

THE CORPORATION OF THE  
**CITY OF WHITE ROCK**  
**CLOSED CORPORATE REPORT**



**DATE:** February 25, 2013  
**TO:** Mayor and Council  
**FROM:** Dan Bottrill, Chief Administrative Officer  
**SUBJECT:** Purchase of the City of White Rock Water Utility from EPCOR

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**RECOMMENDATIONS**

THAT Council:

- 1) Receive for information the February 25, 2013 closed corporate report from the Chief Administrative Officer titled "Purchase of the City of White Rock Water Utility from EPCOR;"
  - 2) Approve staff to proceed with the preparation of a business case for the purpose of determining whether or not the City of White Rock should enter formal negotiations to purchase the water utility from EPCOR; and
  - 3) Approve the release of Council's decision to examine the merits of purchasing the water utility from EPCOR.
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**INTENT**

The objective of this closed corporate report is to provide information on the current status of the water utility owned and operated in the City of White Rock by EPCOR with an overview of the merits of staff pursuing the purchase of the water utility.

**INTRODUCTION**

Water services for The City of White Rock has been provided by a private operator since prior to the incorporation of the municipality. Staff has reviewed the following agreements for water services:

- Agreement dated September 29, 1922 (attached as Appendix A) between the District of Surrey and White Rock Waterworks Company Limited specifying the terms and conditions "to maintain and continue to operate its present water system and also to lay down, relay, connect, disconnect, repair and maintain all mains and other pipes through and under the streets, avenues, alleys, highways, bridges, and thoroughfares of that portion of the said Municipality of Surrey known as White Rock ...".
- Agreement dated April 30, 1966 (attached as Appendix B) between the White Rock Water Works Company Limited and White Rock Utilities Limited specifying the terms and conditions the sale of the water utility from White Rock Water Works Company Limited to White Rock Utilities Limited. This agreement references the September 29, 1922 agreement.

- Agreement dated May 28, 1966 (attached as Appendix C) between the City of White Rock, White Rock Water Works Company Limited and White Rock Utilities Limited for the purposes of obtaining the “Corporation’s” (City of White Rock’s) consent and transfer by the “Old Company” (White Rock Water Works Company Limited) to the “New Company” (White Rock Utilities Limited) “of all of its rights, powers and assets of a public utility nature wherever situate and particularly of those rights and assets situate in the City of White Rock and, in particular, the Corporation consents to the assignment by the Old Company to the New Company of all the rights and powers of the Old Company under the 1922 Agreement.”

EPCOR advises that it purchased the shares of White Rock Utilities Limited. By purchasing the shares of the company, EPCOR would hold all the assets and liabilities of the previous company including any and all contractual agreements with the City of White Rock. EPCOR has advised City staff that it is unaware of any agreement with the City of White Rock.

EPCOR, according to their web site, builds, owns, and operates electrical transmission and distribution networks, as well as water and wastewater treatment facilities and infrastructure in Canada and the United States. EPCOR is headquartered in Edmonton, Alberta, is governed by an independent Board of Directors, and is 100% owned by the City of Edmonton. In 2011, EPCOR reported total revenue of \$1.8 billion, net income of \$144 million, and paid a dividend of \$138 million to their sole shareholder, City of Edmonton.

### **COUNCIL GOAL**

The following two strategic priorities have relevance to the issue of whether or not to purchase the water utility from EPCOR.

**Service Delivery:** Service delivery is essential to the City of White Rock and we will continue to work to enhance our community programs.

**Infrastructure:** Robust municipal infrastructure is fundamental to quality of life. The City of White Rock wants to continue to make appropriate strategic investments to maintain or replace public assets as required.

### **ANALYSIS**

As a private utility, the rates that EPCOR may charge for water utility services in White Rock is regulated by the Comptroller of Water Rights for British Columbia. The rates reflect the cost of operating the water utility as well as a profit. EPCOR has recently confirmed that their assumptions with regards to the Total Water Quality Management (TWQM) project application for their White Rock operations include “that the allowed return on equity would remain at 10.8% ...”. In other words, EPCOR is entitled to a return on their net asset position. Under those conditions, they would be motivated to increase their net asset position by building additional infrastructure and paying down debt as quickly as possible.

EPCOR is entitled to make a profit. It is not a charitable organization. If the City of White Rock were to purchase the utility, the City would operate it on the basis that the operating revenues would support the cost of operating the utility. There is no need to make a profit in the form of a return on equity.

The City does not have financial information on EPCOR’s White Rock operation including its equity position. However, it would not be unreasonable to assume that the value of the assets of the utility is approximately \$10 million. Assuming the debt was paid off, and ultimately any debt

used to finance their assets would eventually be paid down, EPCOR potentially would be entitled to a profit of approximately \$1 million per year (\$10 million equity times 10%). Once they have paid down the cost of the TWQM project and assuming that half of the \$12 million associated with the project was new infrastructure, EPCOR would be entitled to profit of approximately \$1.6 million per year (\$16 million times 10%). That is a lot of money that is being taken out of the community and to be given to the City of Edmonton in the form of a dividend.

I recognize that it is not reasonable at this time to assume that EPCOR has paid down their debt to acquire the utility, so the above figures are significantly higher than the current state of financial affairs. I bring this to your attention in order to forecast the consequences should EPCOR continue to own the water utility in White Rock.

The following is provided as an overview of the advantages and disadvantages of purchasing the water utility from EPCOR:

**Advantages:**

- 1) Water rates ultimately could be approximately 10% lower than they otherwise would be if EPCOR continues to own the utility assuming EPCOR's allowed rate of return remains at 10.8% and the City is able to operate at the same cost as EPCOR. The overall savings to the community would ultimately be estimated at \$1 million (or more) every year.
- 2) The cost of borrowing is currently at historical low levels with interest rates for ten (10) year debt from the Municipal Finance Authority estimated at approximately 3.28% (according to their web site).
- 3) There are administrative costs related to dealing with the Comptroller of Water Rights of BC that the City of White Rock would not have to deal with. White Rock Council would determine water rates by bylaw similar to the sanitary sewer and storm drainage utility.
- 4) There may be other overhead costs such as operating from the Administration building on Russell Avenue that may also be reduced or avoided.
- 5) The City of White Rock will own the water utility on behalf of the community and is able to levy rates on a break-even basis similar to the sanitary sewer or storm drainage utility.
- 6) The City of White Rock, as a member municipality of Metro Vancouver, would be able to use Metro Vancouver as a supply source option.
- 7) The City of White Rock, as a municipality, may be eligible for senior government infrastructure grants not available to EPCOR.

**Disadvantages:**

- 1) City of White Rock would be responsible for operating the water utility. However, the City could contract the operations back to EPCOR.
- 2) City of White Rock would be writing a very large cheque estimated at \$10 million and would have to borrow for the entire purchase price of the utility.
- 3) City of White Rock would have to determine cash flow projections and interim internal borrowing options to cover the amount of cash flow required to finance water utility operations (preliminary estimate of approximately three months of revenue).
- 4) City of White Rock would have to adjust Finance Department operations to accommodate additional billing and collections of water utility revenue.
- 5) City of White Rock would have to be prepared to take on a significant infrastructure review and improvements, including the chlorination issue with Fraser Health, and meet new commitments with Metro Vancouver if applicable.

Staff is of the opinion that there are sufficient advantages to further investigate the purchase of the water utility from EPCOR.

### **Next Steps:**

Assuming Council is prepared to further examine the merits of pursuing the purchase of the water utility from EPCOR, the next steps would be to:

- 1) Formally notify EPCOR of the City of White Rock's intention to examine the potential purchase of the water utility in accordance with the agreement between the City and EPCOR with a written request for the necessary financial information necessary to prepare a business case.
- 2) Advise Metro Vancouver that the City is examining the merits of acquiring the water utility from EPCOR with a request to discuss the process of the option to obtain our water supply from Metro Vancouver.
- 3) Prepare a business case and report back to Council at a Closed meeting with a view to determine, based on the business case, if the City should make an offer to purchase the water utility.

### **BUDGET IMPLICATIONS**

Should the City of White Rock determine to purchase the water utility from EPCOR, the financial plan would need to be amended to reflect the purchase and operations of the water utility. A rough estimate of the water utility is \$10 million.

### **RISK MANAGEMENT**

There is very little financial risk with regards to purchasing the water utility from EPCOR from the perspective that the City of White Rock is able to establish water rates at a level that will cover the costs of operations including the cost of debt to acquire the utility. However, the City should be prepared to undertake significant infrastructure improvements, mainly to deal with chlorination, and possibly new commitments with Metro Vancouver.

The risks associated with taking on the ongoing operation of the utility can be mitigated by contracting the operation back to EPCOR. In other words, should Council agree to proceed with the purchase of the water utility, the negotiations with EPCOR would include a provision for EPCOR to continue to operate for a period of at least five years. EPCOR is in the business of operating utilities. In the case of White Rock, EPCOR owns and operates the water utility.

### **OPTIONS**

Council has the following options with regards to the potential purchase of the water utility from EPCOR:

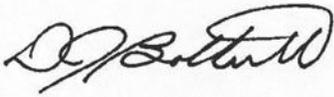
1. Approve staff to proceed with the preparation of a business case for the purpose of determining whether or not the City of White Rock should enter formal negotiations to purchase the water utility from EPCOR; or
2. Reject the proposal to further examine the merits of purchasing the water utility from EPCOR.

Staff is recommending option one which is reflected in the recommendations at the beginning of the corporate report.

**CONCLUSION**

EPCOR is currently involved in the TWQM project in order to comply with Fraser Health's requirement to chlorinate the water supply in White Rock. As EPCOR is expected to make approximately a \$12 million infrastructure investment, it would be timely to consider the merits of purchasing the water utility in White Rock from EPCOR.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dan Bottrill", written over a light grey rectangular background.

Dan Bottrill  
Chief Administrative Officer

- Appendix A: Agreement dated September 29, 1922 between the District of Surrey and White Rock Waterworks Company Limited.
- Appendix B: Agreement dated April 30, 1966 between the White Rock Water Works Company Limited and White Rock Utilities Limited.
- Appendix C: Agreement dated May 28, 1966 between the City of White Rock, White Rock Water Works Company Limited and White Rock Utilities Limited.

APPENDIX A  
SCHEDULE ONE

ARTICLES OF AGREEMENT made in duplicate this 29th day of September  
in the year of our Lord One thousand nine hundred  
and twenty two.

BETWEEN:

THE CORPORATION OF THE DISTRICT OF SURREY  
in the Province of British Columbia.  
hereinafter called "the Corporation"  
of the One Part,

AND:

WHITE ROCK WATERWORKS COMPANY LIMITED,  
a body corporate having its head office  
at White Rock in the said Province,  
hereinafter called "the Company"  
of the Other Part.

WHEREAS the Company was duly incorporated in the year 1913  
under the Companies Act R.S.B.C. 1911 for the object inter alia to  
supply White Rock and the neighborhood thereof with water and to carry  
on the business of a Water Works Company in all its branches, to sink  
wells and shafts and to make, build and construct, lay down and maintain  
reservoirs, water works, cisterns, culverts, filter beds, mains and  
other pipes and appliances, to execute and do all other works and things  
necessary or convenient for obtaining, storing, selling, delivering,  
measuring, and distributing water or otherwise for the purpose of the  
Company.

AND WHEREAS the Company having first taken all proper steps  
thereunto authorizing it so to do including obtaining a license from the  
proper authorities of the Province of British Columbia did install a  
water works system in a portion of White Rock aforesaid, which system  
it is at the present time maintaining and operating.

AND WHEREAS the Company is desirous of increasing and extending  
the said water works system so as the better to serve the rapidly  
increasing population of the said White Rock and neighborhood and for that  
purpose has applied to the Corporation for permission to continue its  
undertakings in the said White Rock and neighborhood and the Corporation is

willing to grant such permission upon the terms and conditions hereinafter set forth.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises the parties hereto do for themselves their successors and assigns, mutually covenant, promise and agree each with the other in manner following, that is to say:-

1. The Corporation hereby so far as it legally can do so, grants unto the Company the privilege to maintain and continue to operate its present water works system and also to lay down, relay, connect, disconnect, repair and maintain all mains and other pipes through and under the streets, avenues, alleys, highways, bridges, and thoroughfares of that portion of the said Municipality of Surrey known as White Rock and the neighborhood thereof, which may be more particularly described as Sections ten (10) and eleven (11) in Township One (1), New Westminster District, as may be necessarily proper and convenient for distributing and supplying water to consumers thereof, and to make connection between such mains and pipes and the dwellings or other buildings of such consumers where such water is to be used, the same to be laid and connected, maintained and repaired in a workmanlike manner so as not to interfere with the use of the said streets, avenues, alleys, highways, bridges and thoroughfares of the Municipality within the said limits for the purposes of travel and so as not to interfere with any existing improvements on the same or any part thereof, provided always and the right is hereby reserved to the Corporation to decide what streets, avenues, highways, alleys, bridges or thoroughfares the Company can so use for the purposes aforesaid and also as to what part of the same shall be used by the Company.

2. For the purpose of laying, repairing, keeping, maintaining, connecting and disconnecting said mains and pipes, the Corporation hereby grants unto the Company the privilege of digging ditches and excavating the said streets, avenues, alleys, highways and thoroughfares subject to the proviso contained in the last preceding paragraph, provided the Company shall without unnecessary delay and upon such terms and within such reasonable time as may be prescribed by the Council of the

Corporation restore the surface of the ground so dug up or excavated to as good condition as it was in before such work was done, and provided that the Company shall be liable for all damages, loss, costs and expenses occasioned by any of the works hereinbefore or hereinafter mentioned, and shall indemnify and save harmless the said Corporation from all loss and liability for or on account of any loss, damages, costs and expenses that may result from any work or negligence of the Company, and provided that the said work shall be done under the superintendence of the Engineer of the said Corporation or any person or persons to be nominated by the Council.

3. Before the Company proceeds to open or break up any street, avenue, alley, highway or thoroughfare, drain, ditch or tunnel, it shall apply to the Council of the Corporation for leave to do such work and no such work shall be commenced before such permission is duly granted by the said Council, except in the case of emergency, when application may be made to the Chairman of the Board of Works for the time being.

4. During the excavation of any street or highway, or the laying of any pipes and during repairs to and alterations of the same, the Company shall take due care and proper precaution for the safety and protection of foot and other passengers and of horses and other animals, carriages and vehicles lawfully using such street or highway and shall not unnecessarily interfere with or impede the public use of such street or highway .

5. Whenever it shall be necessary in grading any street or in building any sidewalk or making any other improvement, or in doing any work in the streets, avenues, highways, alleys or thoroughfares of the Municipality, to move, raise, or lower any pipe or pipes, or other property belonging to the Company, the Company shall at its own expense upon receiving two (2) weeks' notice from the Corporation, move, raise or lower such pipe or pipes or other property of the said Company within fourteen (14) days after receiving such notice to such height or depth, and to such place or places, designated in such notice, and if the Company shall neglect

or refuse to move, raise or lower each pipe or pipes or other property of the Company within the time limited therein then such pipe or pipes or other property may be moved, raised or lowered by the Corporation at the expense of the Company and the cost thereof may be recovered by the Corporation from the Company as a debt due from the Company to the Corporation.

6. The Company shall at its own expense run service pipes from its mains on any street, avenue, highway, alley or thoroughfare in the area mentioned in paragraph 1 hereof, to which its system extends to the property line of the premises owned by any applicant for water and shall supply such applicant with water at the rates approved by the proper officers of the Government of the Province of British Columbia.

7. The Company shall from time to time and as development and the erection of buildings proceed within the said area upon resolution of the Council to that effect extend its system of mains for the supply of water to meet the demands of residents on new streets when annual revenue equivalently 25% of the cost of construction of such extensions is guaranteed by applicants therefor.

8. The Company shall at the earliest possible date after this agreement has been submitted to the electors of the Corporation and has received the assent of the said electors install at the corners of intersecting streets on which buildings are erected suitable standards or hydrants, connected with the water main, such standards or hydrants, shall not be of less than two (2) inches in diameter and be provided with the necessary valves and turncocks, and shall be properly protected so as not to interfere with the traffic.

9. The Company shall procure and keep on hand at all times during the existence of this agreement or any renewal thereof a sufficient quantity of pure and wholesome water to adequately supply all actual residents in the aforesaid area on streets and roads to which the Company has extended its system and shall in this regard comply with the terms of any resolution or resolutions which may be reasonably passed by the Council of the said Corporation during the existence of this Agreement.

10. The Company shall from and after the assent of the electors has been obtained to this agreement during the season and when required by resolution of the Council at such points as may be designated by the Council supply water to public troughs, fountains and sanitary conveniences at a flat rate of one-half the amount charged for the same class of service to the general consumer, but that the Company shall have the right to control said supply with the object of preventing unnecessary waste of water.

11. The Company shall construct, equip, install, maintain and operate within the area described in Paragraph 1 hereof at such points within the said area to which the mains of the Company have been extended for fire purposes such hydrants as may be designated by the Council of the Corporation, such hydrants shall have a capacity of not less than two inches and shall be connected with a two inch or larger main.

12. The Company shall from time to time and at all times during the existence of this agreement comply with the reasonable requirements of the Council of the Corporation as to size of mains or other pipes installed by the Company in any street, avenue, alley, highway or thoroughfare in the said area and shall remove any mains or other pipes which may be declared to be of insufficient size and replace the same with such mains or pipes as may be declared by resolution of the said Council to be necessary.

13. The Company shall and will from time to time and at all times indemnify and save harmless the Corporation from any injury arising from any accident to any person or property by reason of any neglect or omission to keep the pipes and works of the Company in a safe condition and from all lawful claims against the Corporation for damages, caused by said water pipes of the Company or by any works, alterations, repairs or improvements made by the Company in connection with the undertakings herein contemplated.

14. The Company shall be liable for and shall pay all lawful claims for damages and lawful compensation for losses arising in respect of property through negligence or default of the Company occurring during the construction or by reason of the operation of the works of the Company

herein contemplated for which the Corporation may be liable.

15. The Company agrees to do, observe, fulfil and perform all the conditions, agreements, provisos and undertakings herein contained.

16. The Company shall concurrently with the execution of this agreement enter into a bond with the Corporation for the sum of Five Thousand Dollars (\$5,000.00) with a reliable bonding company to be approved by the Council of the Corporation, conditioned for the performance by the Company of the terms, conditions, provisos and agreements herein contained on the part of the said Company to be done, observed and performed and shall keep the said bond in full force and effect during the existence of this Agreement.

17. The rights, powers and privileges hereinbefore granted shall continue for a period of twenty (20) years from the final passage of the By-law authorizing this Agreement, provided that at the expiration of ten (10) years from the said final passage of the said By-law the Corporation may after giving six (6) months' written notice prior to the expiration of such term of its intention so to do assume ownership of the Company's franchise, water works, plant, mains, pipes and fittings, licences and real and personal property in connection with the working thereof, upon payment of their value to be mutually agreed upon or to be determined by arbitration under the provisions of the act concerning arbitration now in force in British Columbia, and in case the Corporation shall fail in exercising the right of assuming such ownership at the expiration of said term of ten (10) years the Corporation may thereafter exercise the same right of assuming such ownership after six months' written notice to be given prior to the expiration of any year after the aforesaid ten (10) years and upon payment of the value as determined by arbitration as aforesaid. And provided that in case the Corporation shall fail to assume ownership of the Company's said undertakings within the period of twenty (20) years from the final passage of the said By-law the Company shall be entitled to a renewal of this agreement for further and other term or terms of ten (10) years until the Corporation shall assume ownership of the Company's undertakings as hereinbefore mentioned.

18. The Company agrees to pay all costs and expenses in connection with the preparation and execution of this Agreement and the By-law authorizing same and submitting same to the ratepayers whether the assent of the ratepayers is obtained or not and all matters incidental thereto.

IN WITNESS WHEREOF the parties hereto have caused their Corporate Seals to be hereunto affixed by the hands of their proper officers.

The Corporate Seal of The Corporation of the District of Surrey was hereunto affixed in the presence of

\_\_\_\_\_  
RESVE  
\_\_\_\_\_  
CLSRK

The Corporate Seal of White Rock Water Works Company Limited was hereunto affixed in the presence of

\_\_\_\_\_  
"W.E. Johnson"  
\_\_\_\_\_

(Seal)

THIS AGREEMENT made this 30th day of April, 1966

BETWEEN:

WHITE ROCK WATER WORKS COMPANY LIMITED,  
a company incorporated under the laws of  
the Province of British Columbia, having  
its head office at 744 West Hastings  
Street in the City of Vancouver, in the  
Province of British Columbia;

(hereinafter called the "Vendor")

OF THE FIRST PART

AND:

WHITE ROCK UTILITIES LIMITED, a company  
incorporated under the laws of the  
Province of British Columbia, having  
its head office at 744 West Hastings  
Street, in the City and Province  
aforesaid;

(hereinafter called the "Purchaser")

OF THE SECOND PART

WITNESSETH THAT:

1. The Vendor sells, assigns, transfers and sets over unto the Purchaser, for its own use absolutely, all of its right, title and interest in and to all of its property and assets of whatsoever kind and wheresoever situate in the whole of its undertaking and goodwill including and without restricting the generality of the foregoing all its rights under a certain agreement between the Vendor and the Corporation of the District of Surrey dated 29th day of September, 1922 and the amendments thereto between the same parties dated 25th November, 1939 and the 23rd November, 1953 made

binding on the Corporation of the City of White Rock by the White Rock Incorporation Act, S.B.C. 1957 (hereinafter collectively called the "1922 Agreement") and including all those categories of assets referred to in Schedule "A" hereto at prices for the respective categories of assets of the Vendor as set forth therein to be shown on the statement of Assets and Liabilities of the Vendor as at the 31st March, 1966 as audited by the Vendor's auditors Messrs. Helliwell, Maclachlan & Co. of Vancouver, British Columbia (hereinafter referred to as the "Financial Statement") EXCEPTING ALWAYS all those categories of assets referred to in Schedule "B" hereto.

2. The Purchaser hereby assumes and agrees to pay the total of all of the liabilities of the Vendor including without restricting the generality of the foregoing the liabilities of the Vendor under the 1922 Agreement and all those categories of liabilities referred to in Schedule "A" hereto at prices for the respective categories as shown on the Financial Statement EXCEPTING ALWAYS all those categories of liabilities set forth in Schedule "B" hereto.

3. The Purchaser acknowledges its indebtedness to the Vendor in the amount of the difference between the assets hereby acquired and the liabilities hereby assumed as hereinabove determined and covenants and agrees to pay the said indebtedness forthwith

upon such determination unless otherwise agreed by the parties hereto.

4. The Purchaser hereby covenants and agrees to indemnify and save harmless the Vendor from all claims or demands whatsoever arising out of and from the liabilities hereby assumed by the Purchaser.

5. Each of the parties hereto covenants and agrees with the other that it will upon request by that other do all things and execute all such instruments as may be necessary for the transfer to the Purchaser of the assets hereby sold and purchased and the release and indemnity hereby covenanted including, and without restricting the generality of the foregoing, all conveyances, assignments, franchises, bills of sale, discharges and other instruments for purposes of transfer, release and indemnity.

6. It is understood and agreed by the parties hereto that title to the property and assets sold hereunder is hereby vested in the Purchaser subject only to:-

- (a) the consent to the assignment and transfer of all the property herein being given by the Public Utilities Commission of the Province of British Columbia;
  - (b) the granting of a Certificate of Public Convenience and Necessity to the Purchaser by the said Public Utilities Commission;
- and

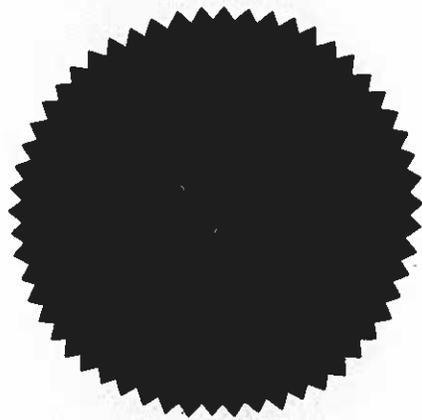
(c) the consent of at least 75% of the holders of the 5 1/2% preference shares in the capital of the Vendor company or the redemption of the said shares whichever shall first happen

and if all the conditions set out in paragraph (a), (b) and (c) above are not fulfilled within one year from the date hereof then these presents and all the obligations hereunder shall be null and void and of no effect whatsoever.

IN WITNESS WHEREOF the parties have hereunder caused their corporate seals to be affixed in the presence of their proper officers in that behalf the day and year first above written.

THE CORPORATE SEAL of WHITE ROCK  
WATER WORKS COMPANY LIMITED was )  
hereunto affixed in the presence) )  
of; )

[Signature] )  
Director )  
Whitch )  
Secretary )



THE CORPORATE SEAL of WHITE ROCK  
UTILITIES LIMITED was hereunto )  
affixed in the presence of; )

[Signature] )  
Director )  
Whitch )  
Secretary )



**THIS IS SCHEDULE "A" to that certain Agreement in writing dated the 30th day of April, 1966 between White Rock Water Works Company Limited, of the First Part, and White Rock Utilities Limited, of the Second Part**

**LIST OF CATEGORIES OF ASSETS PURCHASED AND SOLD AND CATEGORIES OF LIABILITIES ASSUMED IN THE ABOVE AGREEMENT**

**ASSETS PURCHASED AND SOLD**

Accounts receivable  
Materials and supplies  
Prepaid expenses  
Land, excluding those lands known and described as:

Lot "A" of the Southeast quarter of Section 15, Township one (1), according to that certain map or plan filed at the Land Registry Office at New Westminster, British Columbia, under No. 5748 EXCEPT that part sub-divided by Plan 23748, New Westminster District; and

Lot One (1) of the Southeast quarter of Section 15, Township one (1), Plan 23748, New Westminster District.

Buildings plant and equipment  
Franchises, water rights and other intangibles  
Accumulated depreciation  
Rate hearing expense, less amounts written off

**LIABILITIES ASSUMED**

Accounts payable  
Consumers' advance payments  
Special bank loan  
Contributions in aid of construction

THIS IS SCHEDULE "B" to that certain Agreement in writing dated the 30th day of April, 1966 between White Rock Water Works Company Limited, of the First Part, and White Rock Utilities Limited, of the Second Part

LIST OF CATEGORIES OF ASSETS NOT PURCHASED AND SOLD AND OF CATEGORIES OF LIABILITIES NOT ASSUMED IN THE ABOVE AGREEMENT

ASSETS NOT PURCHASED AND SOLD

Cash

Sinking fund in hands of trustees  
Those lands known and described as:

Lot "A" of the Southeast quarter of Section 15, Township one (1), according to that certain map or plan filed at the Land Registry Office at New Westminster, British Columbia, under No. 5748 EXCEPT that part sub-divided by Plan 23748, New Westminster District; and

Lot One (1) of the Southeast quarter of Section 15, Township one (1), Plan 23748, New Westminster District.

Commission on shares

LIABILITIES NOT ASSUMED

Estimated income taxes payable  
4% First Mortgage bonds due June 1, 1966  
Accrued interest payable

DATED: May 28th, 1966

THE CORPORATION OF THE CITY OF WHITE ROCK

and

WHITE ROCK WATER WORKS COMPANY LIMITED

and

WHITE ROCK UTILITIES LIMITED

AGREEMENT

**Bull, Housser & Tupper**

**BARRISTERS AND SOLICITORS**

**675 WEST HASTINGS STREET**

**VANCOUVER 2, B.C.**

THIS AGREEMENT made this 28th day of May 1966.

**BETWEEN:**

THE CORPORATION OF THE CITY OF WHITE ROCK,  
a body corporate under the laws of the  
Province of British Columbia;

(hereinafter called "the Corporation")

OF THE FIRST PART

**AND:**

WHITE ROCK WATER WORKS COMPANY LIMITED,  
a company incorporated under the laws  
of the Province of British Columbia  
and having its head office at 744 West  
Hastings Street, in the City of  
Vancouver, in the Province of British  
Columbia;

(hereinafter called "the Old Company")

OF THE SECOND PART

**AND:**

WHITE ROCK UTILITIES LIMITED, a company  
incorporated under the laws of the  
Province of British Columbia and having  
its head office at 744 West Hastings  
Street, in the City of Vancouver, in the  
Province of British Columbia;

(hereinafter called "the New Company")

OF THE THIRD PART

WHEREAS the Old Company entered into an agreement  
with the Corporation of the District of Surrey on the 29th day  
of September, 1922, which was subsequently amended on the 25th  
day of November, 1939 and on the 23rd day of November, 1953,

dealing, inter alia, with the supply of water to the District of Surrey as then constituted (which agreement and the said amendments are collectively referred to as "the 1922 Agreement");

AND WHEREAS upon its incorporation as a City Municipality the Corporation succeeded to all of the rights and obligations of the Corporation of the District of Surrey under the 1922 Agreement so far as they related to the supply of water by the Old Company within the municipal limits of the Corporation;

AND WHEREAS the Old Company has assigned to the New Company substantially all of its assets of a public utility nature which are employed in the distribution of water in the District of Surrey as now constituted and in the City of White Rock (hereinafter referred to collectively as the "water system") and the New Company has agreed to assume the liabilities of the Old Company under the 1922 Agreement to the Corporation which agreement is subject, inter alia, to the consent of the Public Utilities Commission;

AND WHEREAS the Corporation, subject to clause 6 hereof, consents to the said assignment and releases the Old Company from its obligations under the 1922 Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises the parties hereto, for themselves, their successors and assigns, mutually covenant and agree each with the other as follows:-

1. The Corporation consents to the said assignment and transfer by the Old Company to the New Company of all its rights, powers and assets of a public utility nature wherever situate and particularly of those rights and assets situate in the City of White Rock and, in particular, the Corporation consents to the assignment by the Old Company to the New Company of all the rights and powers of the Old Company under the 1922 Agreement.
2. The New Company hereby assumes all the liabilities and obligations of the Old Company under the 1922 Agreement, and covenants and agrees with the Corporation to carry out and perform and discharge the same.
3. The Corporation hereby releases and forever discharges the Old Company from all its liabilities and obligations under the 1922 Agreement.
4. Subject to paragraph 2 hereof, so long as the New Company shall hold and possess any assets of a public utility nature which are employed in the distribution of water in the City of White Rock, the 1922 Agreement shall remain in full force and effect and is hereby declared to be renewed pursuant

to paragraph 17 of the 1922 Agreement, and shall be applicable, mutatis mutandis, to the New Company.

5. Any notice to be given in this agreement shall be deemed to have been duly given if sent by prepaid registered post addressed:

In the case of the Corporation:

The City Clerk,  
City Hall, White Rock

In the case of the Old Company to it at

744 West Hastings Street,  
Vancouver, B. C.

In the case of the New Company to it at

744 West Hastings Street,  
Vancouver, B. C.

In respect to any of the said parties, such other address as may from time to time be notified in writing delivered to the other parties hereto in the manner aforesaid.

Such notice shall be deemed to have been received one (1) day after the posting thereof which shall be in the City of White Rock in respect to notices given by the Corporation and in Vancouver in respect to notices given by the Old Company or the New Company.

6. Each party does hereby covenant, each to the other, that it will do all things and execute and deliver such deeds,

discharges, releases or paper writings in good and registrable form as are necessary to carry out the intention of this agreement.

7. This agreement is subject to the consent to the assignment and transfer of all the assets sold by the Old Company to the New Company under the aforementioned agreement by the Public Utilities Commission of the Province of British Columbia and the granting of a certificate of public convenience and necessity to the New Company by the said Public Utilities Commission, and any other consent required by law.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their corporate seals in the presence of their proper officers in that behalf the day and the year first above written.

THE CORPORATE SEAL of THE CORPORATION OF THE CITY OF WHITE ROCK was hereunto affixed in the presence of:

Grace Bonner Mayor  
Deputy City Clerk

THE CORPORATE SEAL of WHITE ROCK WATER WORKS COMPANY LIMITED was hereunto affixed in the presence of:

W. J. Campbell  
Director

THE CORPORATE SEAL of WHITE ROCK  
UTILITIES LIMITED was hereunto )  
affixed in the presence of: )

*C. W. Humphreys*  
*Director*  
*W. H. H. H.*  
*Secretary.*