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**ON TABLE**

Date/Meeting Closed Dec 15, 2014.

Agenda Item #8 EPCOR

September 22, 2014

City of White Rock  
15322 Buena Vista Avenue  
White Rock, BC  
V4B 1Y6

Attention: Dan Bottrill, Chief Administrative Officer

Re: City of White Rock's Interest in Acquiring EPCOR White Rock Water Utility

Dear Dan,

EPCOR has been cooperatively working with the City of White Rock Administration since the City expressed its interest to acquire EPCOR's White Rock water utility assets in Mayor Wayne Baldwin's July 16, 2013 letter to EPCOR. Since that time, in an effort to negotiate a value for a potential sale, EPCOR has spent in excess of \$100,000 in developing a comprehensive valuation report and considerable internal effort in supporting that valuation as well as the City's valuation. Despite these efforts, we have only recently exchanged our respective valuation reports and note a significant difference in the estimates of fair market value.

With the upcoming November 15 election in White Rock, we are uncertain of what the will of the new Council in proceeding with the transaction will be and do not wish to expend further dollars or efforts until there is greater clarity. Moreover, we believe that based on our valuation report and the capital expenditures required for the completion of the TWQM project, the fair market value at the time of a closing would be above the value expressed in the EPCOR valuation and also above the City's assent free zone, such that elector approval will be required.

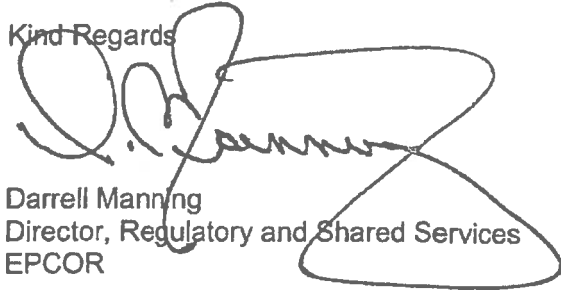
Once the election is over, we are prepared to further discuss a possible transaction provided that we receive a clear indication from the new Council that they support the acquisition. It is also our expectation that the City of White Rock will provide a definitive process and timeline under which negotiations will be conducted, and if successful, the appropriate approvals will be obtained.

In the meantime, if you wish to re-engage your valuers to conduct additional analysis, EPCOR staff can be available to answer their questions and provide background information.

As per our previous discussions and correspondence related to the potential sale of EPCOR's utility, this letter is on a without prejudice basis and does not modify EPCOR's previously stated view that the parties have different positions regarding the applicability and enforceability of certain purported contractual or statutory rights.

If you wish to discuss, please let me know

Kind Regards

A handwritten signature in black ink, appearing to read 'D. Manning', is written over the typed name and title. The signature is stylized and somewhat illegible.

Darrell Manning  
Director, Regulatory and Shared Services  
EPCOR