
WWTF	CBOD5	TSS	E. coli	Phospho- rus	Ammonia	pH	Dissolved Oxygen	Chlorine	Toxicity Pass
Aerotech	3	2	10	0.07	0.1	7.2	7.5	N/A	YES
Frame	3	1	10	N/A	N/A	7.1	N/A	N/A	N/A
Lakeside-Timberlea	4	15	33	1	2	6.9	N/A	0.10	N/A
Lockview-MacPherson	3	6	134	1	1	6.9	N/A	N/A	N/A
Middle Musquodoboit	15	72	93	N/A	N/A	7.7	N/A	N/A	N/A
North Preston	Compliance based on annual averages. See Q4.						N/A	N/A	N/A
Springfield	5	9	100	N/A	N/A	7.4	N/A	N/A	N/A
Steeves (Wellington)	Compliance based on annual averages. See Q4.						N/A	N/A	N/A
Uplands Park	7	10	397	N/A	N/A	6.8	N/A	N/A	N/A

Q3 - October to December 2025									
WWTF	CBOD5	TSS	E. coli	Phospho- rus	Ammonia	pH	Dissolved Oxygen	Chlorine	Toxicity Pass
Aerotech	4	1	22	0.06	0.2	7	8	N/A	YES
Frame	2	1	22	N/A	N/A	6.8	N/A	N/A	N/A
Lakeside-Timberlea	5	16	53	1	5	6.9	N/A	0.10	N/A
Lockview-MacPherson	4	6	232	0.2	1	6.9	N/A	N/A	N/A
Middle Musquodoboit	7	10	39	N/A	N/A	7.3	N/A	N/A	N/A
North Preston	Compliance based on annual averages. See Q4.						N/A	N/A	N/A
Springfield	4	13	100	N/A	N/A	7	N/A	N/A	N/A
Steeves (Wellington)	Compliance based on annual averages. See Q4.						N/A	N/A	N/A
Uplands Park	10	15	4073	N/A	N/A	6.8	N/A	N/A	N/A

Q4 - January to March 2026									
WWTF	CBOD5	TSS	E. coli	Phospho- rus	Ammonia	pH	Dissolved Oxygen	Chlorine	Toxicity Pass
Aerotech	3	1	5	0.1	0.8	7	7.4	N/A	YES
Frame	4	1	2	N/A	N/A	7.1	N/A	N/A	N/A
Lakeside-Timberlea	6	18	52	2	7	7	N/A	0.11	N/A
Lockview-MacPherson	8	16	159	0.6	4	6.8	N/A	N/A	N/A
Middle Musquodoboit	7	10	193	N/A	N/A	7.1	N/A	N/A	N/A
North Preston	3	4	14	0.6	0.1	6.7	N/A	N/A	N/A
Springfield	6	8	13	N/A	N/A	6.8	N/A	N/A	N/A
Steeves (Wellington)	3	9	27	0.2	0.1	7.1	N/A	N/A	N/A
Uplands Park	19	8	136	N/A	N/A	7	N/A	N/A	N/A

	Specific parameter limit achieved
	Specific parameter limit not achieved

NOTES & ACRONYMS:

CBOD - Carbonaceous 5-Day Biochemical Oxygen Demand

TSS - Total Suspended Solids

TRC - Total Residual Chlorine

S / W - Summer / Winter compliance limits

Toxic may indicate only a single sample

NSECC requires monthly averages be less than the NSECC Compliance

Limit for each parameter at Dartmouth, Eastern Passage, Halifax,

Herring Cove, Mill Cove

NSECC requires quarterly averages be less than the NSECC Compliance Limit for each parameter at Aerotech, Lockview, Middle Musquodoboit, Belmont, Frame, BLT, Uplands, Springfield

NSECC requires an annual average be less than the NSECC Compliance Limit for each parameter at North Preston, Steeve

OPERATIONAL EFFECTIVENESS

2025/26 Operational Highlights

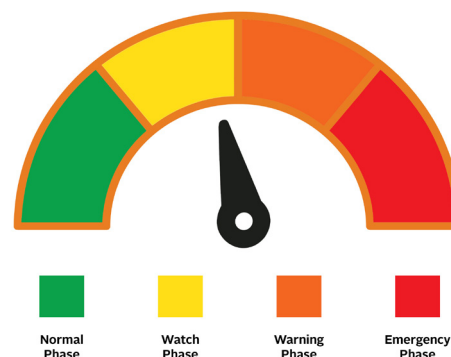
The past fiscal year brought significant operational demands for the Operations Department.

Drought and Water Conservation

Ongoing dry conditions over the past several years have presented challenges to water supplies. In 2025, this was no exception, with minimal rainfall during the spring, summer, and fall, which led to extremely low lake levels in Lake Major.

Contingency plans were put in motion, with mandatory water restrictions established and plans made to implement an alternative approach to supplying the Dartmouth water system. At the same time, our customers stepped up, changing their habits and reducing their water use. Similarly, historic low levels were observed at Pockwock Lake, and customers supplied by this lake were asked to voluntarily conserve water and responded by reducing their consumption.

Precipitation in November and December helped raise lake levels above critical thresholds, and regular snowfall during the winter helped replenish supplies heading into the summer.



Operational teams responded to drought, repairs, and system pressures while maintaining essential water, wastewater, and stormwater services.

Dartmouth WWTF Repairs

In May, Environment and Climate Change Canada approved a month-long shutdown for the Dartmouth Wastewater Treatment Facility that was required to facilitate an urgent repair to the concrete outfall pipe for the facility.

To make effective use of the shutdown period and reduce the likelihood of future shutdowns, several other maintenance projects were completed during the same window. This work reflected effective coordination across Halifax Water.



The J.D. Kline Water Supply Plant is a focus of operational resiliency work to strengthen reliability, redundancy, and emergency preparedness.

Operational Resiliency Program

J.D. Kline Water Supply Plant

Operational resiliency remained a key focus for Halifax Water this year as the utility advanced initiatives to address increasing risks associated with climate variability, aging infrastructure, and system complexity. Significant progress was made through implementation of the Operational Resiliency Program (ORP) at the J.D. Kline Water Supply Plant, alongside a coordinated response to prolonged drought conditions affecting Lake Major.

Following disinfection interruptions in 2024 and early 2025, the ORP at the J.D. Kline Water Supply Plant focused on proactive risk identification, formalized operational controls, and risk-informed capital planning. Structured risk workshops, standardized operating practices, and coordination between operations, engineering, and capital delivery have strengthened redundancy, emergency preparedness, and incident response. Corrective actions identified through post-incident reviews are being addressed through a combination of procedural changes and targeted infrastructure investments, improving overall system reliability. As of March 31, 2026, 74% of corrective actions have been implemented. The remaining short- and medium-term corrective actions are expected to be completed by 2027/28, while the long-term actions are expected to be completed between 2030 and 2035.

Building on lessons learned at the J.D. Kline Water Supply Plant, Halifax Water is planning to transition the ORP into a broader, utility-wide framework applicable to both water and wastewater operations. This evolution will embed risk-based decision-making, continuous improvement, and resilience planning across the organization, reinforcing Halifax Water's commitment to delivering safe, reliable services today while adapting systems, processes, and decision-making to meet the challenges of tomorrow.



Halifax Water crews repair water mains to reduce water loss, restore service, and improve reliability for customers.

Water Loss Control

Halifax Water owns, maintains, and operates more than 1,600 km of water mains. Quickly finding and repairing leaks reduces water loss and the related costs of treating and distributing that water. This helps customers receive better value from their water services. Industry best practice identifies four key focus areas for an effective water loss control program:

- Speed and Quality of Repair
- Pressure Management
- Active Leakage Control
- Asset Management, Renewal, replacement

Halifax Water's water loss control program applies strategies and initiatives in all four areas. During the past year, the following two projects were completed to further reduce the amount of water lost.

Halifax Water's water distribution system is segmented into smaller zones called district meter areas (DMAs).

These DMAs allow operators to monitor for leaks and breaks. The smaller the DMA, the easier it is to observe a potential leak. During the year in Dartmouth, a new DMA was created from an existing larger DMA by installing two new flowmeters and closing a valve to create a new boundary. In addition to making it easier to observe a leak with the smaller DMAs, it also means there is less area in the field for leak detectors to cover, meaning the leak can be pinpointed and repaired more quickly resulting in less water lost.

Historically, operators relied on monitoring overnight flow data for each of the DMAs. This data was presented in a tabular format. In 2025, Halifax Water's Data and Visualization team revamped and automated how the flow data was presented. They also incorporated customer consumption data into the dashboard. This provides operators with more insight into whether an increase in flow in a DMA is a leak or legitimate use by a customer.



Culvert renewal supports effective stormwater flow, protects public infrastructure, and helps reduce disruption for residents.

Driveway and Cross-Culvert Program

Halifax Water is responsible for owning and maintaining a substantial inventory of culverts, including cross-culverts and driveway culverts within the service boundary established by Halifax Regional Municipality.

Cross-culverts are designed to convey stormwater beneath municipally owned roads, while driveway culverts manage stormwater flow beneath driveway connections to the municipal roads.

As these assets reach the end of their service life, they are assessed and scheduled for replacement. To support the ongoing renewal of these assets and meet regulatory requirements, Halifax Water invested approximately \$1.3 million in driveway culvert replacements and \$3.2 million in cross-culvert replacements for the 2025/26 fiscal year. Some of these projects involve additional complexity, including infrastructure that conveys watercourses with fish passage, which requires more complex design and

approvals from regulatory agencies. During the 2025/26 fiscal year, Halifax Water replaced 135 driveway culverts and 21 cross-culverts. Internal Operations crews primarily carry out driveway culvert replacements, whereas cross-culvert projects involve a combination of in-house and contracted resources.

To ensure cost-effectiveness and minimize disruption, culvert replacements are strategically grouped and coordinated, maximizing efficiency and value for stormwater ratepayers.

Halifax Water invests in the durability of stormwater infrastructure through proactive culvert management. By combining strategic planning, operational efficiency, and targeted investment, the utility maintains effective stormwater flow while protecting public infrastructure and delivering practical benefits to customers.

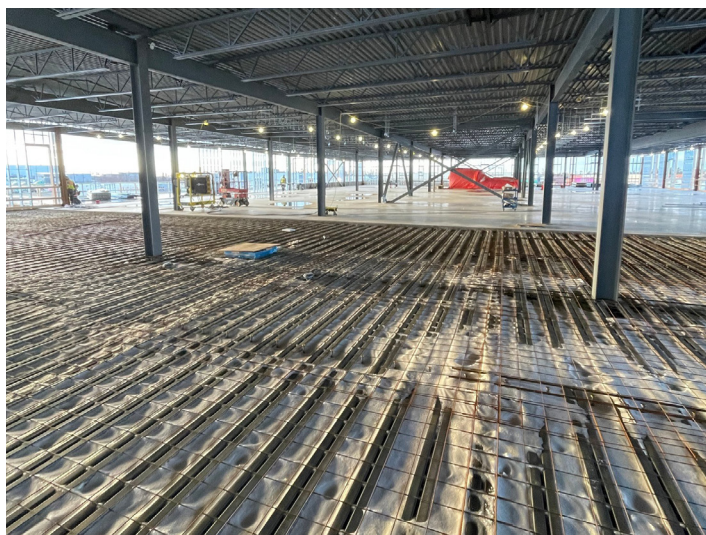


The Burnside Operations Centre will consolidate field operations into a modern facility designed to improve coordination, resilience, and service delivery.

Burnside Operations Centre

Construction of the Burnside Operations Centre began in March 2025 and is scheduled for substantial completion in May 2027. Most of the civil work and foundation work was completed in 2025/26. The steel structure was completed in March 2026, with partial completion of the building envelope. The project remains on budget. The Integrated Project Delivery (IPD) team is meeting expectations, and the delivery model continues to provide value through the project management, design, procurement, and construction phases.

The new operations centre will enable more coordinated field operations, better use of equipment and staff, and a more efficient service delivery model for customers across the region.



Water Supply Enhancement Program

The J.D. Kline Water Supply Plant and Lake Major Water Supply Plant have reliably delivered high-quality water to Halifax Water customers for many years. However, aging infrastructure, changing source water conditions, and climate impacts have increasingly challenged treatment processes at both water supply plants. To maintain a reliable supply of safe, high-quality drinking water and compliance with current and future regulatory requirements, the J.D. Kline Water Supply Plant and Lake Major Water Supply Plant will undergo capital renewal, upgrades, and enhancements over the next ten years. The Water Supply Enhancement Program (WSEP) consolidates numerous projects at the J.D. Kline Water Supply Plant and Lake Major Water Supply Plant into one comprehensive program.

This integrated approach aims to minimize potential impacts on services and customers.

High-Level Goals of the WSEP:

- Upgrade, expand, and enhance the existing J.D. Kline Water Supply Plant and Lake Major Water Supply Plant for the next operating horizon, considering design life spans of 20 to 50 years.
- Add treatment process resilience at both water supply plants to adapt to evolving source water quality changes due to climate change, including increased levels of organic matter, biological activity, metals, minerals, algae, and algal by-products.
- Improve the reliability of both plants to meet future challenges related to water quantity or quality objectives.
- Execute the program efficiently and in a coordinated manner with shared design principles and strategic compatibilities to streamline long-term operations between the facilities.



The Water Supply Enhancement Program will renew critical treatment infrastructure to support safe, reliable drinking water for future needs.

As part of the WSEP, two critical projects have been prioritized:

- J.D. Kline Water Storage Reservoir: This project is being prioritized due to existing design limitations that played a role in recent boil water advisories.
- Lake Major Low Lift Station: This project is being prioritized in response to current design constraints that have resulted in multiple water conservation advisories during recent periods of low precipitation.

The WSEP represents a significant investment in the region's water infrastructure, with a combined estimated total value of \$650 million to \$850 million across the J.D. Kline Water Supply Plant and Lake Major Water Supply Plant over the next decade. The program encompasses eight major projects and is expected to continue through the 2030–2040 time horizon.

This program protects safe drinking water by renewing critical treatment infrastructure, building resilience to changing source water conditions, and reducing the risk of future advisories or service interruptions.



Information Technology Strategic Plan Progress



Technology investments are helping Halifax Water improve reporting, security, coordination, and service efficiency.

Halifax Water adopted a five-year Information Technology (IT) Strategic Plan in 2023 and has delivered improvements that strengthen service, security, and internal efficiency. In 2025/26, the following initiatives were completed:

- Upgraded operational control systems used to monitor and manage water and wastewater facilities.
- Deployed secure cellular devices to improve connectivity and resilience at key sites.

Data & Analytics

- Implemented new tools to improve reporting and analysis.
- Implemented planning tools to improve how technology changes are designed and coordinated.
- Prepared business cases to evaluate and prioritize new technology investments.

Security & Resilience

- Strengthened network security to better protect systems and information.

Sustainability

- Completed an assessment to improve how energy-use information is tracked and managed.

There are currently 54 projects underway from the IT strategic roadmap, with an additional 50 projects planned to begin in 2026/27.

Halifax Water’s technology idea intake process encourages collaboration and identifies practical ways technology can improve service and efficiency. In 2025/26, 69 technology ideas were developed to inform future projects and investments. Examples included document review tools, system integration improvements, and reporting and automation features to support customer service.

Progress on the Information Technology roadmap contributes to more secure systems, better coordination of work, improved access to information, and more efficient use of resources across the utility.

Project & Business Systems

- Improved project tracking by integrating operational information into our construction project management system.
- Upgraded systems such as capital planning and delivery, enterprise resource management.
- Implemented a new billing print service provider.

Employee Technology

- Upgraded employee computers to the latest supported Windows operating system.
- Transitioned our human resources system to a new service provider.

Operations & Asset Management

- Upgraded mapping and location-based tools used to manage water and wastewater assets.



Cyber and Physical Security

Cyber and physical security investments help protect customer information, critical infrastructure, and service continuity.

Protecting Critical Infrastructure

Halifax Water operates and maintains critical infrastructure that is continually being probed and tested through external cybersecurity attacks. To counter these ongoing threats, Halifax Water has implemented cyber and physical security measures across its operations.

Building a Security-Aware Workforce

Employees play an important role in protecting Halifax Water's systems and infrastructure.

Throughout the year, employees received:

- Regular cybersecurity awareness training.
- Security updates and alerts.
- Guidance on identifying suspicious activity.
- Information on security best practices.

Continuous Improvement and Oversight

Halifax Water continued to address recommendations arising from the Municipal Auditor General's review, with approximately 68% of recommendations completed by year-end.

The organization is also supporting the Nova Scotia Regulatory and Appeals Board (NSRAB) in its review of Halifax Water's cybersecurity readiness by responding to information and document requests related to cybersecurity controls, practices, and governance.

Halifax Water's approach to regulatory compliance reflects accountability and continuous improvement in the face of evolving cybersecurity risks.

Recommended actions are prioritized based on risk, with higher-risk factors receiving more attention. Halifax Water's risk-based approach ensures that the most pressing vulnerabilities are addressed first, while maintaining a strong focus on uninterrupted service delivery, prudent infrastructure operation, and employee safety. By balancing risk mitigation with operational priorities, Halifax Water can maintain resilience against cybersecurity threats without compromising the integrity of its essential services.

Investing in Operational Technology Security

Addressing cybersecurity in an Operational Technology (OT) environment is inherently complex, requiring specialized solutions that account for the unique challenges of water infrastructure systems.

To strengthen security, Halifax Water continues to invest in:

- Advanced monitoring and detection tools.
- Network segmentation and system protection.
- Enhanced access controls.
- Collaboration with regulators and industry experts.
- A strategic roadmap for future cybersecurity enhancements.

These security investments help protect customer information, strengthen service continuity, and reduce the risk that cyber or physical threats could disrupt essential water, wastewater, and stormwater services.

Intelligent Water : Data Analytics and Artificial Intelligence

Data analytics and responsible automation help staff make informed decisions and improve service delivery.

Halifax Water's Data and Analytics Program helps staff use reliable information to run the system day to day, plan investments, and reduce manual reporting. In 2025/26, key improvements included strengthened compliance reporting, better customer and capital planning insights, added system integrations, increased automation, and careful adoption of artificial intelligence (AI).

2025/26 Highlights

- Improved dashboards and reports to support wastewater treatment facility compliance, water system performance, inspections, and cybersecurity monitoring.
- Expanded customer care reporting to help track service trends and improve response.
- Strengthened capital planning reporting with clearer dashboards and more reliable data updates.
- Connected additional operational data sources to improve consistency across reporting.
- Reduced repetitive work through automation for incident reporting, safety inspections, and risk assessment workflows.
- Improved select accounting processes through targeted automation.
- Piloted an enterprise data governance tool to clarify data ownership and improve visibility into key data assets.
- Developed guidance for responsible AI use (including design and deployment guides) and advanced AI reference architecture.
- Tested AI in specific business processes (for example, invoice processing) to evaluate where it can add value.

Better data and responsible automation help Halifax Water make faster, more informed decisions, improve response, reduce manual errors, and target investments where they are needed most.

Looking Ahead

- Expand self-service reporting and dashboards so staff can find answers faster with less manual effort.
- Improve how data moves between key systems to reduce duplicate entry and increase consistency across reports.
- Adopt AI where it clearly adds value, with defined governance, privacy safeguards, and human oversight.

This work provides clearer information, more dependable reporting, stronger privacy safeguards, and more efficient service delivery as Halifax Water modernizes how it uses technology.



Customer service improvements help customers reach support more quickly and access information through safer, more convenient channels.

Customer Care Performance

Customers had their calls answered more quickly in 2025/26 with an average wait time of 8 minutes. This is an improvement of 5.5 minutes over the previous year. With less time waiting, the call abandonment rate improved by 24%. This is an improvement of 13% over the previous year.

These improvements mean customers can reach support more quickly, experience fewer disconnected calls, and receive a better overall service experience when contacting Halifax Water.

Customer Connect

Before the portal was taken offline, the Customer Connect enhancement project delivered several improvements, including two-factor authentication, portal registration at the time of account activation, automatic enrollment in paperless billing, a new contact form, and service order updates. A planned final enhancement will provide electronic notifications for past-due bills for customers enrolled in paperless billing. In early March 2026, Halifax Water became aware of a privacy breach involving the Customer Connect portal. To protect customers, Halifax Water shut down the portal and contacted Halifax Regional Municipality's Access

and Privacy Office to inform them of the incident. As of March 31, 2026, an independent third party continued to investigate and was expected to submit a final report by the end of the first quarter of 2026/27. The Customer Connect portal will remain offline until Halifax Water is confident that customer information is secure.

Once the portal is safely restored, these enhancements are expected to make it easier, safer, and more convenient for customers to manage accounts online, receive timely information, and interact with Halifax Water through digital service channels.



FINANCIAL & REGULATORY COMPLIANCE

Capital Investment

Capital projects support reliable service, growth, public health, environmental protection, and long-term customer value.

As one of the oldest cities in Canada, Halifax has a celebrated history that has grown around its strategic harbour. As it has grown and changed over the past few hundred years, the city has been built on multiple generations of water, sewer, and stormwater infrastructure. As with any aging asset, these must be maintained and eventually renewed so this city can continue to flourish economically and as a sustainable community for those who live here.

According to Halifax Water's 2019 Integrated Resource Plan (IRP), approximately \$4 billion is required to upgrade critical water, wastewater, and stormwater infrastructure in Halifax between 2019 and 2049. These investments help ensure the continued delivery of services that will benefit customers, residents, and the municipality.

Long-term capital planning helps Halifax Water prioritize the right work at the right time, protecting service reliability, public health, and environmental performance while making responsible use of ratepayer dollars. Some Projects are managed entirely by Halifax Water,

while others are managed through an integrated project partnership with the municipality to ensure improved coordination, reduce disruption in the community, and gain efficiency in areas such as road construction, sidewalks, paving, and traffic control.

Coordinating capital projects with Halifax Regional Municipality helps reduce repeated construction impacts, improve neighbourhood infrastructure more efficiently, and deliver better value from public investment.

The following are examples of projects Halifax Water managed or partnered with Halifax Regional Municipality on during the 2025/26 fiscal year.

Together, these projects demonstrate how Halifax Water is investing in core infrastructure to maintain dependable service, support growth, and reduce the risk of more costly emergency repairs in the future.

Halifax Water Projects

Halifax Water - specific project - managed independently of HRM.

Almon Street Water Main Renewal

The 2019 Infrastructure Master Plan (IMP) identified the need to strengthen transmission main capacity within the Halifax Peninsula Intermediate Zone to support growth in the Young Street Pocket. The recommended upgrades included upsizing existing water mains to 500 mm between Robie Street, Young Street, Windsor Street, and Almon Street.

This project involved the replacement of approximately 200 m of existing 150 mm cast iron water main on Almon Street between Dublin Street and Windsor Street with a new 500 mm diameter ductile iron transmission main. The existing water main was originally installed in 1914–1915, had experienced multiple breaks, and was beyond the end of its service life.

The Almon Street phase of the project was completed in October 2025.

Project Outcomes

- Replaced 200 m of aging water main infrastructure.
- Installed a new 500 mm transmission main.
- Increased water transmission capacity within the Halifax Peninsula Intermediate Zone.
- Supported future growth and development in the Young Street area.
- Reduced the risk of water main breaks and service disruptions.

Why This Matters

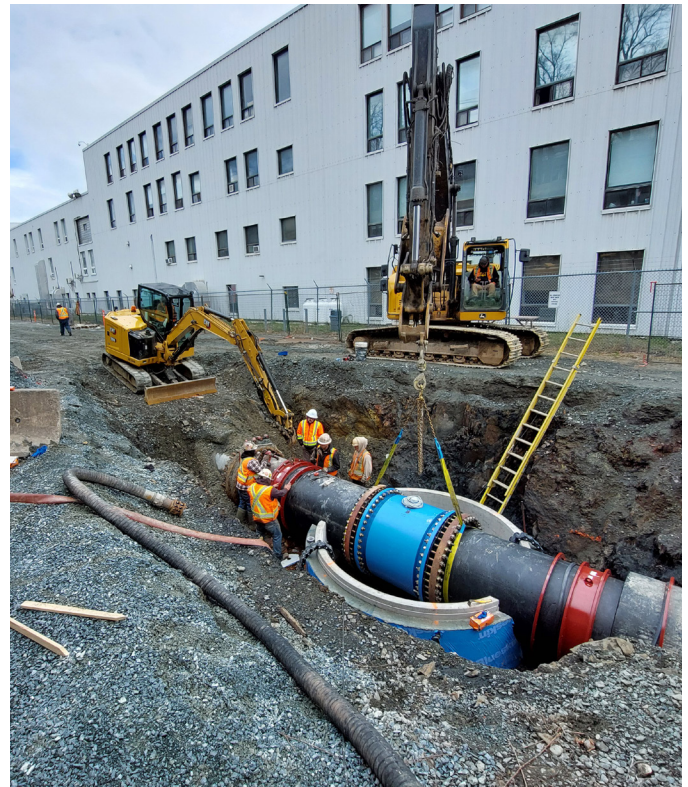
This renewal strengthens water system capacity in an area with aging infrastructure, improving reliability, supporting growth, and reducing the likelihood of future breaks and service disruptions.



Duffus Street Flowmeter Replacement

The project involved replacement of a 1200 mm diameter flowmeter on the Duffus Street Pump Station force main after the existing flowmeter had failed and required replacement. The Duffus Street Pump Station collects wastewater from North End Halifax, Fairview, Clayton Park and Rockingham and conveys all flow from the Bedford Highway trunk sewer (Fairview Cove Tunnel) to the Halifax Wastewater Treatment Facility.

The new flowmeter was successfully installed and placed into service in May 2025. The data collected from the new flowmeter will provide an understanding of the operation of the pumped system and will support the ongoing management and future planning of the pump station and force main.



Project Outcomes

- Replaced a failed 1,200 mm diameter flowmeter.
- Restored accurate wastewater flow monitoring.
- Improved operational data for system management.
- Enhanced planning information for future upgrades and investments.
- Supported ongoing operation of the Duffus Street Pump Station and force main.

Why This Matters

Better flow data helps Halifax Water manage wastewater service more effectively, plan future upgrades, and maintain reliable service for communities served by the pump station.

2025 Sewer Mainline Trenchless Rehabilitation

The 2025 sewer trenchless rehabilitation project rehabilitated approximately 4.3 km of aged sewer mains using cured-in-place-pipe (CIPP) lining technology. The CIPP annual lining program supports the utility by extending the life of existing pipelines while reducing costs, disruptions, and the risk of future failures.

Approximately 25% of the rehabilitated sewers were lined in advance of Halifax Regional Municipality integrated projects, and the timing of the remaining 75% was based on Halifax Water Operations and Capital Delivery priorities. The sections lined ranged from 200 mm to 1200 mm in diameter, including the collapsed sewer section during the Quinpool Road water main replacement.

Trenchless rehabilitation extends the life of existing sewer infrastructure while reducing open-cut construction, limiting neighbourhood disruption, and lowering the risk of future sewer failures.

Biosolids Processing Facility Expansion

The Aerotech Biosolids Processing Facility (BPF) is located in the Aerotech Industrial Park in Goffs, NS. The facility receives and processes dewatered sludge, or biosolids, from Halifax Water's wastewater treatment facilities. Biosolids are currently processed using the N-Viro alkaline stabilization process to produce a Canadian Food Inspection Agency (CFIA) regulated fertilizer that is subsequently used on non-food-bearing crops.

The Infrastructure Master Plan (IMP) completed in 2019, along with subsequent analyses by Halifax Water staff, identified a 204% increase in biosolids production by 2049 due to population growth within Halifax Regional Municipality, as well as upgrades to the Mill Cove, Halifax, Dartmouth, and Herring Cove wastewater treatment facilities. This forecast exceeds the production capacity of the existing BPF.



Progress to Date

During 2025/26, Halifax Water reached a significant milestone by completing the procurement process and selecting a preferred proponent to deliver the project through a Design, Build, Operate, and Maintain (DBOM) agreement.

This partnership will support the design, construction, and long-term operation of the expanded facility. The new facility is being designed to do more than process biosolids. Planned features include technologies that support:

- Nutrient recovery
- Water recovery and reuse
- Energy recovery through biogas production
- Greenhouse gas emissions reductions

The expanded facility will continue to produce a CFIA-regulated fertilizer for use in the agricultural sector while creating opportunities to generate renewable energy from recovered biogas.

The facility is anticipated to process more than 75,000 tonnes/year of biosolids at full capacity.

This expansion enables responsible wastewater management, added capacity for regional growth, environmental protection, and opportunities to recover useful resources from biosolids through fertilizer, water, nutrient, and energy reuse.

Cogswell District Energy System (DES)

Halifax Water continues to advance the development of the Cogswell District Energy System, which will provide heating and cooling service to buildings in the Cogswell District using thermal energy recovered from the effluent at the Halifax Wastewater Treatment Facility.

Installation of the distribution piping system, which transfers thermal energy between the Energy Centre and connected customers, is complete. The system has been flushed and pressure tested, with only minor deficiencies remaining to be addressed.

Design of the Energy Centre has also advanced significantly, with final detailed design completion anticipated this summer. Following completion of the detailed design, Halifax Water will begin the procurement process and preparations to apply to the Nova Scotia Energy Board (NSEB) for approval to construct the Energy Centre.

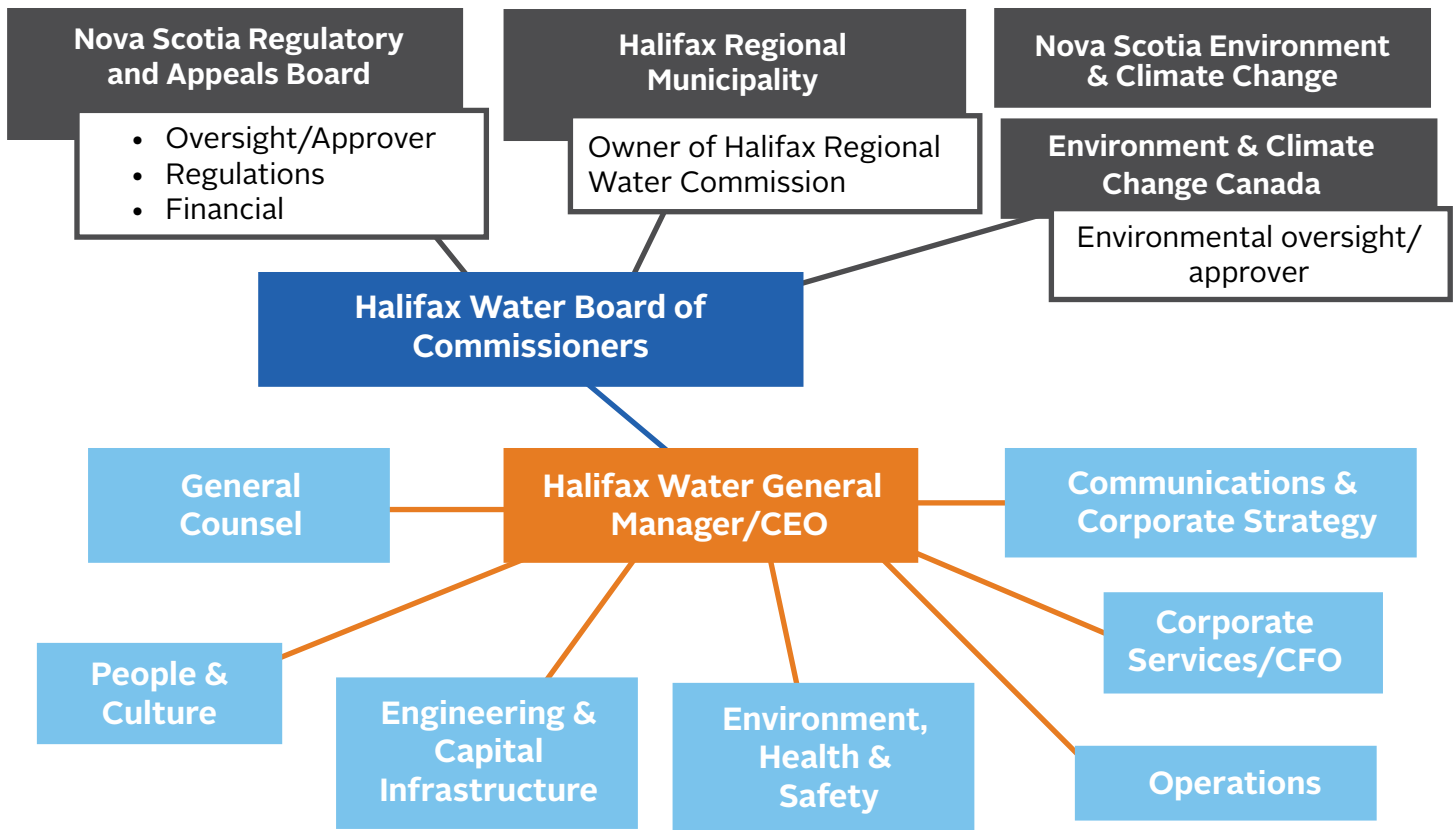
In the coming year, Halifax Water plans to apply to the NSEB with an updated Cost of Service Manual, utility regulations, rate structures, and an updated financial model.

Halifax Water is encouraged by the progress of the project and is working toward delivering clean, renewable energy to the Cogswell District.

The District Energy System supports cleaner energy, lower emissions, and sustainable development by making productive use of thermal energy from wastewater.



Alignment with Halifax Regional Municipality



Integrated Projects with Halifax Regional Municipality

Claymore Avenue Water Main Renewal

The project involved replacing 240 m of the existing 150 mm cast iron water main with a 200 mm diameter ductile iron pipe. The existing cast iron main was installed in 1965 and reached the end of its useful life.

Why This Matters

This renewal improves the reliability of the local water distribution system by replacing aging infrastructure before it fails. The investment helps reduce service disruptions, lowers maintenance requirements, and supports dependable water service for customers in the area.



Carlheath Drive, Collins Drive, Anthony Avenue & Lawrence Place

The project involved replacing 710 m of the existing 100 mm ductile iron water main with a 150 mm PVC pipe, as well as the replacement of catch basin leads, catch basins, and one cross culvert.



The original water main was installed in 1984 and was part of a small standalone system later taken over by Halifax Water. The small system has no storage, limited supply capacity, and the pipe on these three streets had 18 recorded breaks and leaks. Based on break history and operational needs, Carlheath Drive, Collins Drive and Anthony Avenue were considered high-priority replacements.

This work began in June 2025 and was completed in October 2025.

Why This Matters

This project addresses a high-priority area with a history of water main breaks and limited system capacity. The upgrades improve reliability, increase available water supply, reduce future maintenance needs, and support more dependable service for residents in the community.

Lawrence Street Water Main Renewal

The project involved replacing 560 metres of aging 150 mm cast iron water main with a new 300 mm ductile iron pipe. The original main, installed between 1885 and 1906, had reached the end of its service life and had 15

recorded breaks. Upsizing the pipe and installing a net new hydrant improved fire flow capacity throughout the neighbourhood.

In addition, Lawrence Street was identified as a high priority for replacement due to the high number of lead service line connections. As part of the project, a total of 47 public and 35 private lead service lines were replaced with new copper piping.

Why This Matters

The project increases water reliability, enhances fire protection, and removes lead service lines to support public health and safer drinking water service over time.



Thistle Street Integrated Water, Stormwater, and Wastewater

The project involved the replacement of 125 metres of 150 mm cast iron water main with a new 200 mm ductile iron pipe, installation of 105 metres of 300 mm stormwater main, four new catch basin leads, and a new sanitary manhole at the top of a dead-end wastewater main. Construction began in May 2025 and was completed in August 2025.

Why This Matters

Coordinating water, stormwater, and wastewater work in one integrated project improves infrastructure reliability while reducing repeated construction impacts on the same street.

Financial Overview

Halifax Water received a clean audit opinion on the financial statements for the fiscal year ended March 31, 2026. The financial statements are presented in accordance with International Financial Reporting Standards (IFRS). Halifax Water also produces financial information in the format required by the Nova Scotia Regulatory and Appeals Board (NSRAB) in accordance with the NSRAB Water Utility Accounting and Reporting Handbook (Handbook).

The financial statements prepared under IFRS are used primarily for consolidation with the Halifax Regional Municipality's financial statements. In contrast, the financial information prepared under the Handbook is used for setting water, wastewater and stormwater rates.

The financial statements contain the independent auditor's report issued by Doane Grant Thornton LLP, IFRS statements and schedules containing financial information prepared in accordance with the Handbook.

The key differences between the IFRS and Handbook financial statements are related to reporting requirements for the recognition of various expenditures as follows:

- The re-measurement of the defined benefit plans is not considered an expense for the Handbook and could result in either positive or negative impacts on income;
- Principal payments on long-term debt are an expense for the Handbook but not under IFRS;
- Depreciation expense on contributed assets is not an expense for the Handbook for water and wastewater assets. For stormwater assets, 25% of depreciation on contributed assets is included for the Handbook.
- Amortization of contributed capital is not considered revenue under the Handbook; and,
- Various depreciation adjustments, including the add-back of losses on the disposal of utility plant in service, componentization of assets and shorter useful lives, results in higher depreciation under IFRS than under the Handbook.

In 2025/26, Halifax Water recorded comprehensive earnings of \$9.9 million under IFRS. Under the Handbook a deficit of \$24.3 million was incurred. From a budget perspective, the deficit was \$9.8 million less than the \$34.1 million budgeted deficit. This was due to higher revenues following the increase in rates approved by the NSRAB that took effect on January 1, 2026.

Financial Highlights

- Clean audit opinion received for 2025/26.
- Financial results were \$9.8 million better than budget.
- \$7.4 million in cost containment savings achieved.
- \$151.8 million in Regional Development Charge reserves available to support future growth.
- Approved rate increases helped strengthen financial sustainability and support infrastructure investment.
- Continued focus on affordability, efficiency, and long-term service reliability.

Cost Containment

Halifax Water remains committed to cost containment, which is essential for maintaining affordable rates.

The cost containment process involved implementing recommended actions to address the NSRAB's request for a more formalized approach. Since 2013, a formal cost containment program has been in place. In 2025/26, the savings from cost containment initiatives totaled \$7.4 million.

Cost containment initiatives are impacted mostly in the areas of Facilities/Process Strategies, Information Technology, and Human Resources. Under Human Resource Strategies, the HRWC Employees Pension Plan employer contribution holiday is a major driver of current year savings, contributing approximately \$1.3 million.

New cost containment initiatives implemented during the 2025/26 fiscal year resulted in approximately \$2.9 million in savings and fall within the Human Resource Strategies, Facilities and Process Strategies, Procurement and Information and Technology (IT) categories, ranging from the pension holiday, process optimization for chemical savings, and IT efficiencies.

Regional Development Charges

Halifax Water oversees the development and collection of water and wastewater Regional Development Charges (RDCs). RDCs fund upgrades to regional water and wastewater systems to facilitate projected population growth in the servicing boundary. The RDC program is designed to be cost-neutral. The balance of the RDC Water reserve on March 31, 2026 was \$13.4 million and the balance of the RDC Wastewater account on March 31, 2026 was \$138.4 million.

The 2019 application to update the RDCs was approved in April 2021. The approval allows annual Consumer Price Index (CPI) adjustments, annual reviews with five-year updates submitted to the NSRAB with an update to be filed in 2026. A three-year rate freeze was mandated by the Province (Section 236A HRM Charter) and expires on November 9, 2026. Shortfalls in the RDCs resulting from this rate freeze will be recovered from future RDC charges and will not be subsidized by the general rate base.

Pension Plan

All Halifax Water employees are members of one of two defined-benefit pension plans. Employees who transferred from HALIFAX, of which 37 remain, are members of the HRM Pension Plan. Halifax Water is obligated to make contributions for these employees' service to the HRM Pension Plan.

For all other employees, Halifax Water maintains the Halifax Regional Water Commission Employees' Pension Plan (the Plan). The financial results of the Plan are audited each year on December 31.

As of December 31, 2025, the Plan's funded ratio has increased from 128.4% to 129.0%. The increase is primarily related to favourable market conditions throughout 2025. Effective January 1, 2026, employee and employer contribution rates changed from 8.72% to 8.96% as a result of a Plan amendment in 2025 which improved benefits. Due to the funded position, an employer contribution holiday commenced in January 2026 and continued to May 2026.

Financial Implications

Halifax Water is a regulated utility that operates on a cost-recovery basis and is compliant with the Public Utilities Act.

Consistent with this principle, in 2022/23, Halifax Water and HRM staff negotiated a five-year renewal of the Dividend Agreement (grant in lieu of taxes), which the NSRAB approved in May 2023. In a decision issued in January 2026, the NSRAB directed that no dividend was to be paid for wastewater and stormwater for 2025/26. As a result, the amount paid by Halifax Water to HRM for the fiscal year ending March 31, 2026 was \$5.8 million.

General Rate Application Decision

In May 2025, Halifax Water filed a general rate application to increase water, wastewater, and stormwater rates. The NSRAB approved the rate increases on December 16, 2025, with effective dates of January 1, 2026 and April 1, 2026. Base charges for water and wastewater have not increased since April 1, 2016, and will remain the same for metered customers. The volumetric rate for water rose to \$1.596 per cubic metre on January 1, 2026, and to \$1.722 per cubic metre effective April 1, 2026. The volumetric rate for wastewater rose to \$2.425 per cubic metre on January 1, 2026 and to \$2.591 per cubic metre effective April 1, 2026. Stormwater rates have also increased effective January 1, 2026. These rate changes cause an estimated increase to the average residential bill of 12.1% effective December 1, 2025 and another 6.0% effective April 1, 2026.



Financial Statements

Halifax Regional Water Commission

March 31, 2026



Contents

	Page
Independent auditor's report	1-2
Statement of financial position	3
Statement of earnings and comprehensive earnings	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7-21
Schedules	
A Schedule of utility plant in service	
Water	22
Wastewater	23
Stormwater	24
B Schedule of long term debt	25-26
C Schedule of earnings	
Water	27
Wastewater	28
Stormwater	29
D Schedule of earnings	
Regulated activities	30
Unregulated activities	31
E Nova Scotia Regulatory and Appeals Board information	32

Independent auditor's report

**To the Members of the Board of the
Halifax Regional Water Commission**

Opinion

We have audited the financial statements of the Halifax Regional Water Commission ("Halifax Water"), which comprise the statement of financial position as at March 31, 2026, and the statements of earnings and comprehensive earnings, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Halifax Water as at March 31, 2026, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Other Matter – Supplemental Schedules

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole as prepared in accordance with IFRS Accounting Standards. Schedules A through E are presented in accordance with the Nova Scotia Utility and Review Board Water Utility Accounting and Reporting Handbook. Such information has been subjected to the auditing procedures applied for the purpose of the audit of the financial statements as a whole as at and for the period ended March 31, 2026.

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

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

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

Those charged with governance are responsible for overseeing Halifax Water's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

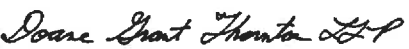
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Halifax Water's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Halifax Water's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Halifax Water to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Halifax, Canada
September 1, 2026


Chartered Professional Accountants

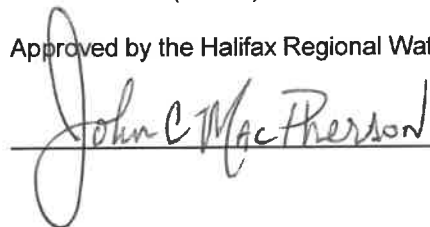
Halifax Regional Water Commission

Statement of financial position

March 31 (in thousands)	2026	2025
Assets		
Current		
Cash and cash equivalents	\$ 82,494	\$ 73,126
Receivables		
Customer charges and contractual (Note 8)	27,410	21,851
Unbilled service revenues (Note 8)	24,093	22,019
Inventory	2,486	2,530
Prepays	2,118	2,178
	<u>138,601</u>	<u>121,704</u>
Employee benefit surplus (Note 4)	16,263	1,053
Intangible assets (Note 10)	57,561	42,855
Capital work in progress	118,546	115,627
Utility plant in service (Note 11)	1,408,525	1,345,901
Total assets	<u>1,739,496</u>	<u>1,627,140</u>
Regulatory deferral account (Note 5)	1,660	1,852
Total assets and regulatory deferral account	<u>\$ 1,741,156</u>	<u>\$ 1,628,992</u>
Liabilities		
Current		
Payables and accruals		
Trade	\$ 35,831	\$ 35,896
Non-trade	6,436	6,430
Interest on long term debt	4,709	4,061
Halifax Regional Municipality	2,995	4,459
Contractor and customer deposits	3,095	1,447
Current portion of deferred contributed capital (Note 12)	19,885	19,249
Current portion of long term debt (Note 13)	24,926	32,881
Unearned revenue	500	442
	<u>98,377</u>	<u>104,865</u>
Deferred contributed capital (Note 12)	1,004,527	951,883
Long term debt (Note 13)	316,632	260,129
Total liabilities	<u>1,419,536</u>	<u>1,316,877</u>
Equity		
Accumulated other comprehensive income	92,242	66,923
Accumulated surplus	229,378	245,192
Total equity	<u>321,620</u>	<u>312,115</u>
Total liabilities and equity	<u>\$ 1,741,156</u>	<u>\$ 1,628,992</u>

Contingent liabilities (Note 3)
Commitments (Note 6)

Approved by the Halifax Regional Water Commission Board



Chair



Vice Chair

See accompanying notes to the financial statements.

Statement of earnings and comprehensive earnings

Year ended March 31 (in thousands)	2026	2025
Operating revenues		
Water	\$ 60,664	\$ 56,116
Wastewater	93,494	90,110
Stormwater	15,918	15,226
Public fire protection	8,682	8,083
Private fire protection	1,923	1,785
Other operating revenue	3,310	2,903
	<u>183,991</u>	<u>174,223</u>
Operating expenditures (Note 14)		
Water supply and treatment	17,066	16,127
Water transmission and distribution	18,575	16,717
Wastewater collection	15,198	15,383
Stormwater collection	5,764	6,053
Wastewater treatment	29,238	26,950
Information and technology services	16,233	12,925
Engineering services	6,329	5,029
Environment, health and safety services	4,987	4,256
Customer services	5,143	4,477
Corporate services	3,942	4,043
Administration services	5,422	6,635
Pension services	10,003	3,107
Depreciation and amortization	60,270	56,195
	<u>198,170</u>	<u>177,897</u>
Loss from operations before financial and other revenues and expenditures	<u>(14,179)</u>	<u>(3,674)</u>
Financial and other revenues		
Interest	112	367
Amortization of deferred contributed capital	19,343	19,122
Other	585	611
	<u>20,040</u>	<u>20,100</u>
Financial and other expenditures		
Interest	214	253
Interest on long term debt	11,924	9,294
Amortization of debt issue costs	304	244
Dividend/grant in lieu of taxes (Note 6)	5,834	6,816
Other	3,207	134
	<u>21,483</u>	<u>16,741</u>
Loss for the year before regulatory deferral account depreciation	<u>(15,622)</u>	<u>(315)</u>
Regulatory deferral account depreciation	<u>(192)</u>	<u>(192)</u>
Loss for the year	<u>(15,814)</u>	<u>(507)</u>
Other comprehensive earnings		
Items that will not be reclassified subsequently to earnings:		
Re-measurement on defined benefit plans	25,319	6,527
Total comprehensive earnings for the year	<u>\$ 9,505</u>	<u>\$ 6,020</u>

See accompanying notes to the financial statements.

Statement of changes in equity

Year ended March 31 (in thousands)

	Accumulated other comprehensive income	Accumulated surplus	Total
Balance, April 1, 2024	\$ 60,396	\$ 245,699	\$ 306,095
Loss for the year	-	(507)	(507)
Other comprehensive earnings	6,527	-	6,527
Comprehensive earnings for the year	6,527	(507)	6,020
Balance, March 31, 2025	\$ 66,923	\$ 245,192	\$ 312,115
Loss for the year	-	(15,814)	(15,814)
Other comprehensive earnings	25,319	-	25,319
Comprehensive earnings for the year	25,319	(15,814)	9,505
Balance, March 31, 2026	\$ 92,242	\$ 229,378	\$ 321,620

See accompanying notes to the financial statements.

Halifax Regional Water Commission
Statement of cash flows

Year ended March 31 (in thousands)	2026	2025
Increase (decrease) in cash and cash equivalents		
Operating		
Comprehensive earnings for the year	\$ 9,505	\$ 6,020
Depreciation and amortization	42,956	39,111
Employee benefit surplus	(15,231)	(4,314)
Loss on disposal of utility plant in service	3,128	-
	<u>40,358</u>	<u>40,817</u>
Change in non-cash operating working capital items		
Receivables, customer charges and contractual	(5,559)	(305)
Receivables, unbilled service revenues	(2,074)	(1,060)
Inventory	44	(166)
Prepays	60	(443)
Payables and accruals, trade	(65)	12,503
Payables and accruals, non-trade	6	851
Payables and accruals, interest on long term debt	648	999
Payable to Halifax Regional Municipality	(1,464)	(588)
Contractor and customer deposits	1,648	352
Unearned revenue	58	285
	<u>(6,698)</u>	<u>12,428</u>
	<u>33,660</u>	<u>53,245</u>
Financing		
Proceeds from issuance of long term debt	68,000	80,000
Contributed capital and interest	30,379	32,833
Debt issue costs	(318)	(478)
Principal repayment on Halifax Regional Municipality long term debt	-	(6,500)
Principal repayments on long term debt	(19,134)	(16,466)
	<u>78,927</u>	<u>89,389</u>
Investing		
Proceeds from sale of utility plant in service	310	-
Purchase of capital work in progress, utility plant in service and intangible assets	(103,529)	(113,529)
	<u>(103,219)</u>	<u>(113,529)</u>
Net increase in cash and cash equivalents	9,368	29,105
Cash and cash equivalents, beginning of year	<u>73,126</u>	<u>44,021</u>
Cash and cash equivalents, end of year	<u>\$ 82,494</u>	<u>\$ 73,126</u>

See accompanying notes to the financial statements.

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

1. Nature of operations

The Halifax Regional Water Commission (Halifax Water) is a public utility owned and controlled by the Halifax Regional Municipality (HRM). Halifax Water is responsible for the supply of municipal Water, Wastewater and Stormwater Services to the residents of HRM. Halifax Water's principal place of business is 450 Cowie Hill Road, Halifax, Nova Scotia. Halifax Water is exempt from income tax.

2. Summary of material accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB). The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements were authorized for issue by the Board of Commissioners on August 31, 2026.

(b) Basis of measurement

Halifax Water's financial statements are prepared on the historical cost basis, except for certain financial instruments measured at fair value. The financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand. The financial statements are presented in accordance with IFRS Accounting Standards 1: Presentation of Financial Statements.

(c) Regulation

In matters of administrative policy relating to customers, rates and other charges, capital expenditures, depreciation rates and accounting matters, Halifax Water is subject to the jurisdiction of the Nova Scotia Regulatory and Appeals Board (NSRAB), which replaced the Nova Scotia Utility and Review Board on April 1, 2025. Rates and other charges charged to and collected from customers are designed to recover the cost of providing the regulated services. Halifax Water is required to prepare submissions in accordance with the Water Utility Accounting and Reporting Handbook (the NSRAB Handbook) issued by the NSRAB. There are differences in the accounting treatment of certain transactions from IASB including the accounting of principal debt payments, employee future benefits, depreciation and amortization, gains and losses on the disposal of utility plant in service, and accumulated surplus.

Regulatory assets represent costs incurred that have been deferred as approved by the NSRAB and will be recovered through future rates collected from customers. These assets are described as the "regulatory deferral account" and are disclosed in Note 5.

(d) Utility plant in service

Utility plant in service (Note 11) is recorded at cost, being the purchase price and directly attributable cost of acquisition or construction. Losses or gains related to assets retired, demolished or sold are charged or credited to the statement of earnings.

(e) Leased assets

Halifax Water makes use of lease arrangements for office space and equipment, and assesses whether a contract is, or contains a lease at the inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

At lease commencement date, Halifax Water assess whether the recognition of a right-of-use asset and lease liability would have a material impact on the financial statements.

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

2. Summary of material accounting policies (continued)

(e) Leased assets (continued)

A right-of-use asset is initially measured at cost, which is comprised of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). A right-of-use asset is subsequently measured at cost less any accumulated depreciation or impairment losses and adjusted for certain re-measurements of the lease liability. A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Halifax Water's incremental borrowing rate.

Halifax Water has elected to apply the practical expedients available under IFRS Accounting Standard 16 for short-term leases and leases for which the underlying asset is of low value. Short-term leases and low value leases are expensed in the period incurred.

Halifax Water maintains very few lease arrangements and management will assess future leases as they arise to determine whether the impact of the recognition of a right-of-use asset and lease liability on the statements of financial position, where Halifax Water is acting as a lessee, is material to the financial statements. All existing leases have been assessed and recognition in the financial statements has been deemed immaterial.

(f) Deferred contributed capital

Contributions towards capital projects are treated as deferred contributed capital on the statement of financial position and amortized over the estimated useful lives of the assets (Note 12). Deferred contributed capital is initially measured at cost, being the value of contributions received by Halifax Water for the acquisition of utility plant in service. Contributions for capital expenditures are amortized over the estimated useful lives of the assets and show as a reduction in the amortization of utility plant in service.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash balances managed by HRM that are held within financial institutions.

(h) Depreciation of utility plant in service

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives for the major classifications of utility plant in service are as follows:

Office equipment and furniture and transportation equipment	3 to 10 years
Supervisory control and data acquisition (SCADA) equipment	5 to 25 years
Meters	20 to 25 years
Pumping equipment	5 to 30 years
Tools and work equipment	5 to 30 years
Culverts	25 to 50 years
Purification and treatment equipment	20 to 50 years
Services and laterals	50 to 60 years
Hydrants	50 to 80 years
Structures and improvements	50 to 100 years
Water, wastewater and stormwater mains	50 to 100 years

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

2. Summary of material accounting policies (continued)

(h) Depreciation of utility plant in service (continued)

Depreciation commences in the year an asset is placed into service and ready for its intended use. In the year of acquisition, depreciation is prorated for the number of months the asset was in use. Halifax Water does not maintain a depreciation fund per regulatory reporting requirements. Halifax Water has received NSRAB approval for exemption from establishing a depreciation fund as long as net depreciable additions to utility plant in service exceed the depreciation expense included within the rates.

(i) Inventory

Inventory is comprised of direct materials and supplies. Inventory is valued at the lower of cost and net realizable value with cost being determined on the weighted average cost method.

(j) Revenues and expenditures

Halifax Water recognizes revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration Halifax Water is entitled to in exchange for those goods or services rendered.

All revenues and expenditures are recorded on an accrual basis. Revenues relating to supplying Water, Wastewater and Stormwater Services are recorded based on cyclical billings and include an accrual for amounts not yet billed. Fire protection revenue is recorded based on approved rates. Other revenues are recorded at the time services are performed, the amount can be measured reliably, and collection is reasonably assured.

(k) Long term debt

Debt issue costs are deferred and amortized over the term of the debt to which they relate.

(l) Use of estimates and critical accounting judgments

In preparing Halifax Water's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the period. Significant estimates and assumptions include the following:

- At year end, unbilled service revenues from Water, Wastewater and Stormwater Services have been earned, but not yet billed due to the timing of the billing cycles. Management estimates the unbilled service revenues accrual based on actual consumption information.
- Management assumptions are used in the actuarial determination of employee benefit obligations, such as standard rates of inflation, mortality, discount rates, and anticipation of future salary increases.
- Useful lives of utility plant in service are reviewed based on expected patterns of usage and historical information.
- Assessment of the existence of indicators of impairment, considering internal and external factors, where the recoverable amount of utility plant in service and intangibles would be less than their carrying values.
- Recognition and measurement of provisions and contingencies.
- The collectability of accounts receivable, allowance for doubtful accounts and bad debts are estimated based on the age of receivables, historical rates of collection, and review of the likelihood of collection of individual balances.

Actual results could differ from these estimates.

(m) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when Halifax Water becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

2. Summary of material accounting policies (continued)

(m) Financial instruments (continued)

Classification and initial measurement of financial instruments

All financial instruments are initially measured at fair value and adjusted for transaction costs, where applicable. Financial instruments are classified as: those measured at amortized cost, fair value through other comprehensive income (assets only), or fair value through profit and loss (FVTPL).

Halifax Water has classified its financial instruments as follows:

<u>Asset/Liability</u>	<u>Classification</u>
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Payables and accruals	Amortized cost
Long term debt	Amortized cost
Contractor and customer deposits	Amortized cost

The classification is determined by both the Halifax Water business model for managing the financial instrument and the contractual cash flow characteristics of the financial instrument.

Subsequent measurement of financial assets

Financial assets are measured subsequently at amortized cost if the assets meet the following conditions, and are not designated as FVTPL:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial instruments are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Impairment of financial assets

Impairment requirements use more forward-looking information to recognize expected credit losses, the expected credit loss (ECL) model. Financial assets that are subject to the ECL model include cash and cash equivalents and receivables.

Subsequent measurement of financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method. All interest charges are included in interest costs or revenues within the statement of earnings and comprehensive earnings.

(n) Provisions

A provision is recognized in the statement of financial position when Halifax Water has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the obligation.

(o) Impairments

At the end of each reporting period, Halifax Water reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication of an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. The recoverable amount of any asset is the higher of its fair value less costs to sell and its value in use.

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

2. Summary of material accounting policies (continued)

(o) Impairments (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (CGU), which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Halifax Water has three CGU's (Water, Wastewater and Stormwater) for which impairment testing is performed.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in earnings. When an impairment loss is subsequently reversed, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(p) Intangible assets

Intangible assets include land rights, water removal rights, studies, and capital master plans. These are recorded at cost less accumulated amortization. Land rights include payment for easements and right of use over land and have an indefinite useful life. Intangibles with finite useful lives are amortized annually over the estimated useful lives. The expected useful lives are as follows:

Intangible assets	5 to 30 years
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(q) Employee benefit obligations

Halifax Water accrues annually, the estimated liabilities for pension and other employee benefits.

Pension benefits

Halifax Water provides employment, post-retirement and pre-retirement benefits through defined benefit plans and supplemental retirement plans.

The cost of pension benefits for the supplemental retirement plans are expensed at the time active employees are compensated.

The defined benefit plan sponsored by Halifax Water determines the amount of pension benefits employees will receive on retirement by reference to length of service and salary levels. Obligations associated with the defined benefit plan reside with Halifax Water, even if plan assets for funding the plan are set aside.

The liability recognized in the statement of financial position for the defined benefit plan sponsored by Halifax Water is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets.

Management estimates the defined benefit obligation annually with assistance from an independent actuaries using the projected unit credit method. The defined benefit obligation uses estimates for inflation, medical cost trends, mortality, and anticipated salary levels. The discount factor used to present value estimated future cash flows is determined with reference to high quality corporate bonds that have terms to maturity approximating the terms of the related pension liability.

Gains and losses resulting from re-measurements of the net defined benefit liability are charged to other comprehensive income in the period in which they arise. Service costs are recognized immediately into earnings.

Net interest cost related to pension obligations and returns on plan assets are included in salary and benefits on the statement of earnings.

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

2. Summary of material accounting policies (continued)

(q) Employee benefit obligations (continued)

Halifax Water is responsible for funding the employer share of contributions to the HRM pension plan for certain employees that transferred from HRM as of August 1, 2007. HRM administers this defined benefit pension plan and Halifax Water reimburses HRM for the pension costs related to Halifax Water's proportionate share of the employees covered under the plan. Due to the nature of the plan, Halifax Water does not have sufficient information to account for the plan as a defined benefit pension plan; therefore, the multi-employer defined benefit plan is accounted for in the same manner as the supplemental retirement plans. An expense is recorded in the period when Halifax Water is obligated to make contributions for services rendered by the employee.

Short-term employee benefits

Short-term employee benefit obligations that are due to be settled wholly within twelve months after the end of the annual reporting period in which the employees rendered the related service are measured on an undiscounted basis and are expensed as the related service is provided.

(r) Regulatory deferral account

The regulatory deferral account is recognized and measured at historical cost less depreciation. Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

(s) Accounting policies not yet effective

At the date of authorization of these financial statements, new, but not yet effective, IFRS Accounting Standards and amendments to existing IFRS Accounting Standards, and Interpretations have been published by the IASB or International Financial Reporting Interpretations Committee:

IFRS Accounting Standard 18 Presentation and Disclosure in Financial Statements, effective April 1, 2027. This IFRS Accounting Standard sets out requirements for the presentation and disclosure of information in general-purpose financial statements and will have a significant impact on how statements are presented. Management is currently evaluating this IFRS Accounting Standard and its impact on the financial statements.

IFRS Accounting Standard 20 Regulatory Assets and Regulatory Liabilities, effective April 1, 2029. This IFRS Accounting Standard outlines new recognition and measurement requirements, as well as presentation and disclosures related to timing differences of rate regulated assets and the impact on performance of rate regulated entities. Management is currently evaluating this IFRS Accounting Standard and its impact on the financial statements.

None of these IFRS Accounting Standards or amendments to existing IFRS Accounting Standards have been adopted early by Halifax Water and no Interpretations have been issued that are applicable and need to be taken into consideration by Halifax Water. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New IFRS Accounting Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they have not had a material impact on Halifax Water's financial statements.

3. Contingent liabilities

Halifax Water has reviewed environmental risk factors at properties owned to determine whether there is an obligation for reclamation. As of the date of issue of the financial statements the likelihood of any related liability is not determinable.

There are active claims against Halifax Water; however, the likelihood of actual liability is not determinable at this time. If Halifax Water's defense of active claims is unsuccessful, the potential exposure would be \$1,000 - \$2,000.

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

4. Employee benefit surplus (obligations)

Retirement benefit plan – employees transferred from HRM

For employees that transferred from HRM, Halifax Water records an expense for the employer's share of the contributions to the Halifax Regional Municipality Pension Plan (HRM Pension Plan) in the period when Halifax Water is obligated to make contributions for services rendered by the employee. During 2026, Halifax Water funded \$430 (2025 - \$446) in contributions to the HRM Pension Plan. The number of employees included in this plan is 35 (2025 - 39) and this number is reducing over time. As former HRM employees retire, they are replaced with employees in the Halifax Regional Water Commission Employee Pension Plan (the Plan).

Supplemental retirement plans sponsored by Halifax Water

For employees who participate in the supplemental retirement plans, the cost of pension benefits are expensed at the time active employees are compensated. During 2026, Halifax Water funded \$38 (2025 - \$22) in contributions to these plans. The number of employees included in these plans is 17 (2025 - 11).

Defined benefit plan sponsored by Halifax Water and other long term employment benefits

For all other employees, Halifax Water maintains a defined benefit pension plan and offers post-retirement health and insurance benefits. The defined benefit pension plan provides pensions based upon length of service and best five consecutive years' earnings. The defined benefit pension plan is funded by employer and employee contributions with employees contributing 8.96% (8.72% to December 31, 2025, 9.60% to December 31, 2024) of pensionable employee earnings. Halifax Water matched employee contributions until January 2026 when an employer contribution holiday began. The defined benefit pension plan assets are managed by the HRM Pension Committee.

Employees, who retired prior to July 1, 1998, have extended health benefits coverage for life, and drug coverage until age 65. Employees, who retired after July 1, 1998 and before December 31, 2008, had coverage for extended health, drug, dental and life insurance until age 65 on a 50/50 cost shared basis. Employees who retired after December 31, 2008 have coverage for extended health, drug, dental and life insurance until age 65 on a 100% retiree paid basis. As of March 31, 2025, only pre-July 1998 participants remain with employer funded coverage, as such the actuarial assumptions for the post-retirement benefits reflect only the remaining health benefit trending percentage. Extended health coverage for retirees and their spouses after the age of 65 is available on an optional basis at 100% retiree cost and drug coverage is available through the provincially managed drug program.

Halifax Water has a non-funded pre-retirement benefit that is accrued annually, and is payable on retirement, termination or death of the employee. For individuals who elected to defer receipt of their benefit until the time which they leave employment, their individual benefit equates to approximately three days' pay for each year of completed service. Completed service for unionized employees was frozen as at June 7, 2019, and June 20, 2019 for non-union employees, for the purposes of determining their pre-retirement benefit. Pre-retirement benefits accrue to a maximum of six months' salary and can be taken as a lump sum payment at the time of retirement in lieu of pre-retirement leave.

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

4. Employee benefit surplus (obligations) (continued)

Information about Halifax Water's plans, based on an actuarial valuation of the defined benefit pension plan, and an actuarial extrapolation of the pre-retirement benefits and the post-retirement benefits as at March 31, 2026, is as follows:

	Defined benefit pension plan		Post-retirement benefits		Pre-retirement benefits		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
Change in accrued benefit obligation								
Balance, April 1	\$ 217,338	\$ 199,825	\$ 235	\$ 212	\$ 1,436	\$ 1,441	\$ 219,009	\$ 201,478
Current service cost	17,717	11,512	85	54	74	72	17,876	11,638
Interest cost	10,628	9,850	9	9	66	68	10,703	9,927
Benefit payments	(7,546)	(9,122)	(48)	(38)	(40)	(272)	(7,634)	(9,432)
Re-measurements – actuarial (gains)/losses from changes in financial/experience assumptions	(16,565)	5,273	(5)	(2)	(31)	127	(16,601)	5,398
Balance, March 31	<u>221,572</u>	<u>217,338</u>	<u>276</u>	<u>235</u>	<u>1,505</u>	<u>1,436</u>	<u>223,353</u>	<u>219,009</u>
Change in fair value of plan assets								
Balance, April 1	220,062	199,125	-	-	-	-	220,062	199,125
Investment income	10,568	9,742	-	-	-	-	10,568	9,742
Administrative expenses	(171)	(114)	-	-	-	-	(171)	(114)
Actual return on plan assets	8,758	11,803	-	-	-	-	8,758	11,803
Benefit payments	(7,546)	(9,122)	(48)	(38)	(40)	(272)	(7,634)	(9,432)
Contributions: Employee	4,912	4,419	-	-	-	-	4,912	4,419
Employer	<u>3,033</u>	<u>4,209</u>	<u>48</u>	<u>38</u>	<u>40</u>	<u>272</u>	<u>3,121</u>	<u>4,519</u>
Balance, March 31	<u>239,616</u>	<u>220,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,616</u>	<u>220,062</u>
Accrued benefit surplus (liability), March 31	<u>\$ 18,044</u>	<u>\$ 2,724</u>	<u>\$ (276)</u>	<u>\$ (235)</u>	<u>\$ (1,505)</u>	<u>\$ (1,436)</u>	<u>\$ 16,263</u>	<u>\$ 1,053</u>

On December 5, 2025, the Halifax Water Board, as Trustees of the Halifax Regional Water Commission Employees' Pension Plan approved an employer contribution holiday to commence January 1, 2026 as a result of the plan's funded status exceeding 125%. The approved contribution holiday of \$1,900 is expected to be reached by May 2026. The impact in 2026 is a savings of \$1,267.

Included in the statement of earnings and comprehensive earnings is pension expense of \$12,925 (2025 - \$7,045).

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

4. Employee benefit surplus (obligations) (continued)

The significant actuarial assumptions adopted in measuring Halifax Water's accrued benefit obligations are as follows:

	2026	2025	2026	2025	2026	2025
	Defined benefit Pension plan	Defined benefit Pension plan	Post- retirement benefits	Post- retirement benefits	Pre- retirement benefit	Pre- retirement benefit
Discount rate	5.20%	4.80%	4.60%	4.20%	4.70%	4.40%
Expected return on plan assets	5.20%	4.80%	N/A	N/A	N/A	N/A
Rate of compensation increase	3.90%	3.75%	N/A	N/A	3.90%	3.90%
Expenses for life benefits as a % of claims	N/A	N/A	0.00%	0.00%	N/A	N/A
Health benefit trending per year	N/A	N/A	6.16%	6.30%	N/A	N/A
Dental benefit trending per year	N/A	N/A	0.00%	0.00%	N/A	N/A

The measurement date used to determine the plan assets and the accrued benefit obligation was March 31, 2026. The most recent actuarial valuation for the defined benefit pension plan was January 1, 2025, with the next actuarial valuation scheduled for January 1, 2028. The most recent actuarial valuation for the accrued benefit obligation was March 31, 2024. Going concern extrapolations of the defined benefit pension plan occur annually between the actuarial valuation dates.

The estimated employer contributions expected to be paid to the pension plans for the next fiscal year are \$4,820.

5. Regulatory deferral account

In 2011, the NSRAB granted Halifax Water approval to defer depreciation charges on certain assets transferred in 2010 from HRM relating to the Halifax Harbour Solutions Project (HHSP). Depreciation of \$2,078 was deferred in each of fiscal 2011 and 2012. As a result, Halifax Water recognized a \$4,156 regulatory deferral account. In absence of rate regulation, this regulatory deferral account would have been expensed as depreciation in fiscal 2011 and 2012. In 2012, the NSRAB granted approval of the depreciation of this deferral account over the remaining useful lives of the underlying assets, beginning in 2014. The expense recognized in 2026 is \$192 (2025 - \$192).

	2026	2025
Balance, April 1	\$ 1,852	\$ 2,044
Depreciation	(192)	(192)
Balance, March 31	\$ 1,660	\$ 1,852

6. Commitments

An agreement with HRM for the dividend/grant in lieu of taxes (dividend) for the period from April 1, 2023 through March 31, 2028 whereby dividend payments are approved as part of revenue requirements by the NSRAB. The total amount payable will be calculated based on Property Valuation Services Corporation's (PVSC) assessed value of Halifax Water properties and the property tax rates set by HRM each fiscal year. The assessed value of Halifax Water properties will be reduced by a declining percentage over the five-year period to phase in this new approach. For the fiscal year ended March 31, 2026, the assessed values of the properties were reduced by 4% for the calculation (2025 reduced by 6%). The payment is allocated to each service based on no more than 1.56% times the water rate base, at least 0.25% times the wastewater rate base, and at least 0.25% times the stormwater rate base. In the event these allocations are not sufficient to fund the payment in any given fiscal year, the allocations for wastewater and stormwater will be increased to an amount sufficient to fund the payment. In a December 16, 2025 order, the NSRAB did not approve a dividend for wastewater and stormwater for 2026, resulting in a reduction of the dividend of \$988 from 2025.

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

7. Capital management

Halifax Water's objective when managing capital is to ensure sufficient liquidity to support its financial obligations and execute its operating and capital plans. Halifax Water monitors and adjusts its capital structure through additional borrowings of long term debt which are used to finance capital projects.

Halifax Water considers its total capitalization to include all long term debt and total equity. The calculation is set out as follows:

	<u>2026</u>	<u>2025</u>
Long term debt	\$ 341,558	\$ 293,010
Equity	<u>321,620</u>	<u>309,346</u>
Capital under management	<u>\$ 663,178</u>	<u>\$ 602,356</u>

Halifax Water has obtained regulatory approval for all borrowings during the fiscal year. Halifax Water is not subject to financial borrowing covenants other than as outlined in Note 9.

8. Financial instruments and risk management

Halifax Water applies a three-tier hierarchy framework for disclosing fair value of financial instruments, based on whether the inputs into the various valuation techniques are observable or unobservable. Observable techniques reflect market data obtained from independent sources, while unobservable inputs reflect management assumptions. Changes in valuation techniques of financial instruments may result in transfers of assigned levels. The hierarchy of input is as follows:

Level I	Quoted prices in active markets for identical assets or liabilities;
Level II	Inputs other than quoted prices included in Level I that are observable, either directly or indirectly; and
Level III	Inputs that are not based on observable market data.

The carrying values of current assets and current liabilities approximate their fair value due to the relatively short period to maturity of these financial instruments. The fair value of fixed rate long term debt is assumed to approximate its carrying value given the limitations where Halifax Water can obtain long term debt.

There were no transfers between classes of the fair value hierarchy during the year.

Halifax Water is exposed to risks as a result of holding financial instruments. Management considers and evaluates those risks on an on-going basis to ensure that the risks are appropriately managed. These potential risks include credit risk, interest risk, market risk and liquidity risk.

Credit risk

Credit risk arises from the possibility that Halifax Water's customers may experience financial difficulty and be unable to fulfill their obligations. Halifax Water's maximum exposure to credit risk corresponds to customer charges and contractual receivables. However, Halifax Water's customers are numerous and diverse, which reduces the concentration of credit risk.

Halifax Water makes use of a simplified approach in accounting for receivables and records the loss allowance as lifetime expected credit loss (ECL). These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, Halifax Water uses its historical experience, external indicators and forward-looking information to calculate the ECL for non-government balances using a provision matrix. Halifax Water includes 75% of the balance of closed accounts in the allowance and 1% of active accounts. Halifax Water assesses impairment of receivables on a collective basis. As receivables possess shared credit risk characteristics, receivables have been grouped based on the days past due.

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

8. Financial instruments and risk management (continued)

An analysis of Halifax Water's receivables and continuity of Halifax Water's provision for impairment losses on receivables is as follows:

	<u>2026</u>	<u>2025</u>
Customer charges, contractual, and unbilled service revenues	\$ 54,413	\$ 46,447
Less: allowance for doubtful accounts	<u>(2,910)</u>	<u>(2,577)</u>
	<u>\$ 51,503</u>	<u>\$ 43,870</u>

The credit quality of financial assets that are neither past due nor impaired are assessed with reference to historical information and includes the following considerations; new customers, existing customers and payment pattern history.

Interest risk

Interest risk arises from the possibility that changes in interest rates will cause fluctuations in expenses and/or cash flows associated with Halifax Water's long term debt. Halifax Water's long term debt has been acquired with a variety of fixed rates and has staggered maturity dates which mitigates the interest rate risk.

Market risk

Market risk arises from the possibility that the value of an investment will fluctuate as a result of changes in market prices. These changes could affect the market value of the investments in Halifax Water's Plan and consequently the Plan's surplus. The risk is mitigated by the Plan diversifying the types of investments in its portfolio.

Liquidity risk

Liquidity risk arises from the possibility of Halifax Water not being able to meet its cash requirements in a timely and cost-effective manner. Halifax Water manages this risk by closely monitoring the cash on hand in comparison to upcoming cash commitments.

9. Related party transactions

The immediate parent and ultimate controlling party of Halifax Water is HRM.

Amounts receivable from HRM have normal credit terms.

Halifax Water had the following related party transactions with HRM:

	<u>2026</u>	<u>2025</u>
Revenue for provision of Water, Wastewater and Stormwater Services	\$ 8,087	\$ 7,834
Public fire protection revenue	8,682	8,083
Dividend/grant in lieu of taxes	(5,834)	(6,816)
Operating expenditures	<u>(1,605)</u>	<u>(2,996)</u>
Net revenue and expenditures	<u>\$ 9,330</u>	<u>\$ 6,105</u>

The debt issued by Halifax Water was covered by a blanket guarantee from HRM subject to Halifax Water maintaining a debt service ratio of less than 35%. The debt service ratio at March 31, 2026 is 17.04% (2025 - 17.64%).

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

9. Related party transactions (continued)

Compensation of key management personnel

Members of the Board of Commissioners and Executive Management team are deemed to be key management personnel. It is the Board of Commissioners and Executive Management team who have the responsibility for planning, directing and controlling the activities of Halifax Water.

The following is compensation expense for key management personnel:

	<u>2026</u>	<u>2025</u>
Compensation and benefits	\$ 1,592	\$ 1,463
Post-employment benefits	<u>105</u>	<u>118</u>
Total compensation	<u>\$ 1,697</u>	<u>\$ 1,581</u>

10. Intangible assets

	<u>2026</u>	<u>2025</u>
Cost		
Balance, April 1	\$ 64,429	\$ 52,928
Additions	<u>21,212</u>	<u>11,501</u>
Balance, March 31	<u>85,641</u>	<u>64,429</u>
Accumulated amortization		
Balance, April 1	21,574	16,939
Amortization	<u>6,506</u>	<u>4,635</u>
Balance, March 31	<u>28,080</u>	<u>21,574</u>
Net book value, March 31	<u>\$ 57,561</u>	<u>\$ 42,855</u>

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

11. Utility plant in service

		Structures and Land improvements	Treatment and network equipment	Distribution and collection network	Tools and work equipment	Total
Cost						
Balance, April 1, 2025	\$ 25,806	\$ 314,941	\$ 315,310	\$ 1,129,488	\$ 55,672	\$ 1,841,217
Additions	-	7,998	17,440	89,238	6,318	120,994
Disposals	-	-	-	(3,082)	-	(3,082)
Balance, March 31, 2026	<u>25,806</u>	<u>322,939</u>	<u>332,750</u>	<u>1,215,644</u>	<u>61,990</u>	<u>1,959,129</u>
Accumulated depreciation						
Balance, April 1, 2025	\$ -	\$ 111,144	\$ 156,729	\$ 192,801	\$ 34,642	\$ 495,316
Depreciation	-	9,530	17,381	21,738	6,952	55,601
Depreciation retired	-	-	-	(313)	-	(313)
Balance, March 31, 2026	<u>-</u>	<u>120,674</u>	<u>174,110</u>	<u>214,226</u>	<u>41,594</u>	<u>550,604</u>
Net book value, March 31, 2026	<u>\$ 25,806</u>	<u>\$ 202,200</u>	<u>\$ 158,640</u>	<u>\$ 1,001,418</u>	<u>\$ 20,396</u>	<u>\$ 1,408,525</u>

		Structures and Land improvements	Treatment and network equipment	Distribution and collection network	Tools and work equipment	Total
Cost						
Balance, April 1, 2024	\$ 25,771	\$ 291,756	\$ 299,014	\$ 1,066,536	\$ 46,430	\$ 1,729,507
Additions	35	23,185	16,296	62,952	9,328	111,796
Disposals	-	-	-	-	(86)	(86)
Balance, March 31, 2025	<u>25,806</u>	<u>314,941</u>	<u>315,310</u>	<u>1,129,488</u>	<u>55,672</u>	<u>1,841,217</u>
Accumulated depreciation						
Balance, April 1, 2024	\$ -	\$ 101,717	\$ 140,249	\$ 172,173	\$ 27,857	\$ 441,996
Depreciation	-	9,427	16,480	20,628	6,871	53,406
Depreciation retired	-	-	-	-	(86)	(86)
Balance, March 31, 2025	<u>-</u>	<u>111,144</u>	<u>156,729</u>	<u>192,801</u>	<u>34,642</u>	<u>495,316</u>
Net book value, March 31, 2025	<u>\$ 25,806</u>	<u>\$ 203,797</u>	<u>\$ 158,581</u>	<u>\$ 936,687</u>	<u>\$ 21,030</u>	<u>\$ 1,345,901</u>

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

12. Deferred contributed capital

	<u>2026</u>	<u>2025</u>
Balance, April 1	\$ 971,132	\$ 947,308
Assets contributed during the year	42,244	10,113
Contributions and interest	30,379	32,833
Amortization	<u>(19,343)</u>	<u>(19,122)</u>
Balance, March 31	1,024,412	971,132
Less: current portion	<u>(19,885)</u>	<u>(19,249)</u>
Net deferred contributed capital	<u>\$ 1,004,527</u>	<u>\$ 951,883</u>

Deferred contributed capital is comprised of contributions received by Halifax Water for the acquisition of utility plant in service. Contributions for capital expenditures are amortized over the estimated useful lives of the assets.

13. Long term debt

	<u>Interest rates</u>	<u>2026</u>	<u>2025</u>
Payable to Nova Scotia Department of Finance and Treasury Board			
Water	0.565% to 5.460%	\$ 151,782	\$ 129,794
HHSP	2.205% to 2.561%	2,600	3,250
Wastewater	0.565% to 5.460%	145,591	123,961
Stormwater	0.565% to 5.460%	<u>43,554</u>	<u>37,656</u>
		343,527	294,661
Less: debt issue costs		<u>(1,969)</u>	<u>(1,651)</u>
		341,558	293,010
Less: amount payable within one year		<u>(24,926)</u>	<u>(32,881)</u>
		<u>\$ 316,632</u>	<u>\$ 260,129</u>

During the year Halifax Water acquired \$68,000 (2025 – \$80,000) in new debt with a ten year term and thirty year amortization period and refinanced \$15,403 (2025 - \$16,865) in existing debt for the remaining ten year term.

The debentures are repayable in fixed annual principal instalments plus interest payable semi-annually. Interest expensed during the year was \$11,924 (2025 - \$9,294). Principal instalments for the next five years are as follows:

2026/27	\$ 24,926
2027/28	\$ 25,847
2028/29	\$ 27,847
2029/30	\$ 32,847
2030/31	\$ 32,847
Thereafter	\$ 199,213

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2026 (in thousands)

14. Operating expenditures by nature	<u>2026</u>	<u>2025</u>
Salaries and benefits	\$ 56,970	\$ 52,337
Pension	10,003	3,107
Training and conferences	660	633
Contract services	21,517	21,149
Electricity	9,774	9,334
Operating supplies	21,311	18,493
Professional services	6,044	5,254
Chemicals	9,784	9,549
Depreciation on assets allocated to departments	1,837	1,846
Depreciation and amortization	<u>60,270</u>	<u>56,195</u>
	\$ 198,170	\$ 177,897

15. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current fiscal year.

16. Revenue Deficiency Account

Halifax Water is in the process of establishing an Ambient Temperature District Energy System (DES) and as such, has approval from the NSRAB to establish a Revenue Deficiency Account (RDA). The RDA will accumulate expenditures being made in relation to the DES. Once the DES is operational, RDA amounts will be recovered through the setting of rates which reflect the cost of providing this service together with a provision for the recovery of the amounts accumulated in the RDA over a reasonable period of time. There is no balance in the RDA as of March 31, 2026 as the infrastructure is not yet complete. Capital costs to March 31, 2026, net of Federal funding, are reflected in the total balance of work in progress \$2,367 (2025 - \$3,391).

Halifax Regional Water Commission Schedule of utility plant in service

Year ended March 31, 2026 (in thousands)

Schedule A

Water

Cost	Land	Structures and improvements	Pumping equipment	Purification equipment	SCADA equipment	Transmission & distribution mains	Services	Meters	Hydrants	Aerotech and small systems	Tools and work equipment	Total
Balance, April 1, 2025	\$ 18,250	\$ 153,254	\$ 11,379	\$ 33,375	\$ 12,818	\$ 469,109	\$ 55,126	\$ 19,754	\$ 25,356	\$ 10,371	\$ 56,507	\$ 865,299
Additions	-	3,807	858	1,102	1,545	35,782	3,638	404	1,984	1,156	12,782	63,058
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance, March 31, 2026	18,250	157,061	12,237	34,477	14,363	504,891	58,764	20,158	27,340	11,527	69,289	928,357
Accumulated depreciation												
Balance, April 1, 2025	\$ -	\$ 43,041	\$ 9,291	\$ 24,690	\$ 7,062	\$ 121,975	\$ 15,107	\$ 9,436	\$ 8,221	\$ 5,475	\$ 32,340	\$ 276,638
Depreciation	-	3,066	240	759	636	6,246	1,052	936	509	460	5,637	19,541
Depreciation retired	-	-	-	-	-	-	-	-	-	-	-	-
Balance, March 31, 2026	-	46,107	9,531	25,449	7,698	128,221	16,159	10,372	8,730	5,935	37,977	296,179
Net book value, March 31, 2026	\$ 18,250	\$ 110,954	\$ 2,706	\$ 9,028	\$ 6,665	\$ 376,670	\$ 42,605	\$ 9,786	\$ 18,610	\$ 5,592	\$ 31,312	\$ 632,178
Cost												
Balance, April 1, 2024	\$ 18,215	\$ 138,022	\$ 10,778	\$ 32,880	\$ 12,241	\$ 442,189	\$ 50,440	\$ 19,372	\$ 23,506	\$ 10,056	\$ 49,282	\$ 806,981
Additions	35	15,232	601	495	577	26,920	4,686	382	1,850	315	7,354	58,447
Disposals	-	-	-	-	-	-	-	-	-	-	(129)	(129)
Balance, March 31, 2025	18,250	153,254	11,379	33,375	12,818	469,109	55,126	19,754	25,356	10,371	56,507	865,299
Accumulated depreciation												
Balance, April 1, 2024	\$ -	\$ 40,247	\$ 9,069	\$ 23,955	\$ 6,476	\$ 116,216	\$ 11,570	\$ 8,530	\$ 6,359	\$ 5,046	\$ 27,502	\$ 254,970
Depreciation	-	2,794	222	735	586	5,759	3,537	906	1,862	429	4,967	21,797
Depreciation retired	-	-	-	-	-	-	-	-	-	-	(129)	(129)
Balance, March 31, 2025	-	43,041	9,291	24,690	7,062	121,975	15,107	9,436	8,221	5,475	32,340	276,638
Net book value, March 31, 2025	\$ 18,250	\$ 110,213	\$ 2,088	\$ 8,685	\$ 5,756	\$ 347,134	\$ 40,019	\$ 10,318	\$ 17,135	\$ 4,896	\$ 24,167	\$ 588,661

Schedule A is presented in accordance with the NSRAB Handbook.

Utility plant in service under IFRS Accounting Standards differs from the NSRAB Handbook due to exclusion of intangible assets, componentization of certain assets and differences in useful lives for depreciation.

Halifax Regional Water Commission Schedule of utility plant in service

Year ended March 31, 2026 (in thousands)

Schedule A

Wastewater

Cost	Land	Structures and improvements	Pumping equipment	Purification equipment	SCADA equipment	Transmission & distribution mains	Laterals	Meters	Aerotech and small systems	Tools and work equipment	Total
Balance, April 1, 2025	\$ 7,083	\$ 210,339	\$ 33,827	\$ 190,510	\$ 16,807	\$ 373,802	\$ 44,142	\$ 9,491	\$ 14,841	\$ 72,953	\$ 973,795
Additions	-	3,664	809	7,869	816	15,881	4,888	-	2,090	12,456	48,473
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance, March 31, 2026	7,083	214,003	34,636	198,379	17,623	389,683	49,030	9,491	16,931	85,409	1,022,268
Accumulated depreciation											
Balance, April 1, 2025	\$ -	\$ 85,521	\$ 14,606	\$ 117,741	\$ 7,753	\$ 95,091	\$ 6,544	\$ 2,775	\$ 8,191	\$ 37,804	\$ 376,026
Depreciation	-	4,427	1,536	9,822	911	5,164	950	488	1,456	6,752	31,506
Depreciation retired	-	-	-	-	-	-	-	-	-	-	-
Balance, March 31, 2026	-	89,948	16,142	127,563	8,664	100,255	7,494	3,263	9,647	44,556	407,532
Net book value, March 31, 2026	\$ 7,083	\$ 124,055	\$ 18,494	\$ 70,816	\$ 8,959	\$ 289,428	\$ 41,536	\$ 6,228	\$ 7,284	\$ 40,853	\$ 614,736
Cost											
Balance, April 1, 2024	\$ 7,083	\$ 203,394	\$ 29,960	\$ 184,411	\$ 16,333	\$ 362,940	\$ 38,891	\$ 9,109	\$ 13,546	\$ 61,089	\$ 926,756
Additions	-	6,945	3,867	6,099	474	10,862	5,251	382	1,295	12,079	47,254
Disposals	-	-	-	-	-	-	-	-	-	(215)	(215)
Balance, March 31, 2025	7,083	210,339	33,827	190,510	16,807	373,802	44,142	9,491	14,841	72,953	973,795
Accumulated depreciation											
Balance, April 1, 2024	\$ -	\$ 81,352	\$ 13,238	\$ 108,434	\$ 6,876	\$ 89,944	\$ 5,704	\$ 2,314	\$ 6,876	\$ 32,412	\$ 347,150
Depreciation	-	4,169	1,368	9,307	877	5,147	840	461	1,315	5,607	29,091
Depreciation retired	-	-	-	-	-	-	-	-	-	(215)	(215)
Balance, March 31, 2025	-	85,521	14,606	117,741	7,753	95,091	6,544	2,775	8,191	37,804	376,026
Net book value, March 31, 2025	\$ 7,083	\$ 124,818	\$ 19,221	\$ 72,769	\$ 9,054	\$ 278,711	\$ 37,598	\$ 6,716	\$ 6,650	\$ 35,149	\$ 597,769

Schedule A is presented in accordance with the NSRAB Handbook.

Utility plant in service under IFRS Accounting Standards differs from the NSRAB Handbook due to exclusion of intangible assets, componentization of certain assets and differences in useful lives for depreciation.

Halifax Regional Water Commission Schedule of utility plant in service

Schedule A

Year ended March 31, 2026 (in thousands)

Stormwater

	Land	Structures and improvements	Collection system	Laterals	Tools and work equipment	Total
Cost						
Balance, April 1, 2025	\$ 473	\$ 13,384	\$ 320,719	\$ 6,161	\$ 10,820	\$ 351,557
Additions	-	230	27,441	743	2,262	30,676
Disposals	-	-	(3,082)	-	-	(3,082)
Balance, March 31, 2026	473	13,614	345,078	6,904	13,082	379,151
Accumulated depreciation						
Balance, April 1, 2025	\$ -	\$ 3,162	\$ 90,641	\$ 1,160	\$ 6,175	\$ 101,138
Depreciation	-	253	7,843	131	1,070	9,297
Depreciation retired	-	-	(313)	-	-	(313)
Balance, March 31, 2026	-	3,415	98,171	1,291	7,245	110,122
Net book value, March 31, 2026	\$ 473	\$ 10,199	\$ 246,907	\$ 5,613	\$ 5,837	\$ 269,029
Cost						
Balance, April 1, 2024	\$ 473	\$ 12,732	\$ 305,539	\$ 5,826	\$ 9,111	\$ 333,681
Additions	-	652	15,180	335	1,709	17,876
Disposals	-	-	-	-	-	-
Balance, March 31, 2025	473	13,384	320,719	6,161	10,820	351,557
Accumulated depreciation						
Balance, April 1, 2024	\$ -	\$ 2,918	\$ 82,005	\$ 1,041	\$ 5,253	\$ 91,217
Depreciation	-	244	8,636	119	922	9,921
Depreciation retired	-	-	-	-	-	-
Balance, March 31, 2025	-	3,162	90,641	1,160	6,175	101,138
Net book value, March 31, 2025	\$ 473	\$ 10,222	\$ 230,078	\$ 5,001	\$ 4,645	\$ 250,419

Collective utility plant in service	Water	Wastewater	Stormwater	Total
Net book value, March 31, 2026	\$ 632,178	\$ 614,736	\$ 269,029	\$ 1,515,943
Net book value March 31, 2025	\$ 588,661	\$ 597,769	\$ 250,419	\$ 1,436,849

Schedule A is presented in accordance with the NSRAB Handbook.

Utility plant in service under IFRS Accounting Standard differs from the NSRAB Handbook due to exclusion of intangible assets, componentization of certain assets and differences in useful lives for depreciation.

Halifax Regional Water Commission

Schedule of long term debt

Year ended March 31, 2026 (in thousands)

Schedule B

	<u>Interest rate</u>	<u>Maturity</u>	<u>Balance Remaining</u>	
			<u>2026</u>	<u>2025</u>
Payable to NS Finance and Treasury Board				
Water				
Debenture 35 A 1	2.573% to 2.894%	2025	\$ -	\$ 7,407
Debenture 36 A 1	2.443% to 2.925%	2026	200	400
Debenture 36 B 1	2.048% to 2.506%	2026	2,386	2,603
Debenture 37 A 1	2.671% to 3.073%	2027	2,100	2,275
Debenture 38 A 1	2.884% to 3.300%	2028	300	400
Debenture 38 B 1	3.048% to 3.389%	2028	3,900	4,200
Debenture 39 A 1	2.205% to 2.561%	2029	7,700	8,250
Debenture 40 A 1	0.995% to 1.879%	2030	9,000	9,600
Debenture 40 B 1	0.565% to 2.376%	2031	8,000	8,500
Debenture 42 A 1	2.575% to 3.782%	2032	11,824	12,262
Debenture 42 B 1	4.177% to 4.116%	2032	3,757	4,615
Debenture 43 A 1	3.550% to 4.714%	2033	4,045	4,550
Debenture 43 B 1	4.897% to 5.460%	2033	2,965	3,335
Debenture 43 B 1	4.897% to 5.460%	2033	18,886	19,561
Debenture 44 A 1	4.438% to 4.940%	2034	5,800	6,000
Debenture 44 B 1	2.720% to 4.096%	2034	6,153	6,836
Debenture 44 B 1	2.720% to 4.096%	2034	28,033	29,000
Debenture 45 A 1	2.720% to 4.096%	2035	6,733	-
Debenture 45 A 1	2.720% to 4.096%	2035	15,000	-
Debenture 45 B 1	2.511% to 3.872%	2035	15,000	-
Wastewater				
Debenture 35 A 1	2.573% to 2.894%	2025	-	7,761
Debenture 36 B 1	2.048% to 2.506%	2026	997	1,088
Debenture 37 A 1	2.671% to 3.073%	2027	3,660	3,965
Debenture 38 B 1	3.048% to 3.389%	2028	4,160	4,480
Debenture 39 A 1	2.205% to 2.561%	2029	11,350	11,250
Debenture 40 A 1	0.955% to 1.879%	2030	5,550	6,940
Debenture 40 B 1	0.565% to 2.376%	2031	4,800	5,100
Debenture 42 A 1	2.575% to 3.782%	2032	12,039	13,759
Debenture 42 B 1	4.177% to 4.116%	2032	1,608	1,516
Debenture 43 A 1	3.550% to 4.714%	2033	6,744	7,587
Debenture 43 B 1	4.897% to 5.460%	2033	4,357	4,902
Debenture 43 B 1	4.897% to 5.460%	2033	13,068	13,535
Debenture 44 A 1	4.438% to 4.940%	2034	2,506	2,785
Debenture 44 A 1	4.438% to 4.940%	2034	5,800	6,000
Debenture 44 B 1	2.720% to 4.096%	2034	3,864	4,293
Debenture 44 B 1	2.720% to 4.096%	2034	28,033	29,000
Debenture 45 A 1	2.720% to 4.096%	2035	7,055	-
Debenture 45 A 1	2.720% to 4.096%	2035	15,000	-
Debenture 45 B 1	2.511% to 3.872%	2035	15,000	-
HHSP				
Debenture 39 A 1	2.205% to 2.561%	2029	2,600	3,250
Stormwater				
Debenture 35 A 1	2.573% to 2.894%	2025	-	1,776
Debenture 36 B 1	2.048% to 2.506%	2026	496	541
Debenture 37 A 1	2.671% to 3.073%	2027	240	260
Debenture 38 B 1	3.048% to 3.389%	2028	1,690	1,820
Debenture 39 A 1	2.205% to 2.561%	2029	2,800	3,000
Debenture 40 A 1	0.955% to 1.879%	2030	4,200	4,480
Debenture 40 B 1	0.565% to 2.376%	2031	3,200	3,400
Debenture 42 A 1	2.575% to 3.782%	2032	2,350	2,437
Debenture 43 A 1	3.550% to 4.714%	2033	216	243
Debenture 43 B 1	4.897% to 5.460%	2033	1,056	1,188
Debenture 43 B 1	4.897% to 5.460%	2033	5,368	5,560
Debenture 44 A 1	4.438% to 4.940%	2034	2,900	3,000
Debenture 44 B 1	2.720% to 4.096%	2034	2,656	2,951
Debenture 44 B 1	2.720% to 4.096%	2034	6,767	7,000
Debenture 45 A 1	2.720% to 4.096%	2035	1,615	-
Debenture 45 A 1	2.720% to 4.096%	2035	4,000	-
Debenture 45 B 1	2.511% to 3.872%	2035	4,000	-
			343,527	294,661

Halifax Regional Water Commission
Schedule of long term debt

Schedule B

Year ended March 31, 2026 (in thousands)

	<u>2026</u>	<u>2025</u>
Less: debt issue costs	<u>(1,969)</u> 341,558	<u>(1,651)</u> 293,010
Less: amount payable within one year	<u>(24,926)</u>	<u>(32,881)</u>
Net long term debt	\$ 316,632	\$ 260,129

Halifax Regional Water Commission

Schedule of earnings

Schedule C

Year ended March 31, 2026 (in thousands)

Water

	<u>2026</u>	<u>2025</u>
Operating revenues		
Water	\$ 60,664	\$ 56,116
Public fire protection	8,682	8,083
Private fire protection	1,923	1,785
Other operating revenue		
Bulk water stations	466	209
Late payment and connection fees	182	119
Miscellaneous	277	426
	<u>72,194</u>	<u>66,738</u>
Operating expenditures		
Water supply and treatment	17,066	16,127
Water transmission and distribution	18,575	16,717
Information and technology services	7,886	6,262
Engineering services	2,429	835
Environment health and safety services	1,498	1,161
Customer services	2,623	2,283
Corporate services	1,994	2,062
Administration services	2,765	3,272
Depreciation and amortization	15,195	11,305
	<u>70,031</u>	<u>60,024</u>
Earnings from operations before financial and other revenues and expenditures	<u>2,163</u>	<u>6,714</u>
Financial and other revenues		
Interest	36	232
Other	409	514
	<u>445</u>	<u>746</u>
Financial and other expenditures		
Interest on long term debt	5,026	3,963
Repayment of long term debt	7,723	7,062
Amortization of debt issue costs	132	105
Dividend/grant in lieu of taxes	5,834	5,828
Other	118	124
	<u>18,833</u>	<u>17,082</u>
Loss for the year	<u>\$ (16,225)</u>	<u>\$ (9,622)</u>

Schedule C is presented in accordance with the NSRAB Handbook.

Halifax Regional Water Commission

Schedule of earnings

Schedule C

Year ended March 31, 2026 (in thousands)

Wastewater

	<u>2026</u>	<u>2025</u>
Operating revenues		
Wastewater	\$ 93,494	\$ 90,110
Other operating revenue		
Leachate and other contract revenue	575	562
Septage tipping fees	718	795
Over strength surcharge	316	169
Airplane effluent	204	67
Late payment and connection fees	294	194
Miscellaneous	156	165
	<u>95,757</u>	<u>92,062</u>
Operating expenditures		
Wastewater collection	15,198	15,383
Wastewater treatment	29,238	26,950
Information and technology services	7,723	6,184
Engineering services	2,901	2,802
Environment health and safety services	1,581	1,310
Customer services	2,313	2,022
Corporate services	1,756	1,783
Administration services	2,391	2,986
Depreciation and amortization	21,888	19,348
	<u>84,989</u>	<u>78,768</u>
Earnings from operations before financial and other revenues and expenditures	<u>10,768</u>	<u>13,294</u>
Financial and other revenues		
Interest	76	135
Other	176	97
	<u>252</u>	<u>232</u>
Financial and other expenditures		
Interest on long term debt	4,930	4,120
Repayment of long term debt	9,308	11,790
Amortization of debt issue costs	136	110
Dividend/grant in lieu of taxes	-	808
Other	10	10
	<u>14,384</u>	<u>16,838</u>
Loss for the year	\$ (3,364)	\$ (3,312)

Schedule C is presented in accordance with the NSRAB Handbook.

Halifax Regional Water Commission

Schedule of earnings

Schedule C

Year ended March 31, 2026 (in thousands)

Stormwater

	<u>2026</u>	<u>2025</u>
Operating revenues		
Stormwater site generated service	\$ 9,106	\$ 8,599
Stormwater right-of-way service	6,812	6,627
Other operating revenue		
Late payment and connection fees	66	38
Miscellaneous	56	159
	<u>16,040</u>	<u>15,423</u>
Operating expenditures		
Stormwater collection	5,764	6,053
Information and technology services	624	479
Engineering services	999	1,392
Environment health and safety services	1,908	1,785
Customer services	207	172
Corporate services	192	198
Administration services	266	377
Depreciation and amortization	4,031	3,659
	<u>13,991</u>	<u>14,115</u>
Earnings from operations before financial and other expenditures	<u>2,049</u>	<u>1,308</u>
Financial and other expenditures		
Interest	214	253
Interest on long term debt	1,416	1,211
Repayment of long term debt	2,103	2,349
Amortization of debt issue costs	36	29
Dividend/grant in lieu of taxes	-	180
	<u>3,769</u>	<u>4,022</u>
Loss for the year	\$ <u>(1,720)</u>	\$ <u>(2,714)</u>

Schedule C is presented in accordance with the NSRAB Handbook.

Halifax Regional Water Commission

Schedule of earnings

Year ended March 31, 2026 (in thousands)

Schedule D

Regulated activities

	<u>2026</u>	<u>2025</u>
Operating revenues		
Water	\$ 60,664	\$ 56,116
Wastewater	93,494	90,110
Stormwater	15,918	15,226
Public fire protection	8,682	8,083
Private fire protection services	1,923	1,785
Other operating revenue	1,813	1,479
	<u>182,494</u>	<u>172,799</u>
Operating expenditures		
Water supply and treatment	17,066	16,122
Water transmission and distribution	18,575	16,717
Wastewater collection	15,141	15,320
Stormwater collection	5,764	6,053
Wastewater treatment	28,483	26,065
Information and technology services	16,233	12,925
Engineering services	6,329	5,029
Environment health and safety services	4,987	4,256
Customer services	5,105	4,465
Corporate services	3,887	4,025
Administration services	5,348	6,524
Depreciation and amortization	41,043	34,273
	<u>167,961</u>	<u>151,774</u>
Earnings from operations before financial and other revenues and expenditures	<u>14,533</u>	<u>21,025</u>
Financial and other revenues		
Interest	112	367
Other	13	18
	<u>125</u>	<u>385</u>
Financial and other expenditures		
Interest	214	253
Interest on long term debt	11,372	9,294
Repayment of long term debt	19,134	21,201
Amortization of debt issue costs	304	244
Dividend/grant in lieu of taxes	5,834	6,816
	<u>36,858</u>	<u>37,808</u>
Loss for the year	<u>\$ (22,200)</u>	<u>\$ (16,398)</u>

Schedule D is presented in accordance with the NSRAB Handbook.

Halifax Regional Water Commission

Schedule of earnings

Schedule D

Year ended March 31, 2026 (in thousands)

Unregulated activities

	<u>2026</u>	<u>2025</u>
Operating revenues		
Septage tipping fees	\$ 718	\$ 795
Leachate treatment and contract revenue	575	562
Airplane effluent	<u>204</u>	<u>67</u>
	<u>1,497</u>	<u>1,424</u>
Operating expenditures		
Water supply and treatment	-	5
Wastewater treatment	755	885
Wastewater collection	57	63
Customer services	38	12
Corporate services	55	18
Administration services	74	111
Depreciation and amortization	<u>71</u>	<u>39</u>
	<u>1,050</u>	<u>1,133</u>
Earnings from operations before financial and other revenues and expenditures	<u>447</u>	<u>291</u>
Financial and other revenues		
Other	<u>572</u>	<u>593</u>
Financial and other expenditures		
Other	<u>128</u>	<u>134</u>
Earnings for the year	<u>\$ 891</u>	<u>\$ 750</u>

Schedule D is presented in accordance with the NSRAB Handbook.

Halifax Regional Water Commission Nova Scotia Regulatory and Appeals Board information

Schedule E

Year ended March 31, 2026 (in thousands)

Return on rate base	<u>2026</u>	<u>2025</u>
Rate of return on rate base for Water Service	(1.53%)	0.28%
Rate of return on rate base for Wastewater Service	2.98%	3.65%
Rate of return on rate base for Stormwater Service	2.18%	1.73%

Return on rate base is calculated based on earnings from operations before financial and other revenues and expenditures divided by the net book value of funded utility plant in service.

Special purpose reserves

	Regional Development Charge Water Reserve	Regional Development Charge Wastewater Reserve	Other Capital Reserves	<u>2026 Total</u>	<u>2025 Total</u>
Reserve, April 1	\$ 7,950	\$ 117,834	\$ 1,071	\$ 126,855	\$ 94,104
Contributions and interest	9,714	25,405	-	35,119	34,853
Expenditures	<u>(4,262)</u>	<u>(4,866)</u>	<u>-</u>	<u>(9,128)</u>	<u>(2,102)</u>
Reserve, March 31	<u>\$13,402</u>	<u>\$ 138,373</u>	<u>\$ 1,071</u>	<u>\$ 152,846</u>	<u>\$ 126,855</u>

Summarized consolidated operating results

	<u>2026</u>	<u>2025</u>
Operating revenues	\$ 183,991	\$ 174,223
Operating expenditures	<u>169,011</u>	<u>152,907</u>
Earnings from operations before financial and other revenues and expenditures	14,980	21,316
Financial and other revenues	697	978
Financial and other expenditures	<u>36,986</u>	<u>37,942</u>
Loss for the year	<u>\$ (21,309)</u>	<u>\$ (15,648)</u>

Schedule E is presented in accordance with the NSRAB Handbook.



Financial Statements

Halifax Regional Water Commission

Employees' Pension Plan

December 31, 2025

Contents

	Page
Independent auditor's report	1-2
Statement of financial position	3
Statement of changes in net assets available for benefits	4
Statement of changes in pension obligations	5
Notes to the financial statements	6-18

Independent Auditor's report

To the Board of Trustees of the
Halifax Regional Water Commission
Employees' Pension Plan

Opinion

We have audited the financial statements of Halifax Regional Water Commission Employees' Pension Plan, which comprise the statement of financial position as at December 31, 2025, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Halifax Regional Water Commission Employees' Pension Plan as at December 31, 2025, and its changes in net assets available for benefits and its changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing Halifax Regional Water Commission Employees' Pension Plan's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Halifax Regional Water Commission Employees' Pension Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Halifax Regional Water Commission Employees' Pension Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Halifax Regional Water Commission Employees' Pension Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Doane Grant Thornton LLP

Chartered Professional Accountants

Halifax, Canada
July 8, 2026

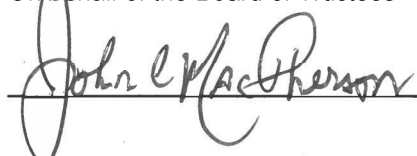
Halifax Regional Water Commission

Employees' Pension Plan

Statement of financial position

December 31	2025	2024
Assets		
Investment assets (Note 3)	\$ 237,771,426	\$ 218,017,632
Contributions receivable (participants)	214,692	166,444
Contributions receivable (sponsor)	<u>5,666</u>	<u>166,443</u>
	237,991,784	218,350,519
Liabilities		
Payables and accruals		
Trade	<u>28,789</u>	<u>88,635</u>
Net assets available for benefits (Note 4)	237,962,995	218,261,884
Pension obligations	<u>184,498,600</u>	<u>169,979,400</u>
Surplus	\$ 53,464,395	\$ 48,282,484

On behalf of the Board of Trustees

 Trustee

 Trustee

See accompanying notes to the financial statements.

Halifax Regional Water Commission

Employees' Pension Plan

Statement of changes in net assets available for benefits

Year Ended December 31

2025

2024

Revenue		
Net investment income (Note 6)	\$ 5,088,269	\$ 4,199,583
Changes in the fair value of investment assets	<u>14,280,015</u>	<u>22,807,009</u>
	<u>19,368,284</u>	<u>27,006,592</u>
Contributions (Note 7)		
Participants	4,663,258	4,270,702
Sponsor	<u>4,135,674</u>	<u>4,096,790</u>
	<u>8,798,932</u>	<u>8,367,492</u>
Expenses		
Benefit payments (Note 8)	\$ 8,236,365	\$ 8,075,380
Administrative (Note 9)	<u>229,740</u>	<u>245,717</u>
	<u>\$ 8,466,105</u>	<u>\$ 8,321,097</u>
Increase in net assets available for benefits	<u>\$ 19,701,111</u>	<u>\$ 27,052,987</u>
Net assets available for benefits, beginning of year	\$ 218,261,884	\$ 191,208,897
Increase in net assets available for benefits	<u>19,701,111</u>	<u>27,052,987</u>
Net assets available for benefits, end of year	<u>\$ 237,962,995</u>	<u>\$ 218,261,884</u>

See accompanying notes to the financial statements.

Halifax Regional Water Commission
Employees' Pension Plan
Statement of changes in pension obligations

Year Ended December 31	2025	2024
Pension obligations, beginning of year	<u>\$ 169,979,400</u>	<u>\$ 164,295,100</u>
Change in pension obligations		
Changes in actuarial assumptions (Note 5)	-	(4,874,960)
Miscellaneous sources of increase	3,546,100	1,088,040
Interest accrued on benefits	10,603,200	9,745,500
Benefits accrued	8,606,300	7,801,100
Benefits paid (Note 8)	<u>(8,236,400)</u>	<u>(8,075,380)</u>
	<u>\$ 14,519,200</u>	<u>\$ 5,684,300</u>
Pension obligations, end of year	<u>\$ 184,498,600</u>	<u>\$ 169,979,400</u>

See accompanying notes to the financial statements.

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

1. Description of the Plan

The Halifax Regional Water Commission Employees' Pension Plan (the "Plan") is registered under the Pension Benefits Act of Nova Scotia (Registration Number 0344614). The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan agreement restated as at January 1, 2021 plus subsequent Amendments 1 through 3.

(a) General

The Halifax Regional Water Commission maintains a contributory defined benefit pension plan for all employees, and participation in the Plan is compulsory for full-time and part-time employees. The pension plan provides pensions based upon length of service and best five consecutive years' earnings. The Plan was amended three times in 2025. Amendment number 1 added a defined contribution provision in respect of overtime earnings. Amendment number 2 changed the contribution rate as per the January 1, 2025 Actuarial Valuation funding requirements, changing both the employee and employer contribution rates to 8.72%. Amendment Number 3 changed the plan formula from Best Average 7 (BA7) to Best Average 5 (BA5) consecutive years of pensionable earnings with a rate change to 8.96% effective January 1, 2026.

The employees who transferred to the Halifax Regional Water Commission on August 1, 2007 with the transfer of the wastewater/stormwater operations have remained members of the Halifax Regional Municipality Pension Plan. The Halifax Regional Water Commission is responsible for funding the employer share of the contributions for these employees. All new employees hired after August 1, 2007 join the Halifax Regional Water Commission Employees' Pension Plan.

(b) Funding policy

Employees' required contributions in 2025 were 8.72% (2024 – 9.60%) of pensionable earnings with the Halifax Regional Water Commission matching employee contributions. Basic contributions from employers and members due to the Plan at the end of the year are recorded on an accrual basis. Pensionable earnings were capped temporarily to a maximum of \$140,945 to December 31, 2023 and will be indexed at a rate of 1% per annum thereafter. Capped pensionable earnings for 2025 were \$143,778.

In addition, the Plan and the Pension Benefits Act of Nova Scotia require that the Halifax Regional Water Commission, from time to time, make contributions to the Plan of such amounts which are required as special payments in accordance with the provisions of the Plan as determined by the actuary (see Note 5).

Nova Scotia funding regulations require a "Provision for Adverse Deviation" (PfAD), which is an explicit level of conservatism added to the going concern liabilities of the Plan. The PfAD is based on the riskiness of the asset mix of the Plan, and for the extrapolation of January 1, 2026, the PfAD is reported at 6.85%. As a result, total liabilities are required to be increased 6.85% in the determination of the Plan's surplus (funded liability/deficit) position (Note 5).

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

1. Description of the Plan (continued)

(c) Retirement benefits

Employees are entitled to annual pension benefits of an amount equal to 2.0% of their best earnings averaged over the highest five consecutive years of earnings for each year of credited service up to the maximum permitted by the Canada Revenue Agency. For credited service prior to January 1, 2016, the best average earnings cannot be less than the best average five consecutive years of earnings paid to an employee prior to 2016.

Benefits are adjusted each year. Adjustments are based on the increase in the Consumer Price Index over the previous calendar year to a maximum of 2% for benefits earned prior to January 1, 2016, and to a maximum of 1% for benefits earned after December 31, 2015.

(d) Disability pensions

Disabled employees continue to accrue credited service without having to continue their contributions. The employer and employees fund the actuarial cost of the pensions for disabled employees annually. Disabled employees are eligible for a pension if they meet the following criteria:

- i. they have completed 10 years of continuous participation in the Plan;
- ii. they are not in receipt of a salary continuance benefit under an insured plan to which the Halifax Regional Water Commission contributes; and
- iii. they are totally and permanently disabled as certified by a medical practitioner.

(e) Death benefits

In the event a pensioner dies after the commencement of their pension payments, the death benefit will be in accordance with the normal or optional form of pension elected at the time of retirement.

In the event a member dies before their retirement date, a survivor pension is payable to the member's surviving spouse at the rate of 60% of the member's pension credits accrued prior to June 1, 1998. The beneficiary of a single employee who dies before retirement will be entitled to the member's contributions and interest up to the month preceding death during that same period. In respect of pension credits accrued after June 1, 1998, the commuted value of the normal retirement benefits shall be paid to the member's surviving spouse, beneficiary or estate. For pension credits accrued between January 1, 1988 and May 31, 1998 whereby a survivor pension payable to the member's surviving spouse is calculated as the greater of: 1) 60% of the survivor pension, or 2) the commuted value of the normal retirement benefits. The beneficiary or estate of a single employee who dies during this same period, January 1, 1988 and May 31, 1998, would be entitled to the commuted value of the normal retirement benefits.

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

1. Description of the Plan (continued)

(f) Termination of employment

Subject to any statutory limitations, Plan members become vested immediately upon joining the Plan. Members may elect to receive one of the following options upon termination:

- i. a paid-up deferred pension commencing on the member's normal retirement date in an amount equal to the pension accrued to date of termination; or
- ii. transfer the value of benefit to the member's new employer's pension plan, a Retirement Savings Plan, or purchase a deferred annuity.

(g) Voluntary contributions

Members of the Plan may make additional voluntary contributions up to the deductible limit provided under the Income Tax Act. The non locked-in additional voluntary contributions may be withdrawn from the Plan by a member prior to termination or retirement, either in the form of a lump sum cash payment or transferred directly to the member's Retirement Savings Plan.

Members of the Plan may transfer non locked-in or locked-in benefits from a previous employer. Non locked-in benefits are administered as outlined in the previous paragraph. Locked-in benefits can be withdrawn within ten years of the normal retirement date. Upon retirement, the locked-in and non-locked-in contributions may be used to purchase an annuity.

(h) Income taxes

The Plan is not subject to income taxes since it is a Registered Pension Trust as defined by the Income Tax Act.

(i) Surplus

Where the Plan is continuing and there is a surplus resulting from an actuarial review, the Halifax Regional Water Commission may decide how the surplus is to be treated. However, no amounts can be paid out of the fund to the employer without prior approval of the Superintendent of Pensions. This was reinforced with Memorandums of Understanding between the Halifax Regional Water Commission and each of the union groups, November 14, 2007, whereby the Halifax Regional Water Commission had to assume responsibility to fund any unfunded liability and/or solvency deficiency arising under the Plan, as required by the Pension Benefits Act of Nova Scotia. Subsequently, special payments required to fund any unfunded liability resulting from an actuarial review, were deposited into a separate fund, to track the unique nature of these contributions into the Plan. As at December 31, 2025, the balance of this fund totals \$42,119,000 consisting of contributions in the amount of \$15,289,000 and investment income/gains (net of expenses) totalling \$26,830,000.

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

1. Description of the Plan (continued)

(i) Surplus (continued)

Pursuant to the Memorandums of Understanding (Pensions) between the Halifax Regional Water Commission and each of the two union groups dated November 19, 2024, indexing of pensions to a maximum of 2% would be reinstated once the going concern special payments made by the Halifax Regional Water Commission have been recouped, subject to the Plan:

- Having a going concern funded ratio of 108% (or above);
- No solvency deficit; and
- So long as the implementation can be affected while maintaining a going concern funded ratio of 108%.

A Memorandum of Agreement (Pension Plan #2) between the Halifax Regional Water Commission and each of the two union groups dated November 19, 2024, stated that following receipt of the results of the Actuarial Valuation scheduled for January 1, 2025, the employer will schedule a meeting with each of the two union groups to review the current state of the pension plan and to discuss changes to pension benefits as outlined in the Memorandum of Understanding (Pensions #1) as noted above. On December 5, 2025, the Trustees of the Plan approved an employer contribution holiday starting on pay period #1, 2026, to recoup an initial \$1.9 million from the Plan.

A Memorandum of Agreement – Defined Contribution Pension – Overtime between the Halifax Regional Water Commission and each of the two union groups dated November 19, 2024, stated that the employer will establish a Defined Contribution Pension Plan (DCPP) effective July 1, 2025. As a result, the Halifax Regional Water Commission Employees' Pension Plan was amended to include a Defined Contribution Provision to meet the requirements of this Memorandum of Agreement.

A surplus resulting from the wind-up of the Plan will be used to increase the benefits to the living Members of the Plan (including pensioners) and their beneficiaries to the extent permitted by the Income Tax Act and Regulations. Any balance remaining will be returned to the Halifax Regional Water Commission, however no amounts can be paid out of the fund to the employer without prior approval of the Superintendent of Pensions.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies

The financial statements are presented in accordance with Canadian accounting standards for pension plans in Part IV of the Chartered Professional Accountants of Canada (CPA) Handbook, Section 4600 – Pension Plans. Section 4600 provides specific accounting guidance on pension obligations and investments, with investments complying with international financial reporting standards ("IFRS") in Part I of the CPA Canada Handbook. For accounting policies that do not relate to either investments or pension obligations, the Plan must consistently comply with either IFRS or Canadian accounting standards for private enterprises ("ASPE") in Part II of the CPA Canada Handbook. The Plan has elected to comply on a consistent basis with ASPE. To the extent that ASPE is inconsistent with Section 4600, Section 4600 takes precedence.

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

(a) Financial Instruments

Financial assets and financial liabilities are recognized when the Plan becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

All financial assets and financial liabilities are initially measured at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Financial assets and liabilities are subsequently measured as described below:

Investment assets

All investment assets are measured at fair value at the date of the statement of financial position in accordance with IFRS 13: Fair Value Measurement Part I of the CPA Canada Handbook. Fair values of investment assets is determined as follows:

- Pooled funds are valued at the unit value supplied by the Master Trust administrator and which represent the Plan's proportionate share of underlying net assets at fair value determined using closing bid prices.

Transaction costs are not included in the fair value of investment assets either on initial recognition or on subsequent re-measurement. Transaction costs are included in the statement of changes in net assets available for benefits as part of expenses incurred in the period.

Investment income, excluding changes in the fair value of investment assets, is presented in the statement of changes in net assets available for benefits.

Financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

(b) Pension obligations

The Plan is a defined benefit plan established for members. The pension obligations recognized in the statements of financial position are the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services.

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

(c) Net investment income

Income from investments is recognized on an accrual basis and includes dividend income (recognized on ex-dividend date), interest income, and is net of investment manager fees.

(d) Changes in the fair value of investment assets and liabilities

This includes both realized gains or losses on sale of investments and unrealized gains or losses on investments.

Realized gains or losses on sale of investments are the difference between the proceeds received and the average cost of investments sold.

Unrealized gains or losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

(e) Contributions

Required employee and employer contributions are recorded the month following when the payroll deductions are made. Employee and employer contributions and special payments due to the Plan at the end of the year are recorded on an accrual basis. Cash received from pension plan transfers or members for service purchases are recorded when received.

(f) Benefits

Benefit payments to retired members, commuted value payments and refunds to former members are recorded in the period paid. Accrued benefits are recorded as part of the accrued pension benefit obligation.

(g) Estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, revenue, and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenue, and expenses are discussed below:

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

(g) Estimation uncertainty (continued)

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Pension obligations

Management estimates the pension obligations annually with the assistance of an independent actuary; however, the actual outcome may vary due to estimation uncertainties. The estimate of the pension obligation of \$184,498,600 (2024 - \$169,979,400) is based on assumed rates of retirement, mortality, breaks in service and contributory hours. Discount factors are determined at or near year-end to reflect the long-term expectation of investment returns that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

3. Investment in the Master Trust:

The investment in the Halifax Regional Municipality Master Trust (the "HRM Master Trust") is recorded at its fair value. The Plan's interest in the HRM Master Trust represents 6.69% (December 31, 2024 – 6.66%) of the HRM Master Trust units. The remaining units are held by the Halifax Regional Municipality Pension Plan. The co-mingling of investments does not affect the actuarial liabilities or the net assets available for benefits of the Plan.

The fair value of the investment in the HRM Master Trust is determined as at the date of the statements of financial position as described in note 2(a). The fair value of the investment in the HRM Master Trust is categorized as a Level 2 investment under fair value hierarchy measurement (Note 11).

There were no significant transfers between Level 1, Level 2 and Level 3 investments during the year ended December 31, 2025.

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

The schedule below presents the Master Trust's investments recognized at fair value within the fair value hierarchy.

2025	Level 1	Level 2	Level 3	Total
Cash	\$ 55,819,493	\$ -	\$ -	\$ 55,819,493
Accrued investment income	-	3,122,802	-	3,122,802
Short-term investments	154,218,615	-	-	154,218,615
Canadian bonds	59,414,886	159,447,809	-	218,862,695
Foreign bonds	-	230,988,336	-	230,988,336
Canadian equities	78,204,777	58,207,437	-	136,412,214
Foreign equities	166,452,265	882,223,471	-	1,048,675,736
Limited partnerships	-	-	1,578,803,101	1,578,803,101
Public market alternatives	-	130,237,253	-	130,237,253
Net investment transactions outstanding	(3,501,114)	-	-	(3,501,114)
Total	\$ 510,608,922	\$ 1,464,227,108	\$ 1,578,803,101	\$ 3,553,639,131

HRWC Plan Interest in the Master Trust (6.69%) **\$ 237,771,426**

2024	Level 1	Level 2	Level 3	Total
Cash	\$ 44,742,664	\$ -	\$ -	\$ 44,742,664
Accrued investment income	-	5,687,206	-	5,687,206
Short-term investments	152,008,999	-	-	152,008,999
Canadian bonds	58,304,439	142,631,267	-	200,935,707
Foreign bonds	-	251,433,182	-	251,433,182
Canadian equities	67,851,679	44,188,825	-	112,040,503
Foreign equities	161,083,059	760,496,741	-	921,579,800
Partnerships	-	-	1,483,617,429	1,483,617,429
Public market alternatives	-	106,222,015	-	106,222,015
Net investment transactions outstanding	(5,740,642)	-	-	(5,740,642)
Total	\$ 478,250,198	\$ 1,310,659,236	\$ 1,483,617,429	\$ 3,272,526,862

HRWC Plan Interest in the Master Trust (6.66%) **\$ 218,017,632**

Section 67 (3) of the *Pension Benefits Act Regulations* requires disclosure of each investment asset that has a fair value greater than two percent (2%) of the fair value of all the investment assets of the Plan. The following schedule reports all investments having a fair value greater than 2% of the fair value of all investment assets of the Plan.

Investment	Asset Class	Market Value
Blackrock Alpha Advantage Global Fund	Global Equities	\$ 13,490,877
Blackrock Canadian World Index Fund	Global Equities	12,670,655
Wellington Management Global Total Return Fund	Foreign Bonds	9,698,959
Mawer International Equity Pooled Fund	International Equities	7,180,887
Marathon International Equity Fund	International Equities	6,732,482
CC&L Q Emerging Markets Equity Fund	Emerging Market Equities	5,247,155
		\$ 55,021,015

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

4. Net assets available for benefits	<u>2025</u>	<u>2024</u>
Allocation of net assets available for benefits		
To pension plan	\$ 236,484,310	\$ 217,004,238
To extra voluntary contribution benefits	1,101,836	927,304
To individual locked in amounts	<u>376,849</u>	<u>330,342</u>
	<u>\$ 237,962,995</u>	<u>\$ 218,261,884</u>

5. Pension obligations

An actuarial valuation of the Plan was performed as at January 1, 2025 by Eckler.

The actuarial value of accrued benefits, determined periodically by the Plan's actuary, is the amount that results from applying actuarial assumptions to adjust the Plan benefits to reflect the time value of money between the valuation date and the expected date of payment. The significant actuarial assumptions used include:

- i. 40% of members will retire at the age of 65, and 60% will retire at the earliest date of eligibility for an unreduced pension;
- ii. interest rate assumption of 6.55% per annum (2022 - 6.35%);
- iii. salary scale assumption of 3.90% per annum (2022 - 3.90%); and
- iv. life expectancy of participants based upon the CPM-2014 Combined mortality table, with Scale CPM-B (post-retirement), no mortality in pre-retirement.

The 2025 interest rate assumption of 6.55% referenced above reflects Eckler's latest Capital Market Assumptions at January 1, 2025.

As a result of the January 1, 2025 actuarial valuation, special payments in respect of going concern liabilities are not required. The next actuarial valuation for the Plan is required to be performed no later than January 1, 2028.

6. Net investment income	<u>2025</u>	<u>2024</u>
Income from investment funds	\$ 5,683,344	\$ 4,736,825
Investment manager fees	<u>(595,075)</u>	<u>(537,242)</u>
	<u>\$ 5,088,269</u>	<u>\$ 4,199,583</u>

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

7. Contributions	<u>2025</u>	<u>2024</u>
Participants' contributions		
Required	\$ 4,504,056	\$ 4,146,401
Voluntary	<u>159,202</u>	<u>124,301</u>
	\$ 4,663,258	\$ 4,270,702
Sponsor's contributions		
Required	\$ 4,135,674	\$ 4,096,790

8. Benefit payments	<u>2025</u>	<u>2024</u>
Retirement benefit payments	\$ 6,080,163	\$ 5,595,413
Termination benefit payments	1,939,229	2,479,967
Death benefit payment	<u>216,973</u>	<u>-</u>
	\$ 8,236,365	\$ 8,075,380

During 2025, there were 19 termination benefit payments (2024 - 27) and 2 death benefit payments (2024 - 0). Termination benefits are paid out as described in Note 1(f).

9. Administrative expenses	<u>2025</u>	<u>2024</u>
Actuarial and consulting fees	\$ 91,709	\$ 131,549
Audit and accounting fees	13,139	9,243
Bank custodian fees	35,385	31,331
Insurance	9,000	9,000
Miscellaneous	23,346	22,510
Professional fees	53,849	38,906
Registration fees	<u>3,312</u>	<u>3,178</u>
	\$ 229,740	\$ 245,717

10. Related party transactions

The Halifax Regional Water Commission, the Plan's sponsor, collects the Plan's contributions and pays certain expenses on behalf of the Plan. These items are then credited or charged back to the Plan.

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

11. Financial instruments

Financial instruments risk exposure and management

The Plan is exposed to various risks in relation to its investment in the HRM Master Trust, consisting of investment assets. The Plan's financial assets are categorized in Level 2. The main types of risks are market risk, credit risk and liquidity risk.

The Plan's risk management policy is derived from the HRM Master Trust in which the Plan holds units. The HRM Master Trust has set formal policies and operating procedures that establish an asset mix among equity, fixed income investments, public market alternatives, private debt, private equity, real estate and infrastructure that require diversification of investments within categories, a set limit on the size of exposure to individual investments, and a requirement to use A-rated counterparties.

The Plan does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Plan is exposed are described below:

(a) Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, the Plan segregates market risk into three categories: interest rate risk, currency risk and other price risk.

i. Interest rate risk

Interest rate risk refers to the fact that the value of the Plan's assets is affected by changes in nominal interest rates and equity markets.

ii. Currency risk

The Plan's functional currency is Canadian dollars, and all the Plan's transactions are carried out in Canadian dollars.

iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

All investments have a risk of loss of capital. The maximum risk resulting from the investments is determined by the fair value of the instruments, which total \$237,273,500 at December 31, 2025 (2024 - \$218,017,632). A one percent change (1%) in market risk (holding all variables constant) will impact the fair value of these instruments by approximately \$2,372,700 (2024 - \$2,180,200).

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

11. Financial instruments (continued)

(b) Credit risk

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligations to the Plan. The Plan's credit risk is primarily attributable to the underlying assets of the HRM Master Trust. Credit risk is mitigated through the management of the HRM Master Trust assets with generally accepted parameters of safety and prudence, using a diversified investment program. Investments in the HRM Master Trust must adhere to specific limitations as outlined in the Halifax Regional Municipality's Statement of Investment Policies and Procedures for the Defined Benefit Pension Plan ("the Statement of Investment Policies and Procedures").

(c) Liquidity risk

Liquidity risk is the risk of not being able to meet the Plan's cash requirements in a timely and cost-effective manner. Liquidity requirements are managed through income generated from investments and monthly contributions made by members and participating employers. The sources of funds are used to pay pension benefits, make additional investments, and fund operating expenses. The Plan's primary future liabilities include the accrued benefit obligation of the Plan. The Plan's main asset, the investment in the HRM Master Trust, is liquid as cash is available to make required payments.

The following are the contractual maturities of financial liabilities:

Payments due year ending December 31, 2025:

	<u>Total</u>	<u>Less than 1 year</u>	<u>1 - 3 years</u>	<u>4 - 5 years</u>	<u>After 5 years</u>
Payables and accruals	\$ 28,789	\$ 28,789	\$ -	\$ -	\$ -

Payments due year ending December 31, 2024:

	<u>Total</u>	<u>Less than 1 year</u>	<u>1 - 3 years</u>	<u>4 - 5 years</u>	<u>After 5 years</u>
Payables and accruals	\$ 88,635	\$ 88,635	\$ -	\$ -	\$ -

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

11. Financial instruments (continued)

Fair value disclosure

The financial instruments recognized at fair value on the statement of financial position must be classified as one of three fair value hierarchy levels. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

Financial assets at fair value as at December 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Pooled fund	\$ -	\$ 237,771,426	\$ -	\$ 237,771,426

Financial assets at fair value as at December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Pooled fund	\$ -	\$ 218,017,632	\$ -	\$ 218,017,632

There were no transfers between the three levels between December 31, 2024 and December 31, 2025.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2025

12. Capital management

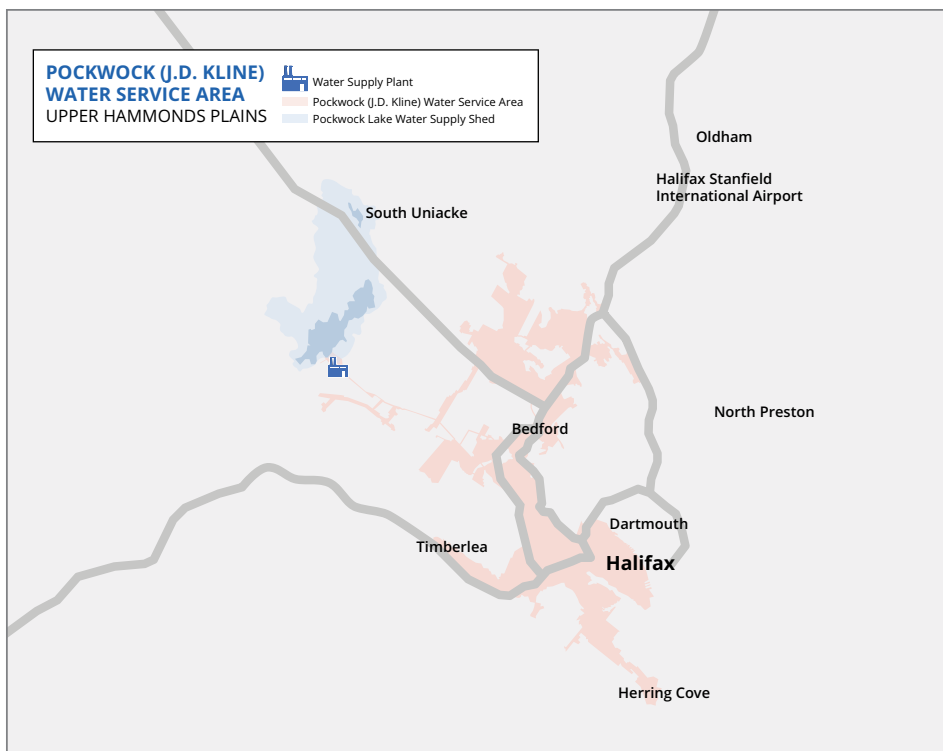
The Plan defines its capital as the deficiency of the Plan, as determined annually based on the fair value of net assets and actuarial liabilities, provided by the actuarial valuation prepared by the Plan's independent actuary (Note 5).

The overall objectives in investing the assets of the Plan are to ensure sufficient liquidity to support its financial obligations, to continue to provide benefits in the best interest of its members, to remain financially self-sufficient and to preserve and enhance the value of capital through adequate diversification in high quality investments and achieve the highest investment return that can be obtained with the assumption of an acceptable degree of risk. The Plan holds units in the HRM Master Trust which has formal policies and procedures that establish asset mix, require diversification within different categories, set a limit on the exposure to individual investments and provides a requirement to use A-rated counterparties.

Halifax Water by the Numbers

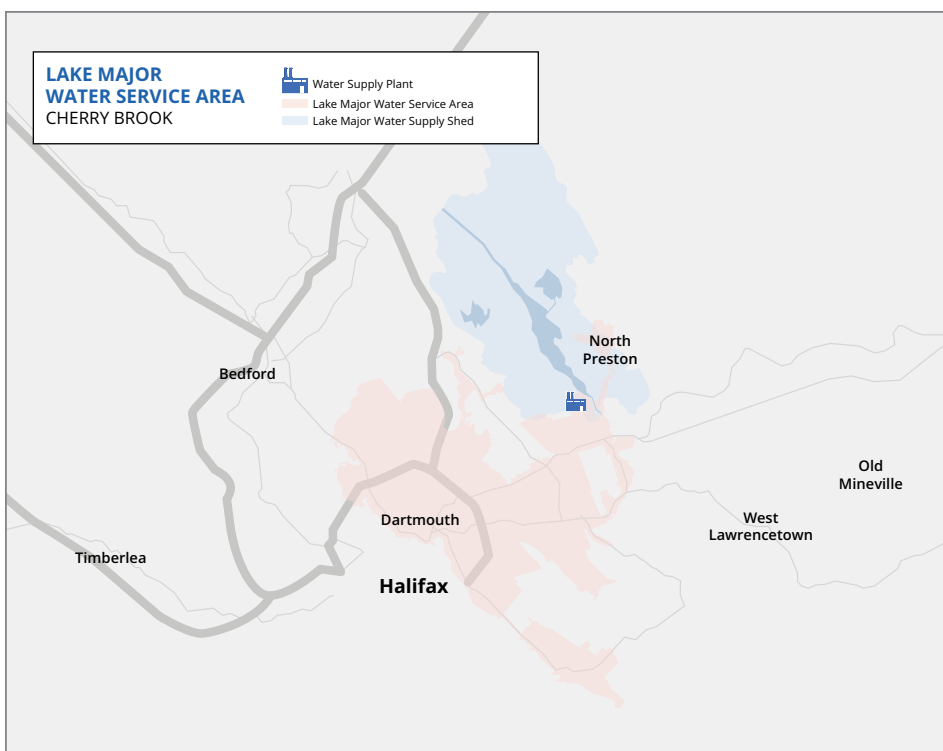
Halifax Water by the Numbers provides a snapshot of the infrastructure, customers, and services that support the region's water cycle.

Water Supply Plant Service Areas



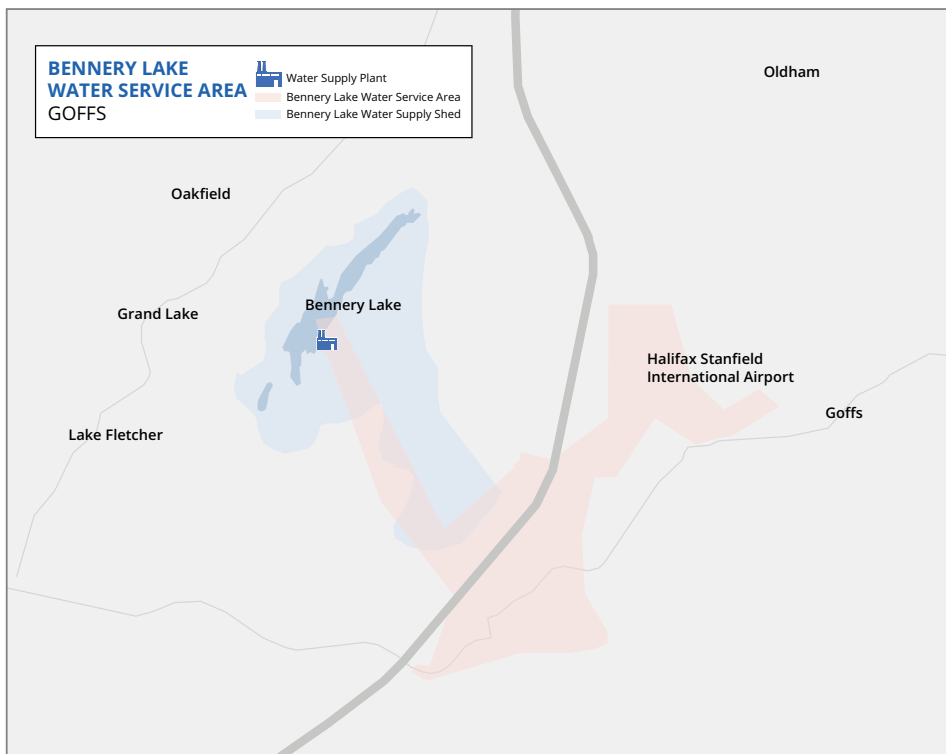
J.D. Kline Water Supply Plant

Water Source	Pockwock Lake
Treatment Process	Dual Media Direct Filtration & Manganese Removal
Average Flows/Day	94,512 m ³ /day
Filter Quantity & Capacity/Day	8 Filters 143 m ² /filter
Maximum Flow Rate	0.137 m ³ /m ² per minute
Design Capacity/Day	227,000 m ³ /day



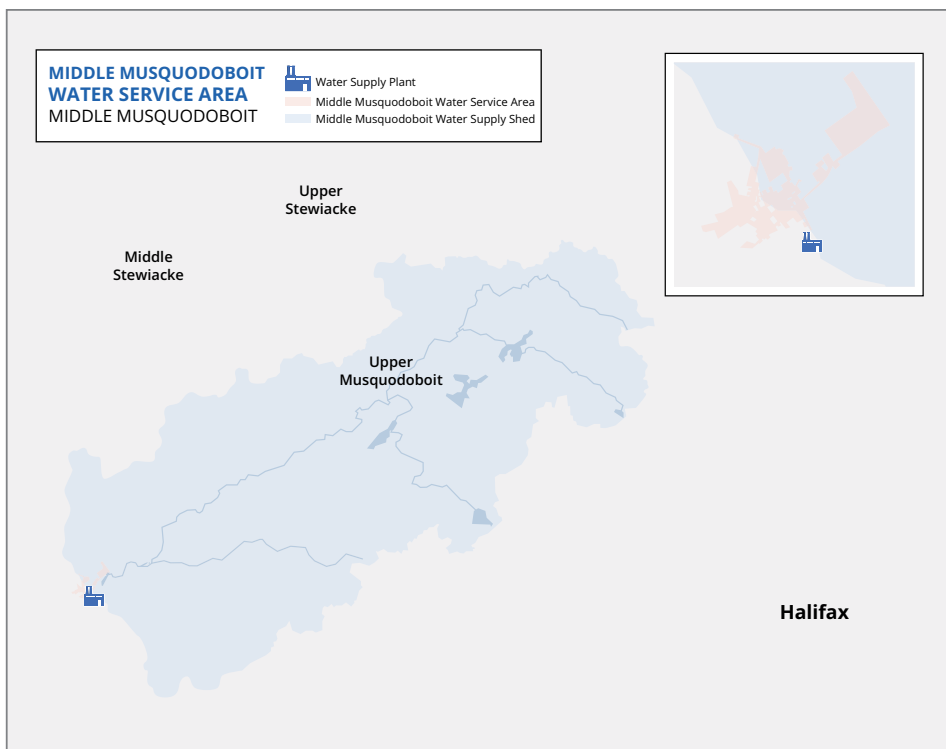
Lake Major Water Supply Plant

Water Source	Lake Major
Treatment Process	Upflow Clarification, Iron & Manganese Removal
Average Flows/Day	36834
Filter Quantity & Capacity/Day	4 Filters 85 m ² /filter
Maximum Flow Rate	0.192 m ³ /m ² per minute
Design Capacity/Day	94 000 m ³



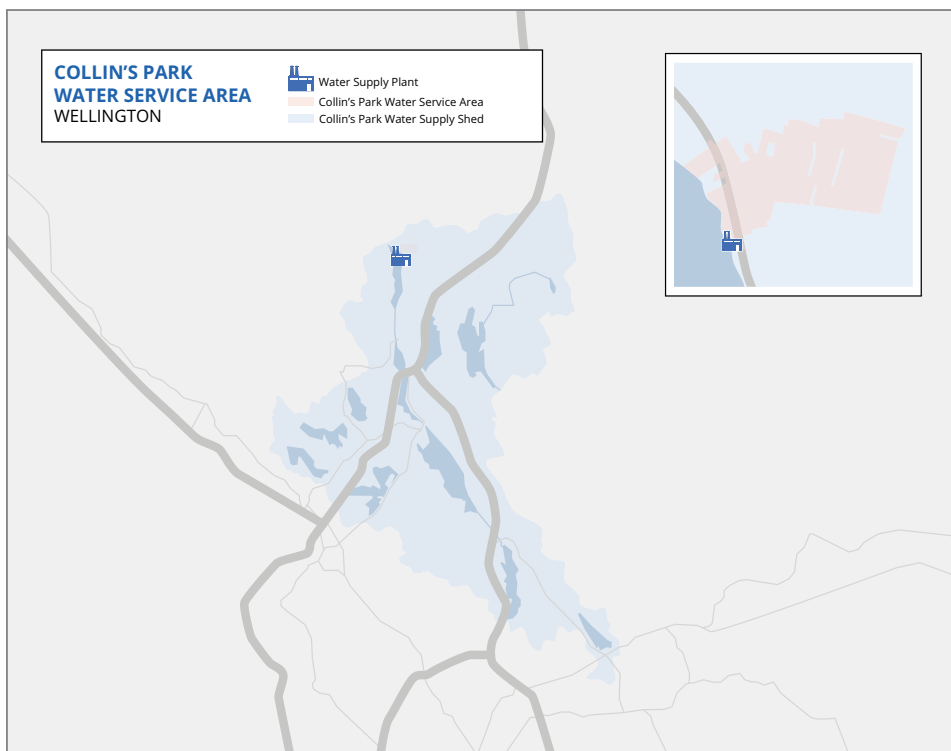
Bennerly Lake Water Supply Plant

Water Source	Bennerly Lake
Treatment Process	Sedimentation, Dual Media Filtration & Manganese Removal
Average Flows/Day	765
Filter Quantity & Capacity/Day	2 Filters 26.65 m ² /filter
Maximum Flow Rate	0.10 m ³ /m ² per minute
Design Capacity/Day	7 950 m ³



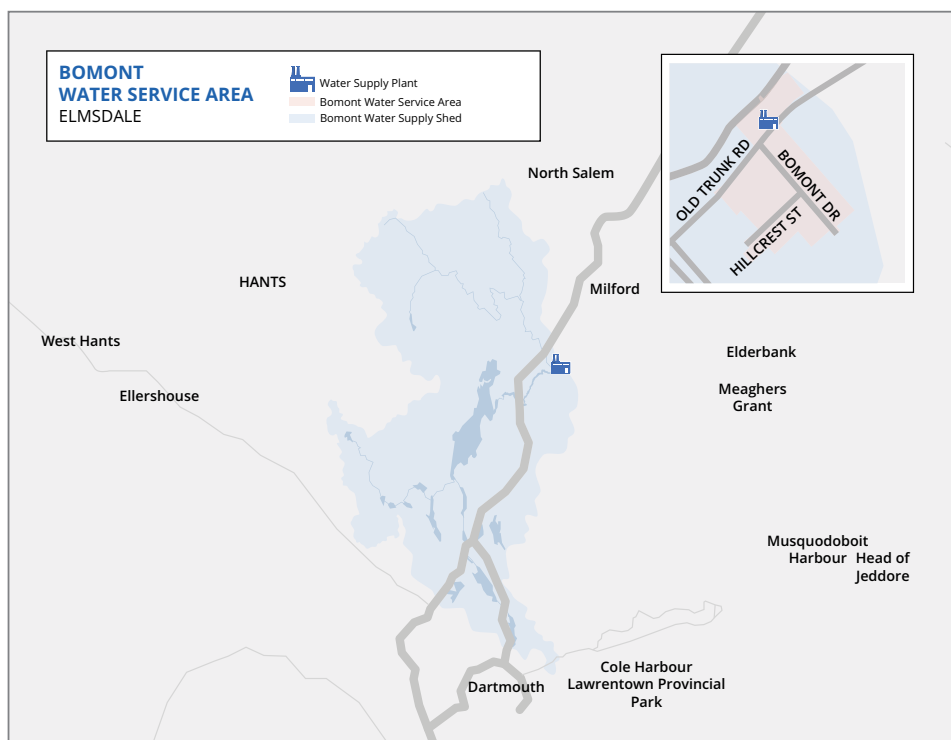
Middle Musquodoboit Water Supply Plant

Water Source	Musquodoboit River
Treatment Process	Raw Water Infiltration Gallery, Ultra/Nano Filtration
Average Flows/Day	59
Filter Quantity & Capacity/Day	2 Ultra Filters 1 Nano Filter
Maximum Flow Rate	0.139 m ³ /min 0.264 m ³ /min
Design Capacity/Day	260 m ³



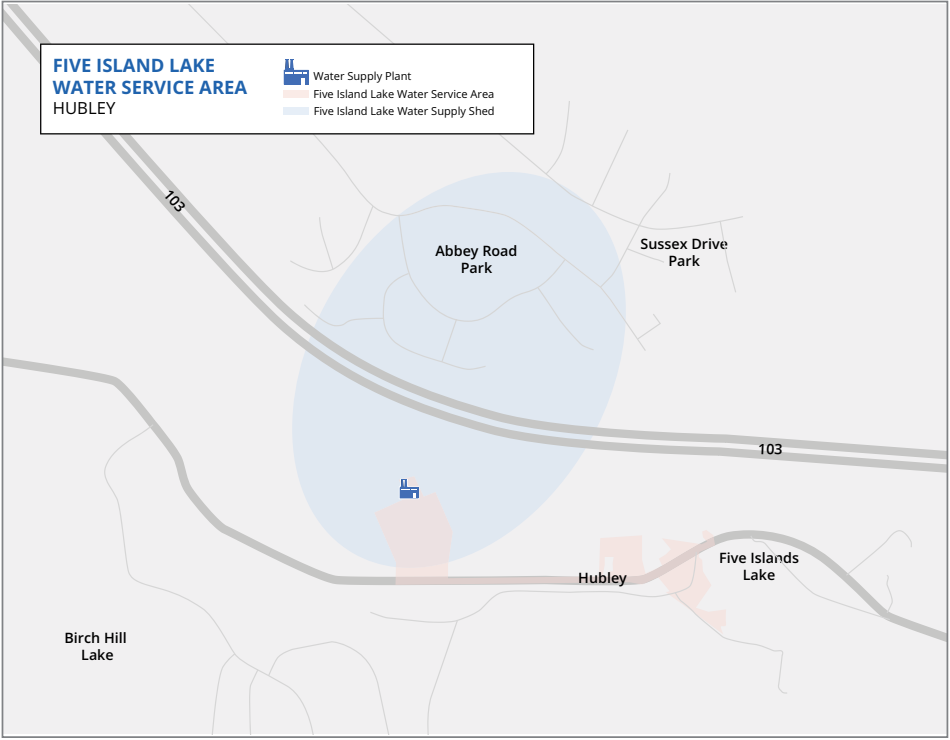
Collins Park Water Supply Plant

Water Source	Lake Fletcher
Treatment Process	Ultra/Nano Filtration
Average Flows/Day	62
Filter Quantity & Capacity/Day	2 Ultra Filters 1 Nano Filter
Maximum Flow Rate	0.111 m ³ /min 0.145 m ³ /min
Design Capacity/Day	160 m ³



Bomont Water Supply Plant

Water Source	Shubenacadie River
Treatment Process	Nano Filtration/ Ionic Exchange Resin
Average Flows/Day	4
Filter Quantity & Capacity/Day	N/A
Maximum Flow Rate	0.0132 m ³ /min
Design Capacity/Day	38 m ³



Five Island Lake Water Supply Plant

Water Source	1 Well
Treatment Process	UV Disinfection
Average Flows/Day	9
Filter Quantity & Capacity/Day	N/A
Maximum Flow Rate	0.016 m ³ /min
Design Capacity/Day	N/A

Water Infrastructure as of March 31, 2026

Water Supply Plant	Water Source	Treatment Process	Average Flows/Day	Filter Quantity & Capacity/Day	Maximum Flow Rate	Design Capacity/Day
J.D. Kline	Pockwock Lake	Dual Media Direct Filtration & Manganese Removal	94512	8 Filters 143 m ² /filter	0.137 m ³ /m ² per minute	227 000 m ³
Lake Major	Lake Major	Upflow Clarification, Iron & Manganese Removal	36834	4 Filters 85 m ² /filter	0.192 m ³ /m ² per minute	94 000 m ³
Bennery Lake	Bennery Lake	Sedimentation, Dual Media Filtration & Manganese Removal	765	2 Filters 26.65 m ² /filter	0.10 m ³ /m ² per minute	7 950 m ³
Middle Musquodoboit	Musquodoboit River	Raw Water Infiltration Gallery, Ultra/Nano Filtration	59	2 Ultra Filters 1 Nano Filter	0.139 m ³ /min 0.264 m ³ /min	260 m ³
Collins Park	Lake Fletcher	Ultra/Nano Filtration	62	2 Ultra Filters 1 Nano Filter	0.111 m ³ /min 0.145 m ³ /min	160 m ³
Bomont	Shubenacadie River	Nano Filtration/ Ionic Exchange Resin	4	N/A	0.0132 m ³ /min	38 m ³
Silver Sands	2 Wells	Green Sand Pressure Filters, Iron & Manganese Removal	11	2 Filters	0.378 m ³ /min	30 m ³
Five Island Lake	1 Well	UV Disinfection	9	N/A	0.016 m ³ /min	N/A

Source Water	Watershed Area	Safe Yield/Day
Pockwock Lake	5,661 ha	145,500 m ³
Chain Lake	206 ha	4,500 m ³
Lake Major	6,994 ha	65,900 m ³
Lake Lemont/Topsail	315 ha	4,500 m ³
Bennery Lake	644 ha	2,300 m ³

Source Water	Rainfall in 2025/26	Snowfall in 2025/26
Pockwock Lake	1003.6 mm	302.3 cm
Lake Major	1080.8mm	226.7 cm

Water Supply	Water Production in 2025/26(m ³)
Pockwock Lake	34,496,981
Lake Major	13,444,230
Bennery Lake	279,994
Small Systems	53,225
Total	48,274,430

Transmission & Distribution System	
Size of Water Mains	13 mm - 1500 mm
Total Water Mains	1614.93 km
Main Valves	16,401
Fire Hydrants	8,837
Distribution Pumping(Booster) Stations	20
Pressure Control & Flow Meter Chambers	144

Water Services & Meters	
Water Sprinkler Systems (25 mm - 300 mm)	2,250
Supply Services (10 mm - 400 mm)	69,041
Water Meters (15 mm - 250 mm)	71,349

Population Served	
Halifax Municipality Est. Population Served*	460,822
Consumption per Capita**	243L/person/day

* Reflects a customer receiving one or more service(s).

**Water only customers (residential and non-residential).

Reservoir	Elevation Above Sea Level	Capacity (m³)
Lake Major	60 m	9092
Pockwock	170 m	13600
Geizer 158	158 m	36400
Geizer 123	123 m	31800
Cowie	113 m	11200
Robie	82 m	15900
Lakeside	119 m	5455
Mount Edward 1	119 m	22728
Mount Edward 2	119 m	22728
Akerley Blvd.	119 m	37727
North Preston	125 m	1659
Meadowbrook	95 m	9091
Sampson	123 m	12273
Stokil	123 m	23636
Waverley	86 m	1364
Middle Musquodoboit	81 m	275
Aerotech	174 m	4085
Beaver Bank	156 m	6937
Hemlock	123 m	21500
Total	N/A	287450

Wastewater & Stormwater Infrastructure as of March 31, 2026

Wastewater Treatment Facility	Treatment Process	Design Average Flows/Day	Area(s) Served	Receiving Water	Volume Treated in 2025/26(m³)
Halifax	Enhanced Primary UV	139 900 m³	Halifax	Halifax Harbour	31,351,934
Dartmouth	Enhanced Primary UV	83 800 m³	Dartmouth	Halifax Harbour	15,688,700
Herring Cove	Enhanced Primary UV	28 500 m³	Halifax & Herring Cove	Halifax Harbour	3,817,659
Mill Cove	Secondary UV/Pure Oxygen Activated Sludge	28 400 m³	Bedford & Sackville	Bedford Basin	8,813,054
Eastern Passage	Secondary UV/Conventional Activated Sludge	25 000 m³	Cole Harbour & Eastern Passage	Halifax Harbour	4,949,377
Timberlea	Secondary Sodium Hypochlorite/RBC	4 540 m³	Lakeside & Timberlea	Nine Mile River	850,299
Aerotech	Tertiary UV/Membrane Bioreactors	3 000 m³	Aerotech Park & Airport	Johnson River	331,388
Springfield Lake	Secondary UV/Activated Sludge	543 m³	Springfield Lake	Lisle Lake	147,672
Fall River	Tertiary UV/Activated Sludge & Post Filtration	454.5 m³	Lockview Road & McPherson Road	Lake Fletcher	52,560
North Preston	Tertiary UV/SBR & Engineered Wetland	680 m³	North Preston	Winder Lake	209,077
Middle Musquodoboit	UV/RBC	114 m³	Middle Musquodoboit	Musquodoboit River	52,459
Uplands Park	Secondary UV Trickling Filter & Wetland	91 m³	Uplands Park	Sandy Lake	33,855
Wellington	Tertiary UV/Activated Sludge/Reed Bleed	68 m³	Wellington	Grand Lake	6,695
Frame Subdivision	Tertiary UV/Membrane Reactor	80 m³	Frame Subdivision	Lake William	8,541

Wastewater & Stormwater Collection System	
Size of Pipes	38 mm - 3000 mm
Total Collection System Length	2384 km
Total Manholes	40,002
Total Pumping Stations	166
Total Ditch Length (km)	503.97 km
Holding Tanks & Retention Ponds	43
Cross Culverts	2,706
Driveway Culverts	18,578
Catchbasins	26,380

Customers by Service Type

Halifax Water provides one or more of the following to our customers: water, wastewater, or stormwater services. Those services support an estimated population of 452,240 people, and numerous visitors to the region.

Service Type	Number of Accounts	Percentage of Total
Water, Wastewater & Stormwater	77,216	69.07%
Stormwater Only	22,628	20.24%
Water & Wastewater	6,703	6%
Water & Stormwater	4,042	3.62%
Wastewater & Stormwater	518	0.46%
Water Only	533	0.48%
Wastewater Only	153	0.14%
Total of All Types	111,793	100%

Corporate Balanced Scorecard Results

Since 2001, Halifax Water has measured organizational performance using a corporate balanced scorecard (CBS). The CBS ensures all employees are focused on strategic outcomes. The Organizational Indicators below are developed to support the Halifax Water purpose statement: to supply and safeguard sustainable, high-quality water services.

Organizational Indicators	Organization Award	2025/26 Target	2025/26 Results	2026/27 Target
Financial and Regulatory Accountability				
Operating expenses (excluding depreciation are less than budget by at least \$1.0 million*	Gateway	73.1%	69.5%	Y/N
Annual cost per customer connection – Water (excluding depreciation)		\$587	\$608	\$587
Annual cost per customer connection – Wastewater (excluding depreciation)		\$740	\$732	\$740
Total capital spend in the fiscal year (in millions)		\$135	\$114	\$135
Capital Budget Expenditures – Percentage of budget spend by end of fiscal year**		45%	42%	45%

Organizational Indicators	Organization Award	2025/26 Target	2025/26 Results	2026/27 Target
Environment, Health, Safety & Social Responsibility				
NS Labour and Advanced Education compliance – Number of Compliance Orders issued		2	1	2
Lost time Injury Frequency -Number of accidents resulting in lost time per 100 employees	Gateway	2	2.3	2
Total Recordable Injury Frequency - Number of accidents resulting in lost time per 100 employees		3.5	4.9	3.5
Safe driving - Number of traffic Accidents per 1,000,000 km driven (maximum of 5)	Org. Award	4	7.04	4
Training - Number of employees trained or re-certified before due date		85%	85%	85%
Percentage of completed safety talks		90%	100%	90%
Percentage of public health and environmental regulatory infractions resulting in a summary offense tickets		2%	0%	2%
Percentage of WWTFs complying with NSE approval permits	Org. Award	95%	93%	95%
Number of ICI properties engaged by Pollution Prevention each year		250	319	250

Organizational Indicators	Organization Award	2025/26 Target	2025/26 Results	2026/27 Target
Operational Excellence				
Adherence with 6 objectives of Water Safety Plan for all water systems	Org. Award	80%	96%	80%
Number of times primary disinfection in water supply facility criteria not met per year	Org. Award	0%	0%	0%
Water service outages - Number of connection hours/1000 customers		200	163	200
Wastewater service outages – Number of connection hours/1000 customers		4	1.9	4
Average speed of answer – Percentage of calls answered within 5 minutes		90%	40%	90%
Response time for service connection permits – Percentage of formal responses provided from Halifax Water within 3 days or less		80%	81%	80%
Response time for subdivisions involving system extensions – Percentage of formal responses from Halifax Water provided within 4 weeks or less review		80%	64%	80%
Water Loss Control - Percentage reduction in real water loss over previous fiscal year	Org. Award	5%	7.2%	5%
I&I reduction - Number of private properties engaged about Inflow & Infiltration		1200	1491	1200
Percentage of time GIS and Cityworks are available	Org. Award	97%	99%	97%
Energy management kwh/m3 reduction associated with capital projects	Org. Award	14%	15%	14%
Bio-solids residual handling - percentage of sludge meeting bio-solids concentration targets	Org. Award	95%	99.5%	95%

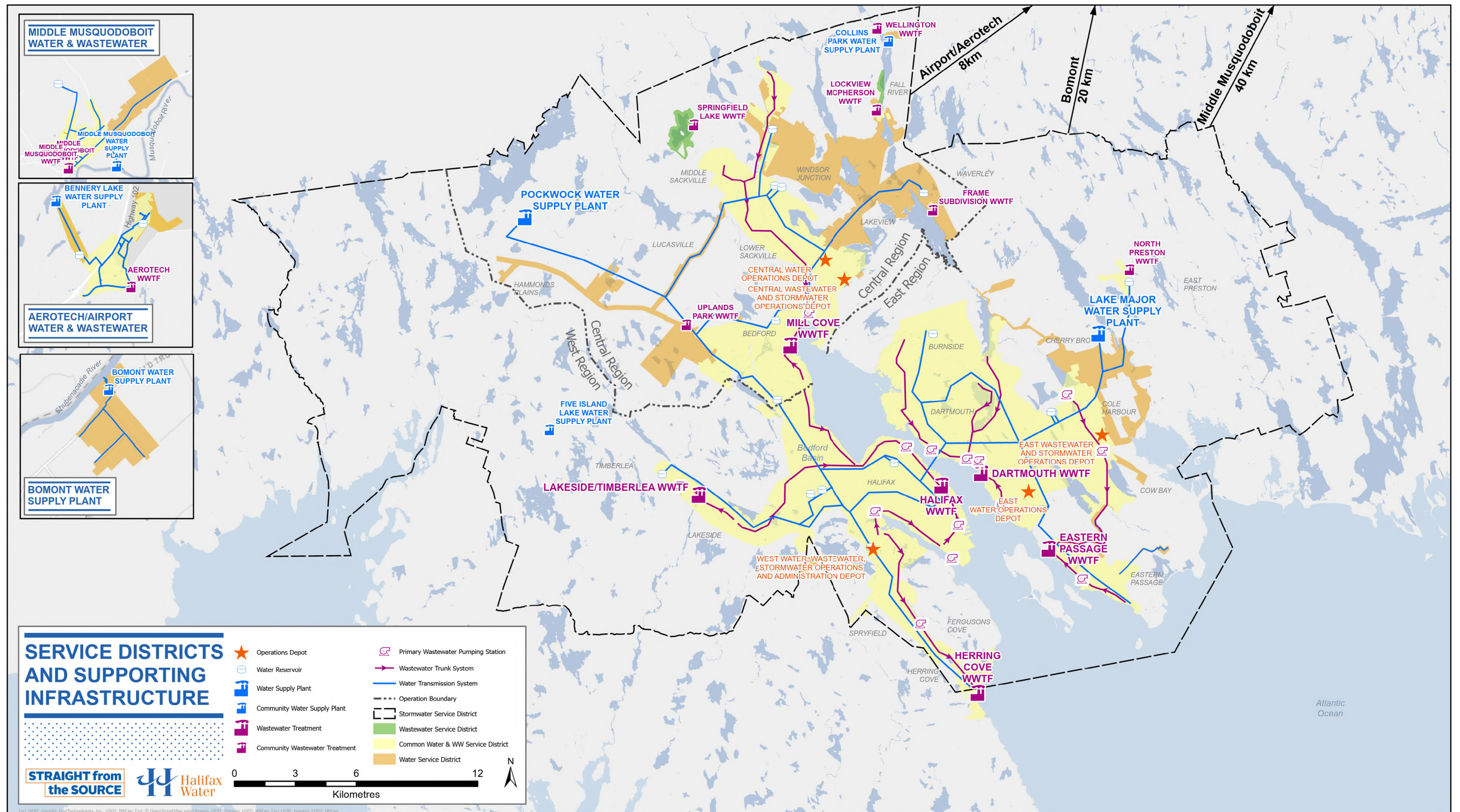
Organizational Indicators	Organization Award	2025/26 Target	2025/26 Results	2026/27 Target
People				
Customer satisfaction about water quality - percentage from Customer Survey	Org. Award	85%	82%	85%
Customer satisfaction with service - percentage from Customer Survey	Org. Award	95%	86%	95%
Percentage of total grievances resolved within the year.		85%	78%	85%
Leaders to engage employees in career conversations to support employee development and succession planning initiatives through performance appraisals.		75%	70%	75%
Employee Engagement Index Score		A	A-	A
Percentage of employees to participate in monthly health and wellness moments.**		90%	N/A	90%

Corporate Balanced Scorecard Notes:

* **Operating Expenses** - The operating expenses excludes any unbudgeted "unusual items".

** **Monthly Health & Wellness Moments** - Monthly health and wellness moments tracking issues did not permit an accurate result.

Service Area Map



Typical Water Analysis

Typical water analysis summarizes routine water quality results and compares them with applicable Canadian drinking water guidelines.

2025/26 TYPICAL ANALYSIS OF POCKWOCK LAKE & LAKE MAJOR WATER

(In milligrams per litre unless shown otherwise)

Note: All regulatory compliance analysis are processed by third-party laboratories.

PARAMETERS	(Halifax) POCKWOCK		(Dartmouth) LAKE MAJOR		GUIDELINES FOR CANADIAN DRINKING WATER QUALITY	
	Raw Water	Treated Water	Raw Water	Treated Water	Maximum Acceptable Concentration	Aesthetic Objective Concentration
Alkalinity (as CaCO ₃)	<2.0	22.3	<2.0	23.2	-	-
Aluminum	0.086	0.018	0.170	0.013	2.9	-
Ammonia (N)	<0.05	0.055	<0.05	<0.05	-	-
Arsenic	<0.001	<0.001	<0.001	<0.001	0.010	-
Calcium	1.1	6.5	1.1	19.0	-	-
Chloride	6.2	7.6	6.4	9.1	-	≤250
Chlorate	<0.1	<0.1	0.1	0.1	1.0	-
Chlorite	<0.1	<0.1	<0.1	<0.1	1.0	-
Colour (True Colour Units)	12.7	<5.0	34.3	<5.0	-	≤15.0
Conductivity (µS/cm)	35	100	40	165	-	-
Copper (Total)	0.042	<0.001	0.033	<0.001	2.0	≤1.0
Fluoride	<0.1	0.60	<0.1	^<0.1	1.5	-
Hardness (as CaCO ₃)	4.1	18.0	4.3	48.0	-	-
HAA5 (avg.)	-	0.014	-	0.029	0.08	-
Iron (Total)	0.07	<0.05	0.114	<0.05	-	≤0.1
Lead (Total) (µg/l)	<0.5	<0.5	<0.5	<0.5	5.0	-
Magnesium	0.420	0.423	0.420	0.450	-	-
Manganese (Total)	0.027	0.010	0.035	0.004	0.12	≤0.02
Mercury (µg/l)	<0.013	<0.013	<0.013	<0.013	1.0	-
Nitrate (as N)	0.051	<0.05	0.053	<0.05	10.0	-
Nitrite (as N)	<0.01	<0.01	<0.01	<0.01	1.0	-
pH (pH Units)	6.1	7.4	6.0	7.5	-	7.0 - 10.5
Potassium	0.26	0.30	0.25	0.25	-	-
Sodium	4.5	12.0	4.77	11.7	-	≤200
Solids (Total Dissolved)	31	60	33	95	-	≤500
Sulphate	3.17	10.02	1.97	36.35	-	≤500
Turbidity (NTU)	0.56	^B 0.05	0.25	^B 0.03	0.30	-
Total Organic Carbon (TOC)	3.9	2.3	5.20	2.6	-	-
THM's (avg.)	-	0.016	-	0.037	0.1	-
Uranium (µg/l)	<0.1	<0.1	<0.1	<0.1	20.0	-
Zinc (Total)	<0.005	0.156	0.006	0.137	-	≤5.0
PCB (µg/l)	-	-	-	-	-	-
Gross Alpha / Gross Beta (Bq/L)	<0.1	<0.1	<0.1	<0.1	0.5 / 1.0	-
PFOS & PFOA (ng/L)	<2.0	<2.0	<2.0	<2.0	30	-

^A Fluoridation at the Lake Major WSP is offline -- a capital project for fluoride reinstatement is currently underway.

^B Per Approval to Operate, the Pockwock and Lake Major plants analyze turbidity immediately post-filtration. Each filter must produce water with a turbidity of <0.15 NTU 95% of the time at the Pockwock Water Supply Plant and <0.2 NTU 95% of the time at the Lake Major Water Supply Plant. Both Water Supply Plants must produce water with a turbidity <1.0 NTU 100% of the time, as required by Provincial Permit.

2025/26 TYPICAL ANALYSIS OF BENNERY LAKE & BOMONT WATER

(In milligrams per litre unless shown otherwise)

Note: All regulatory compliance analysis are processed by third-party laboratories.

PARAMETERS	BENNERY LAKE		BOMONT		GUIDELINES FOR CANADIAN DRINKING WATER QUALITY	
	Raw Water	Treated Water	^a Raw Water	Treated Water	Maximum Acceptable Concentration	Aesthetic Objective Concentration
Alkalinity (as CaCO ₃)	3.2	36.2	-	22.7	-	-
Aluminum	0.104	0.010	-	0.024	2.9	-
Ammonia (N)	0.056	0.056	-	<0.05	-	-
Arsenic	<0.001	<0.001	-	<0.001	0.010	-
Calcium	3.0	19.6	-	11.5	-	-
Chloride	8.0	9.2	-	11.5	-	≤250
Chlorate	<0.1	0.2	-	<0.1	1.0	-
Chlorite	<0.1	<0.1	-	<0.1	1.0	-
Colour (True Colour Units)	24.7	<5.0	-	<5.0	-	≤15.0
Conductivity (µS/cm)	44	186	-	123	-	-
Copper (Total)	0.1020	0.0270	-	0.0010	2.0	≤1.0
Fluoride	<0.1	<0.1	-	0.7	1.5	-
Hardness (as CaCO ₃)	9.2	51.0	-	45.0	-	-
HAA5 (avg.)	-	0.022	-	0.04	0.08	-
Iron (Total)	0.42	<0.05	-	<0.05	-	≤0.1
Lead (Total) (µg/l)	<0.5	<0.5	-	<0.5	5.0	-
Magnesium	0.6	0.6	-	0.4	-	-
Manganese (Total)	0.257	0.057	-	0.013	0.12	≤0.02
Mercury (µg/l)	<0.013	<0.013	-	<0.013	1.0	-
Nitrate (as N)	<0.05	<0.05	-	<0.05	10.0	-
Nitrite (as N)	<0.01	<0.01	-	<0.01	1.0	-
pH (pH Units)	6.5	7.5	-	7.6	-	7.0 - 10.5
Potassium	0.3	0.3	-	0.3	-	-
Sodium	5.2	16.0	-	13.5	-	≤200
Solids (Total Dissolved)	47	125	-	63	-	≤500
Sulphate	4.2	34.2	-	15.6	-	≤500
Turbidity (NTU)	0.57	^b 0.04	-	^c 0.19	0.3	-
Total Organic Carbon (TOC)	5.5	2.5	-	2.5	-	-
THM's (avg.)	-	0.029	-	0.054	0.1	-
Uranium (µg/l)	<0.1	<0.1	-	<0.1	20.0	-
Zinc (Total)	<0.005	0.093	-	0.144	-	≤5.0
PCB (µg/l)	-	-	-	-	-	-
Gross Alpha / Gross Beta (Bq/L)	<0.1	<0.1	-	<0.1	0.5 / 1.0	-
PFOS & PFOA (ng/L)	<2.0	<2.0	-	<2.0	30	-

^aRaw water samples were not collected from the Bomont raw water source this past year. Treated water was supplied from either the Lake Major or Pockwock water systems.

^bThe Bennerly Lake plant analyzes turbidity immediately post-filtration and must produce water with a turbidity of <0.2 NTU 95% of the time and <1.0 NTU 100% of the time.

^cFiltered turbidity values are not reported due to the fact that the Bomont Water Supply Plant was not treating raw water.

2025/26 TYPICAL ANALYSIS - SMALL SYSTEMS

(In milligrams per litre unless shown otherwise)

Note: All regulatory compliance analysis are processed by third-party laboratories.

PARAMETERS	FIVE ISLAND LAKE		SILVER SANDS		GUIDELINES FOR CANADIAN DRINKING WATER QUALITY	
	Raw Water	Treated Water	Raw Water	Treated Water	Maximum Acceptable Concentration	Aesthetic Objective Concentration
Alkalinity (as CaCO ₃)	30.0	33.3	63.0	51.9	-	-
Aluminum	<0.005	<0.005	<0.005	0.005	2.9	-
Ammonia (N)	<0.05	<0.05	0.063	<0.05	-	-
Arsenic	0.004	0.004	0.002	<0.001	0.010	-
Calcium	11.0	11.0	37.0	37.0	-	-
Chloride	8.8	9.0	67.0	71.0	-	≤250
Chlorate	<0.1	0.14	-	-	1.0	-
Chlorite	<0.1	<0.1	-	-	1.0	-
Colour (True Colour Units)	<5.0	<5.0	<5.0	<5.0	-	≤15.0
Conductivity (µS/cm)	100	105	400	362	-	-
Copper (Total)	0.0120	0.0350	<0.001	<0.001	2.0	≤1.0
Fluoride	0.4	0.4	-	-	1.5	-
Hardness (as CaCO ₃)	33.0	32.0	110.0	110.0	-	-
HAA5 (avg.)	-	<0.005	-	-	0.08	-
Iron (Total)	<0.05	<0.05	0.98	0.04	-	≤0.1
Lead (Total) (µ g/l)	<0.5	<0.5	<0.5	<0.5	5.0	-
Magnesium	1.3	1.3	5.2	5.2	-	-
Manganese (Total)	<0.002	<0.002	1.20	0.026	0.12	≤0.02
Mercury (µ g/l)	<0.013	<0.013	-	-	1.0	-
Nitrate (as N)	0.062	<0.05	<0.05	<0.05	10.0	-
Nitrite (as N)	<0.01	<0.01	<0.01	<0.01	1.0	-
pH (pH Units)	7.2	7.9	7.9	7.3	-	7.0 - 10.5
Potassium	0.5	0.5	0.9	0.9	-	-
Sodium	6.5	7.8	23.0	30.0	-	≤200
Solids (Total Dissolved)	70	69	-	-	-	≤500
Sulphate	2.6	2.5	20.0	24.0	-	≤500
Turbidity (NTU)	<0.1	^A 0.05	13.00	^A 0.15	1.0	-
Total Organic Carbon (TOC)	<0.5	<0.5	<0.5	0.88	-	-
THM's (avg.)	-	<0.001	-	-	0.1	-
Uranium (µ g/l)	12.0	11.5	<0.1	<0.1	20.0	-
Zinc (Total)	<0.005	<0.005	<0.005	0.033	-	≤5.0
PCB (µ g/l)	<0.05	<0.05	-	-	-	-
Gross Alpha / Gross Beta (Bq/L)	0.43/0.46	0.29/<0.1	-	<0.1	0.5 / 1.0	-
PFOS & PFOA (ng/L)	<2.0	<2.0	<2.0	<2.0	30	-

^A The Five Island Lake and Silver Sands Water Supply Plants must produce water with turbidity of <1.0 NTU 95% of the time, as required by Provincial Permit.

^B The Silversands WSP was decommissioned in September 2025 and was connected to the Lake Major system

2026/27 Business Plan on a Page



People

Objective

Create a thriving and inclusive workplace culture by fostering strong leadership, collaborative talent management, and enhancing every step of our employees' career journey together over the next five years.

Annual Business Goals for 2026/27

- Track the implementation progress of the Psychological Health and Safety strategy and incorporate it into the safety management system.
- Continue to enhance career development through a leadership framework that offers opportunities for self-improvement and sets a clear understanding of roles and expectations that empower and embody leadership at Halifax Water.
- Begin implementing the Strategic Recruitment and Attraction plan, with priority initiatives for 2026/27.
- Identify and provide development opportunities for future leaders, including establishing a mentorship program for those potentially moving into leadership positions.
- Develop and launch a framework to identify and mitigate potential resource gaps related to critical roles.
- Define key metrics for succession planning and establish processes for monitoring and reporting.



Environment, Health, Safety & Social Responsibility

Objective

To establish disciplined processes and effectively manage risks to create a safer, more resilient future for our water resources and communities.

Annual Business Goals for 2026/27

- Improve the Occupational Health and Safety (OHS) program by updating the OHS manual, enhancing incident reporting, and implementing safety metric measurement and tracking.
- Begin implementing enhanced Fire Safety audits across all facilities by.
- Develop the first draft of the centralized Halifax Water Security Plan.
- Implement elements of the Electrical Safety program, including training, inspections, updated safe work practices, and electrical safety studies.
- Execute activities identified in the Emergency Management Strategic Plan (for fiscal 2026/27).
- Continue to enhance Halifax Water's cyber security preparedness by establishing measurable performance indicators, addressing ongoing Municipal Auditor General (MAG) recommendations and completing year 2 of the Halifax Water compliance roadmap.
- Develop an adaptive planning framework for the municipal drinking water supply.
- Assess the existing dam management program to develop and implement a formal Dam Safety Management System that integrates into the integrated management system.
- Review the current approach to water loss control, develop a plan to improve water loss in the system, and begin implementing short-term actions.
- Explore opportunities for Demand Side Management.
- Enhance education and awareness plans, as well as internal processes and procedures, for various customer-related programs to increase customer compliance.
- Develop a framework for a water service Backflow Prevention Retrofit program.



Financial & Regulatory Compliance

Objective

To enhance our internal processes for regulatory oversight, financial management and corporate governance.

Annual Business Goals for 2026/27

- Advance the IRP Update Project, including system analysis and the development of regional servicing strategies.
- Continue improvements to capital project planning and delivery through process and software development.
- Enhance financial management processes to better inform budget, capital investment, and debt strategies.
- Address gaps identified from a review of Halifax Water's regulatory processes to help enhance the corporate governance framework and align with Industry best practices.
- File a General Rate Application for test years 2027/28 and 2028/29, to comply with NSRAB Directives to recover operating expenses, and maintain, repair, and upgrade aging infrastructure to ensure safe and reliable service, and to address financial deficit.



Operational Effectiveness

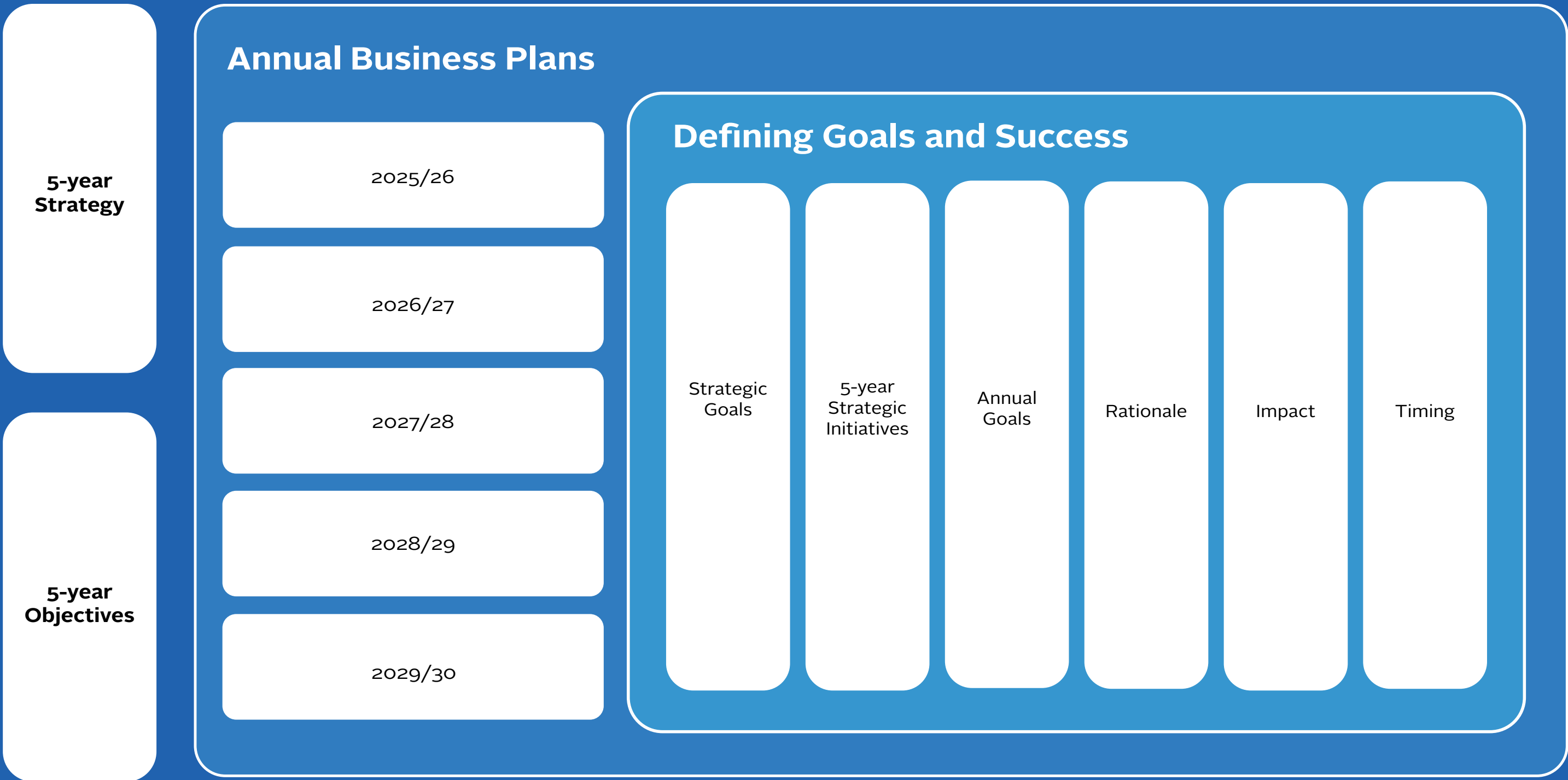
Objective

Improve customer experience and build trust and confidence by focusing on service reliability.

Annual Business Goals for 2026/27

- Improve Operational Resiliency through an enhanced Quality Management System (QMS) for both water and wastewater service delivery.
- Continue to address corrective actions identified from the Boil Water Advisories and the Operational Resilience Program, with completion of the medium-term corrective actions.
- Develop a project delivery strategy for upcoming major capital projects (Water Supply Project Upgrades and Mill Cove Wastewater Treatment Facility).
- Develop standardized approaches for key Integrated Management System (IMS) processes and define continual improvement pathways using a certification-readiness framework.
- File an update to the Regional Development Charge (RDC) with the NSRAB, including the following: capital requirements, benefits to existing customers, and approaches to improving demand-side management.
- Align with provincial & municipal development intensification planning to understand the mid to long-term impacts on water, wastewater and stormwater infrastructure.
- Establish a foundational framework for Halifax Water that defines core services, service users, and service attributes, enabling identification of gaps and the required data to measure customer-focused Levels of Service (LOS).
- Establish a strategy and implementation plan for data analytics, automation, and AI that support organizational objectives and enhance operational efficiency.

Halifax Water 2030 - Empowering People, Transforming Services



Approved in January 2025, "Halifax Water 2030," is Halifax Water's 5-Year Business Strategy. It has set the organization's direction for the next five years and serves as the foundation for annual business planning, budgeting, and performance measurement.