

April 27, 2015

The Members of the Audit Committee and City Council of
The City of Calgary

Dear Members:

We have been engaged to audit the consolidated financial statements of The City of Calgary (“The City”) for the year ended December 31, 2014.

Canadian generally accepted auditing standards (“GAAS”) require that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between The City and Deloitte that, in our professional judgment, may reasonably be thought to bear on our independence. We are also required to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute / ordre and applicable legislation, covering such matters as:

- (a) holding a financial interest, either directly or indirectly, in a client;
- (b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) economic dependence on a client; and
- (e) provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since April 28, 2014, the date of our last letter.

We are not aware of any relationships between The City and Deloitte, including any network firms that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from April 28, 2014 to April 27, 2015.

As summarized in the attached exhibit, the total fees charged to The City for audit services were \$1,149,161 (2013 - \$1,178,222), audit related services were \$386,513 (2013 - \$285,626), non-audit related services were \$26,250 (2013 - \$94,200) and other services were \$604,276 (2013 - \$276,041) during the period covered by the financial statements. We re-affirm that the performance of these services has not affected our independence as auditors of The City.

Canadian GAAS require that we confirm our independence to those charged with governance in the context of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta. Accordingly, we hereby confirm that we are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta as of April 27, 2015.

This report is intended solely for the use of the Audit Committee, City Council of The City of Calgary, Administration and others within The City and should not be used for any other purposes.

Yours truly,

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, slightly slanted style.

Chartered Accountants

Total Fees Charged to The City of Calgary
For the Years Ended December 31, 2014 and 2013

	2014*	2013*
	\$	\$
AUDIT SERVICES		
<i>The City of Calgary</i>		
The City of Calgary	306,200**	316,720
Tangible Capital Assets	21,400	80,250
Calhome Properties Ltd.	77,575	77,040
Calgary Police Service	48,150	47,080
Calgary TELUS Convention Centre	40,660	43,442
Calgary Parking Authority	95,765	91,350
Calgary Municipal Land Corporation	38,520	40,660
Calgary Public Library	38,520	40,660
Municipal Employees Benefits Association of Calgary	28,355	27,820
Family & Community Support Services	19,260	18,725
Core Benefit Plan (audit will be conducted every three years)	-	11,904
Elected Officials Pension Plan	7,062	6,955
Supplementary Pension Plan	13,482	13,161
Funds Held in Trust	1,712	1,605
	736,661	817,372
<i>ENMAX Corporation</i>		
ENMAX Corporation audit	351,000	302,100
ENMAX Corporation quarterly reviews	61,500	58,750
	412,500	360,850
Total Audit Services	1,149,161	1,178,222
AUDIT RELATED SERVICES		
<i>The City of Calgary</i>		
Calgary Municipal Information Return	4,494	4,387
Calhome Properties Ltd. special government reports	17,120	16,585
Joint Emergency Preparedness (JEPP) Grant Audit	-	10,486
Gateways and Boarder Crossing (52 St Expansion Project) Grant Audit	-	5,778
Community and Neighborhood Services – Youth Probation Grant Audit	-	5,510
Alberta Emergency Management Agency – Grant Audit	6,099	-
	27,713	42,746
<i>ENMAX Corporation</i>		
ENMAX Corporation Pension Plan audit	16,300	15,900
Calgary Energy Centre No 2 audit	-	65,200
IFRS Conversion(billed during the year)	80,000	-
Audit of the divisional carve out financial statements of ENMAX Transmission and Distribution	68,000	66,300
Professional services to be rendered in connection with the private placement	96,700	-
Audit of the schedules of Return on Equity for ENMAX Transmission & ENMAX Distribution	97,800	95,480
	358,800	242,880
Total Audit Related Services	386,513	285,626

	2014*	2013*
	\$	\$
NON - AUDIT RELATED SERVICES		
<i>Enmax Corporation</i>		
Counsel advisory services	-	17,200
Independent assurance services for the ENMAX Corporate Responsibility report (billed during the year)	-	52,000
Bersin by Deloitte Five Practice Level One Membership subscription renewal covering the period November through October	26,250	25,000
Total Non – Audit Related Services	26,250	94,200
OTHER SERVICES		
<i>The City of Calgary</i>		
Organics Strategic Assessment and advisory work(billed to date)	196,289	74,866
Organics value for money audit	-	80,458
Transit maintenance facility advisory work(billed to date)	407,987	120,717
Total Other Services	604,276	276,041
Total Fees For All Services	2,166,200	1,834,089

* Includes administration fee; excludes GST.

** Fee includes \$246,000 for the base audit, plus \$40,000 for the 2013 restatement.