

Summary of Proposed EDTI Franchise Agreement

Exclusive Franchise

City grants EPCOR Distribution & Transmission Inc. (EDTI) the exclusive right to provide Electric Distribution Service, to construct, operate, and maintain the electric distribution system, within the municipal service area; and to use designated portions of roads, rights-of-way, and other lands owned, controlled or managed by the Municipality necessary to provide electric distribution service or to construct, operate and maintain the distribution system.

Franchise Fee

Franchise Fee is a percentage of EDTI's actual total revenue derived from the Distribution Tariff rates charged for electric distribution service within the Municipal Service Area, excluding any amounts refunded or collected pursuant to riders. The rate will be set at 15.5 per cent and may be revised annually up to the maximum fee level of 20 per cent, as set by the Alberta Utilities Commission (AUC).

Taxes

EDTI will continue to pay municipal taxes and other levies or charges made by the Municipality against EDTI's land and buildings, linear property, machinery and equipment, and the distribution system.

Term

Initial term of 10 years beginning March 17, 2025, with two subsequent five-year renewal terms. On expiry of second renewal term, Franchise Agreement remains in place for one year to facilitate negotiation.

EDTI's Operating Responsibilities

EDTI assumes all responsibilities as owner and operator of the electric distribution system with respect to the provision of core services, including using its best efforts on a commercially reasonable basis to meet electric distribution system expansion requests.

EDTI will obtain municipal approval for location of its work, obtain appropriate permits, restore municipal property, repair and maintain the electric distribution

REPLACEMENT Attachment 2

system, obtain all required approvals from utilities, supply detailed plans to the City and participate in shared data programs.

Relocation

EDTI will pay for all relocations of its electric distribution system as reasonably required by the City due to planned City construction. EDTI shall recover those costs on a specific municipal based rider or any other method approved by the AUC. If such a rider or other method is not approved by the AUC, the City may be responsible for such costs.

City's Right to Joint Use of Certain EDTI Assets

The City has the right to make use of certain EDTI assets for municipal purposes if the City does not unreasonably interfere with EDTI's use of the certain assets and if the City pays for its own costs and any required alterations to EDTI assets.

Termination on Default

Both parties have the right to terminate the Agreement on events of default.

Indemnification/Insurance

Parties agree to reciprocal indemnification and liability for breach of this Agreement, negligence and willful misconduct, excluding any indirect, special or consequential damages such as economic loss, loss of profits or loss of earnings, and subject to the City's rights under the Municipal Government Act.

Dispute Settlement

Dispute settlement will first be attempted through direct negotiation and if the dispute remains unresolved, then by the AUC or arbitration, depending on the issue involved.