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THE CORPORATION OF THE
CITY OF WHITE ROCK

April 15, 2014

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

Attention: Dan Bottrill, Chief Administrative Officer

Re: EPCOR White Rock Water Utility (the Utility)

Dear Dan,

I am writing regarding the upcoming proposed exchange of valuation reports between EPCOR White Rock Water Inc. (EPCOR) and the City of White Rock (the City) for the purpose of attempting to negotiate a value for the potential sale of the Utility to the City. The purpose of this letter is to define the terms by which these valuation reports will be exchanged.

As you know, while the parties have different positions regarding the applicability and enforceability of the purported 1922 agreement and applicability of expropriation legislation, the parties have agreed to explore a negotiated solution which would pre-empt litigation or expropriation.

In an effort to assess the viability of a negotiated solution, both EPCOR and the City have obtained independent valuations of the Utility and EPCOR and the City have agreed that the exchange of valuations will be subject to the terms of the Two-Way Confidentiality Agreement dated for reference October 15, 2013 between the parties (the CA), with the following additions and modifications:


1. The valuations will be exchanged on a without prejudice basis.
2. The exchange of valuations is in no way a waiver of any legal privilege and a party's valuation may not be utilized by or referred to by the other party in any litigation or expropriation proceeding except to the extent that the party chooses to introduce its own valuation into evidence.
3. The valuations will be used only for the purpose of attempting to reach a negotiated solution.
4. For certainty, with respect to section 7 of the CA, no public disclosure whatsoever can be made regarding the existence of or the contents of the other party's valuation without consent of that party.
5. With respect to section 11 of the CA, the exceptions to the return or destruction of Confidential Information contained in paragraphs (a) through (f) do not apply with respect to the other party's valuation or information contained therein, except where necessary to comply with applicable law.
6. For certainty, with respect to section 26 of the CA, the City shall not be permitted to make any public disclosure of EPCOR's valuation or the existence of EPCOR's valuation without EPCOR's consent.

7. For certainty, with respect to section 28 of the CA, the valuations are not being exchanged in the context of any regulatory proceeding and, as a result, neither party can use or disclose the valuations in any regulatory proceeding.
8. Each valuation is subject to the limitations, disclaimers and other terms contained therein.
9. For certainty, with respect to section 22-25 of the CA, the City agrees and acknowledges that the valuation report to be provided by EPCOR meets the requirements of Section 21(1) of the *FOIP Act*, and that the City is therefore required to refuse to disclose this information in the event of a request under that *Act*, unless ordered to do so. The City agrees that in any proceeding or appeal regarding the disclosure of the valuation provided EPCOR, the City will take all reasonable steps to resist or refuse disclosing such valuation and will at all times assert that such valuation meets the requirements of Section 21(1) of the *FOIP Act*.
10. Capitalized terms not defined herein have the meaning given to such terms in the CA.
11. These additions to or modifications of the CA apply only with respect to the valuations to be exchanged and do not otherwise amend or modify the CA.

If you are in agreement with the foregoing, please confirm same by executing where indicated below and return to me one fully signed copy of this letter.

Yours truly,

EPCOR Utilities Inc.
and
EPCOR White Rock Water Inc.

Per: 

Darrell Manning
 Director, Regulatory and Shared Services, EPCOR Water Canada

Agreed to this ____ day of _____, 2014 by the City of White Rock.

THE CORPORATION OF THE CITY OF WHITE ROCK

Per: _____
 Mayor

Per: _____
 Corporate Officer