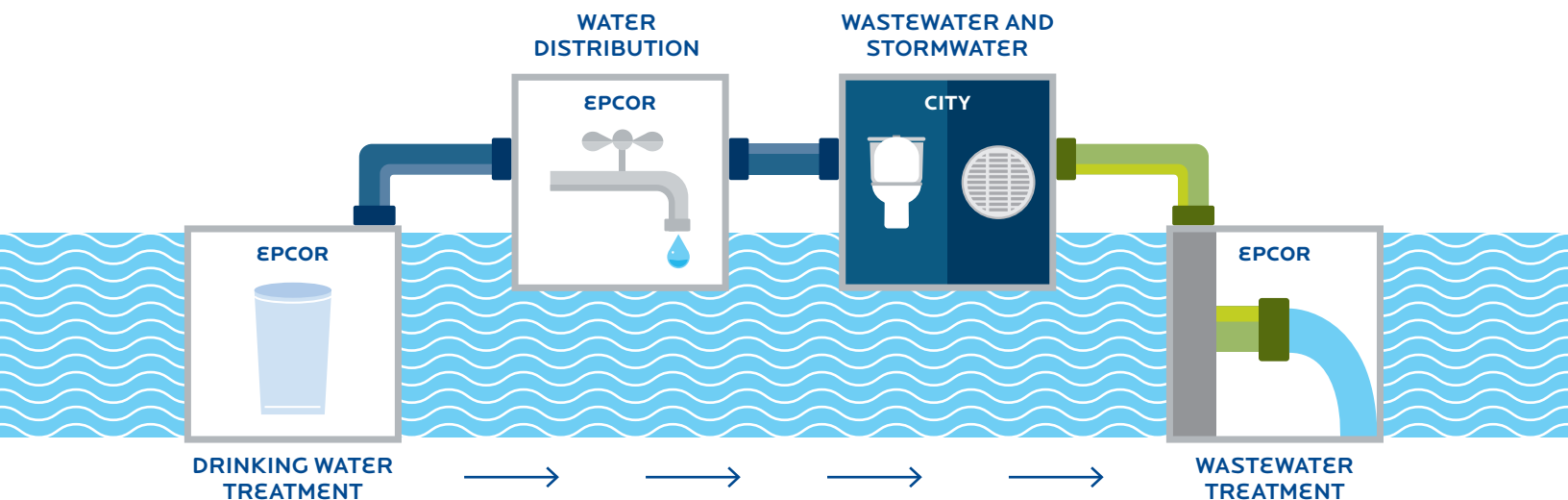


# EPCOR DRAINAGE TRANSFER PROPOSAL

EPCOR has a proposal before City Council to bring all of Edmonton’s water utility operations together under one roof. EPCOR currently provides services for three of the four components of the City’s water utility cycle – water treatment, water distribution and wastewater treatment. The City’s Drainage Service utility (“Drainage”) operates the wastewater and stormwater collection system. With a transfer, Drainage would remain 100% publically owned by the City through its ownership of EPCOR.

## WATER UTILITIES IN EDMONTON



## “THE EPCOR PROPOSAL HAS STRONG MERIT”

In June of this year Council voted to study transferring Drainage to EPCOR. City Administration hired Grant Thornton, an independent consultant, to review EPCOR’s Proposal.

In its report to Council, Grant Thornton confirmed that EPCOR’s proposal has “strong merit” and the “potential to bring benefits to the City, taxpayers, and ratepayers.” Other findings include:

- Lower Drainage rates with EPCOR in comparison to staying with the City
- EPCOR has the financial strength to support the capital investment needed to address growth, aging infrastructure and flood mitigation
- EPCOR will be able to increase and sustain an additional \$20 million to the annual dividend. EPCOR paid the City a \$141 million dividend for 2015

# ABOUT THE TRANSFER

## EPCOR AND DRAINAGE WILL BE BETTER TOGETHER

Combining the technical expertise of Drainage employees with EPCOR's strength as a major utility services provider will reduce operating and capital costs – for the benefit of customers.

EPCOR will reduce Drainage operating costs by \$5 million over 5 years. Coordination of work planning, safety performance, training, fleet and other areas would result in greater efficiency. EPCOR Water and Drainage have similar operations and if aligned, both would be more efficient over time.

EPCOR will reduce Drainage capital costs by 10% each year by using our proven processes for the effective management of planning, design and construction of large-scale capital projects.



Grant Thornton confirmed EPCOR's ability to deliver on operational efficiencies and capital cost savings in their report. We have a strong track record of completing major capital projects on-time and on-budget.

## FLOOD MITIGATION

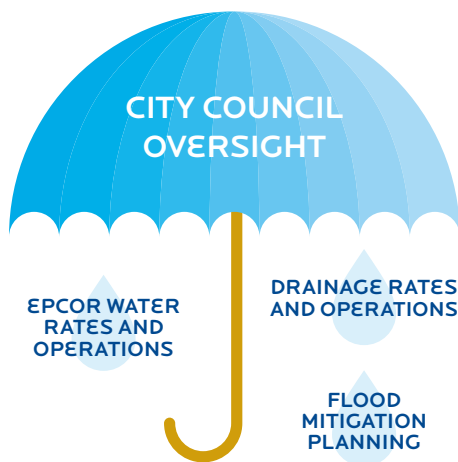
EPCOR has the expertise to develop a comprehensive "Stormwater Integrated Resource Plan" that will set out clear timelines for system improvements to reduce neighbourhood flooding and its impact. Working with Council, EPCOR will consult with communities to establish priorities for implementing improvements in a timely and affordable manner.

## DRAINAGE EMPLOYEES

There will be no layoffs. We are committed to welcoming all Drainage employees to EPCOR with comparable salary, benefits and seniority. We take pride in being an employer of choice and a safe and healthy workplace is always our first priority.

## CITY COUNCIL AS OWNER

City Council will continue to review and approve Drainage rates and service levels just like it does today. This includes having oversight of all Drainage operating activities and capital plans, including those for flood mitigation. EPCOR will report fully and openly on Drainage to the Utility Committee. We currently do this with Water.



**EPCOR IS A STRONG AND GROWING COMPANY, 100% PUBLICALLY OWNED BY THE CITY OF EDMONTON. OUR SOLE FOCUS IS ON PROVIDING SAFE, RELIABLE AND AFFORDABLE UTILITY SERVICES TO CUSTOMERS.**