

## **Attachment B**

PSE-GHL Executed Asset Purchase Agreement Dated February 14, 2020

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**ASSET PURCHASE AGREEMENT**

between

**PUGET SOUND ENERGY**

and

**GRAND HVAC LEASING USA LLC,**

dated as of

**February 14, 2020**

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CONFIDENTIAL PER WAC 480-07-160**

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## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this “Agreement”), dated as of February 14, 2020, is entered into between Puget Sound Energy, Inc., a Washington corporation (“Seller”) and Grand HVAC Leasing USA LLC, a Delaware limited liability company (“Buyer”).

### RECITALS

WHEREAS, Seller is engaged in the business of owning, renting and maintaining natural gas tank water heaters for residential, commercial and industrial customers (the “Business”); and

WHEREAS, Seller wishes to sell and assign to Buyer, and Buyer wishes to purchase and assume from Seller, certain operating assets, rights and interests relating to the Business, on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

### ARTICLE I DEFINITIONS

As used in this Agreement, the following terms have the meanings specified or referred to in this Article I:

“Acquired Customers” are all Water Heater Customers except for the Excluded Customers.

“Additional Contracts” has the meaning set forth in Section 2.1(b).

“Additional Fully Transitioned Customers” has the meaning set forth in Section 2.7(a).

“Affiliate” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” has the meaning set forth in the preamble.

“Allocation Schedule” has the meaning set forth in Section 2.6.

“Arbitrator” has the meaning set forth in Section 2.7(a).

“Assigned Contracts” has the meaning set forth in Section 2.1(b).

“Assignment and Assumption Agreement” has the meaning set forth in Section 3.2(a)(ii).

“Assumed Liabilities” has the meaning set forth in Section 2.3.

“Bill of Sale” has the meaning set forth in Section 3.2(a)(i).

“Books and Records” has the meaning set forth in Section 2.1(f).

“Business” has the meaning set forth in the recitals.

“Business Day” means any day except Saturday, Sunday or any other day on which commercial banks located in Seattle, Washington are authorized or required by Law to be closed for business.

“Buyer” has the meaning set forth in the preamble.

“Buyer Closing Certificate” has the meaning set forth in Section 7.3(d).

“Buyer Identification Sticker” has the meaning set forth in Section 6.4(d).

“Closing” has the meaning set forth in Section 3.1.

“Closing Date” has the meaning set forth in Section 3.1.

“Code” means the Internal Revenue Code of 1986, as amended.

“Confidentiality Agreement” means the Confidentiality Agreement, dated as of July 5, 2019, between Buyer and Seller.

“Contracts” means all legally binding written and oral contracts, leases, licenses, instruments, commitments, undertakings, and other agreements.

“Customer Contracts” has the meaning set forth in Section 2.1(a).

“Data Room” means the electronic documentation site established by Perkins Coie LLP on behalf of Seller and located at <https://collaborate.perkinscoie.com/perkinscoie/LoginRequiredPage.action>.

“Direct Claim” has the meaning set forth in Section 8.5(c).

“Disclosure Schedules” means the Disclosure Schedules delivered by Seller and Buyer concurrently with the execution and delivery of this Agreement.

“Dollars or \$” means the lawful currency of the United States.

“Drop Dead Date” has the meaning set forth in Section 9.1(b)(i).

“Equipment” means the gas water heater tank and all accessories required to complete the installation including but not limited to earthquake straps, bracing, and sediment trap. Excluded from this definition includes but not limited to expansion tanks, power vents, water shutoff valves, gas shutoff valves, pressure reduction valves, and other Water Heater Tank Customer owned items required during installation of the water heater tank.

“Encumbrance” means any lien, pledge, mortgage, deed of trust, security interest, charge, claim, easement, encroachment or other similar encumbrance.

“Excluded Assets” has the meaning set forth in Section 2.2.

“Excluded Customers” has the meaning set forth in Section 6.3(d).

“Excluded Liabilities” has the meaning set forth in Section 2.4.

“FIRPTA Certificate” has the meaning set forth in Section 7.2(e).

“Fraud” means common law fraud committed in making a representation and warranty in this Agreement.

“Fully Transitioned Customers” has the meaning set forth in Section 6.3(d).

“GAAP” means United States generally accepted accounting principles in effect from time to time.

“Governmental Authority” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction, including, for the avoidance of doubt, the WUTC.

“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“Indemnified Party” has the meaning set forth in Section 8.4.

“Indemnifying Party” has the meaning set forth in Section 8.4.

“Knowledge of Seller or Seller’s Knowledge” or any other similar knowledge qualification, means the actual knowledge of those persons listed on Schedule 1.1(b) after having conducted a reasonable investigation of relevant books and records and a reasonable inquiry of relevant employees related to the Business who would be expected to have knowledge of the specific fact or matter.

“Law” means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

“Lease Agreements” means all Contracts to which Seller and any Water Heater Customer are parties pursuant to which Equipment is being leased to Water Heater Customer by Seller as of the date of this Agreement.

“Legacy Customers” has the meaning set forth in Section 6.3(d).

“Losses” means actual out-of-pocket losses, damages, liabilities, costs or expenses, including reasonable attorneys’ fees.

“Material Adverse Effect” means any event, occurrence, fact, condition or change that is materially adverse to (a) the business, results of operations, financial condition or assets of the Business, taken as a whole, or (b) the ability of Seller to consummate the transactions contemplated hereby; provided, however, that “Material Adverse Effect” will not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the Business operates; (iii) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement or any action taken (or omitted to be taken) with the



written consent of or at the written request of Buyer; (vi) any matter of which Buyer is aware on the date hereof; (vii) any changes in applicable Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof; (viii) the announcement, pendency or completion of the transactions contemplated by this Agreement, including losses or threatened losses of employees, customers, suppliers, distributors or others having relationships with the Seller and the Business; (ix) any natural or man-made disaster or acts of God; or (x) any failure by the Business to meet any internal or published projections, forecasts or revenue or earnings predictions (provided that the underlying causes of such failures (subject to the other provisions of this definition) will not be excluded).

“Pay-off Value” means the amount a Water Heater Customer would pay to end their Lease Agreement based on the depreciated value of the equipment.

“Payment Schedule Review Period” has the meaning set forth in Section 2.7(a).

“Permits” means all permits, licenses, franchises, approvals, authorizations and consents required to be obtained from Governmental Authorities.

“Person” means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

“Post-Closing Fully Transitioned Customers” has the meaning set forth in Section 2.7(a).

“Post-Closing Payment Schedule” has the meaning set forth in Section 2.7(a).

“Private Customer Information” includes the name, address, telephone number, email and any other personally identifying information of the Water Heater Customers.

“Purchase Price” has the meaning set forth in Section 2.5.

“Purchased Assets” has the meaning set forth in Section 2.1.

“Relating to the Business” means required for or used, or held or employed for use, primarily or exclusively in the operation or conduct of the Business as conducted prior to the date hereof.

“Release” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

“Representative” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“Restricted Covenants Agreement” has the meaning set forth in Section 3.2(a)(vi).

“Seller” has the meaning set forth in the preamble.

“Seller Closing Certificate” has the meaning set forth in Section 7.2(d).

“Services” means the rental of large volume commercial and residential natural gas water heater tanks including inspection, repair, replacement, or removal of such natural gas water heater tanks twenty-four hours a day, seven days per week.

“Special Matters Deductible” has the meaning set forth in Section 8.4(b).

“Transaction Communication” has the meaning set forth in Section 6.3(d).

“Transition Plan” has the meaning set forth in Section 6.4(d).

“Transitioned Customer Schedule” has the meaning set forth in Section 6.3(d).

“Taxes” means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes of any kind whatsoever, together with any interest, additions or penalties with respect thereto.

“Tax Return” means any return, declaration, report, claim for refund, information return or statement or other document required to be filed with a Governmental Authority with respect to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Third-Party Claim” has the meaning set forth in Section 8.5(a).

“Transaction Documents” means this Agreement, the Bill of Sale, the Assignment and Assumption Agreement, and the other agreements, instruments and documents required to be delivered at the Closing.

“Transfer Taxes” has the meaning set forth in Section 6.8(a).

“Transition Forms” has the meaning set forth in Section 6.3(d).

“Water Heater Customers” means any customer of Seller to whom Seller provides the Services.

“WUTC” means the Washington Utilities and Transportation Commission.

## **ARTICLE II PURCHASE AND SALE OF ASSETS**

Section 2.1 Purchase and Sale. Subject to the terms and conditions of this Agreement, at the Closing, Seller will sell, assign, transfer, convey and deliver to Buyer, and Buyer will purchase from Seller, free and clear of all Encumbrances, all of Seller’s right, title and interest in and to all of the assets, properties, rights, used exclusively in the Business, whether tangible or intangible, wherever located (collectively, the “Purchased Assets”), including the following assets and rights:

(a) any and all Lease Agreements with the Legacy Customers (collectively, the “Customer Contracts”);

(b) the Contracts Related to the Business, to the extent transferable, as set forth on Schedule 2.1(b) (the “Additional Contracts,” and together with the Customer Contracts, the “Assigned Contracts”);

(c) the prepaid expenses, credits, advance payments, security, deposits, charges, sums and fees Relating to the Business (excluding in respect of Taxes) set forth on Schedule 2.1(c);

(d) all Equipment that has not been, as of the Closing Date, (i) purchased by or conveyed to an Excluded Customer, or (ii) removed from the premises of an Excluded Customer;

(e) all of Seller's rights under warranties, indemnities and all similar rights against third parties to the extent transferable and Relating to the Business, any Purchased Asset or Assumed Liability;

(f) all books and records related to the operations of the Business as of the Closing Date as set forth on Schedule 2.1(f) (and excluding books and records in respect of Taxes) (the "Books and Records"), to be completed and delivered in accordance with Section 6.3(e); for greater certainty, the Books and Records include all Private Customer Information to be delivered in accordance with Section 6.3(e);

(g) the assets included on Schedule 2.1(g); and

(h) all goodwill, if any, associated with any of the assets described in the foregoing clauses.

**Section 2.2 Excluded Assets.** Buyer and Seller hereby agree that Buyer is not purchasing any asset of Seller other than the Purchased Assets specified in Section 2.1. All assets of the Seller not specified in Section 2.1 will remain the sole property of and, as the case may be, will be enforced by the Seller (such excluded assets, the "Excluded Assets").

**Section 2.3 Assumed Liabilities.** In connection with the purchase and sale of the Purchased Assets pursuant to this Agreement, at the Closing, Buyer agrees, effective at the time of Closing, to assume liabilities and obligations of Seller arising pursuant to the express terms of the Assigned Contracts, including any repair, replacement and maintenance of Equipment, arising on and after the Closing Date and which do not relate to any breach, default or violation by Seller prior to the Closing Date under such Assigned Contract and those liabilities and obligations set forth on Schedule 2.3 (collectively, the "Assumed Liabilities").

**Section 2.4 Excluded Liabilities.** Buyer and Seller hereby agree that Buyer is not assuming and will not be responsible to pay, perform or discharge any liability of Seller other than the Assumed Liabilities (such excluded liabilities, the "Excluded Liabilities"). All Excluded Liabilities will remain the sole responsibility of and will be retained, paid, performed and discharged solely by Seller.

**Section 2.5 Purchase Price.** The aggregate purchase price for the Purchased Assets (the "Purchase Price"), will be the amount equal to the following:

[REDACTED]

[REDACTED]



Section 2.6 Allocation of Purchase Price. Within 120 days after the Closing Date, Seller will deliver a schedule allocating the Purchase Price among the Purchased Assets (including any Assumed Liabilities treated as consideration for the Purchased Assets for Tax purposes) (the “Allocation Schedule”). The Allocation Schedule will be prepared in accordance with Section 1060 of the Code. The Allocation Schedule will be deemed final unless Buyer notifies Seller in writing that Buyer objects to one or more items reflected in the Allocation Schedule within forty-five (45) days after delivery of the Allocation Schedule to Buyer. In the event of any such objection, Seller and Buyer will negotiate in good faith to resolve such dispute; provided, however, that if Seller and Buyer are unable to resolve any dispute with respect to the Allocation Schedule within thirty (30) days after Seller’s receipt of a timely written notice of objection or proposed changes from Buyer, such dispute will be resolved by an impartial independent certified public accounting firm mutually appointed by Buyer and Seller. The fees and expenses of such accounting firm will be borne equally by Seller and Buyer. Seller and Buyer agree to file their respective IRS Forms 8594 and all federal, state and local Tax Returns in accordance with the Allocation Schedule.

Section 2.7 Post-Closing Payments.



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**ARTICLE III  
CLOSING**

Section 3.1 Closing. The consummation of the transactions contemplated by this Agreement (the “Closing”) will take place at the offices of Perkins Coie, 1201 Third Avenue, Seattle, Washington 98101 at 9 A.M. local time, on the second Business Day after all of the conditions to Closing set forth in Article VII are either satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), or at such other time, date or place as Seller and Buyer may mutually agree upon in writing. The date on which the Closing is to occur is herein referred to as the “Closing Date”.

Section 3.2 Closing Deliverables.

- (a) At the Closing, Seller will deliver to Buyer the following:
  - (i) a Bill of Sale in the form of Exhibit A, duly executed by Seller;
  - (ii) an Assignment and Assumption Agreement in the form of Exhibit B, duly executed by Seller;
  - (iii) the Seller Closing Certificate;
  - (iv) the FIRPTA Certificate;
  - (v) a Restricted Covenants Agreement in the form of Exhibit C;

(vi) a complete Schedule 2.1(f).

(b) At the Closing, Buyer will deliver to Seller the following:

(i) the Purchase Price by wire transfer of immediately available funds to an account designated in writing by Seller to Buyer no later than two Business Days prior to the Closing Date;

(ii) the Assignment and Assumption Agreement duly executed by Buyer;

(iii) the Buyer Closing Certificate; and

(iv) the certificates of the Secretary or Assistant Secretary of Buyer required by Section 7.3(e).

#### **ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLER**

As an inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated herein, except as set forth in the Disclosure Schedules, Seller represents and warrants to Buyer that the statements contained in this Article IV are true and correct as of the date hereof.

Section 4.1 Organization and Qualification of Seller. Seller is a corporation duly organized, validly existing and in good standing under the Laws of the state of Washington and has all necessary corporate power and authority to own, operate or lease the Purchased Assets and to carry on the Business as currently conducted. Seller is duly qualified to do business in the state of Washington.

Section 4.2 Authority of Seller. Seller has all necessary corporate power and authority to enter into this Agreement and the other Transaction Documents to which Seller is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and any other Transaction Document to which Seller is a party, the performance by Seller of its obligations hereunder and thereunder and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Seller. This Agreement has been duly executed and delivered by Seller, and (assuming due authorization, execution and delivery by Buyer) this Agreement constitutes a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). When each other Transaction Document to which Seller is or will be a party has been duly executed and delivered by Seller (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of Seller enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 4.3 No Conflicts; Consents. The execution, delivery and performance by Seller of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) result in a violation or breach of any provision of the certificate of incorporation or by-laws of Seller; (b) result in a violation or breach of any provision of any Law or Governmental Order applicable to Seller, the Business or the Purchased

Assets; or (c) except as set forth in Section 4.3 of the Disclosure Schedules, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default under or result in the acceleration of any Lease Agreement; except in the cases of clauses (b) and (c), where the violation, breach, conflict, default, acceleration or failure to give notice would not have a Material Adverse Effect. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Seller in connection with the execution and delivery of this Agreement or any of the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, except as set forth in Section 4.3 of the Disclosure Schedules and such consents, approvals, Permits, Governmental Orders, declarations, filings or notices which, in the aggregate, would not have a Material Adverse Effect.

Section 4.4 Lease Agreements. All Lease Agreements are valid and binding obligation of Seller and, to Seller's Knowledge, to each other party thereto. All of the Lease Agreements are in full force and effect, and, to Seller's Knowledge, each other party thereto has performed all material obligations [REDACTED]. There are not, under any Lease Agreement any material defaults or material events of default on the part of Seller or, to Seller's Knowledge, any party thereto. Seller has not received written notice that any party to any Lease Agreement intends to cancel, terminate or refuse to renew or enter into the Lease Agreements.

Section 4.5 Purchased Assets. Seller is the sole and exclusive owner of, and has the sole and exclusive right to use, free and clear of any obligation or other Encumbrances, all of the Purchased Assets.

Section 4.6 Sufficiency of Assets. The Purchased Assets are sufficient for the continued conduct of the Business after the Closing in substantially the same manner as presently conducted and constitute all of the rights, property and assets necessary to conduct the Business as currently conducted.

Section 4.7 Legal Proceedings; Governmental Orders.

(a) There are no actions, suits, claims, investigations or other legal proceedings pending or, to Seller's Knowledge, threatened against or by Seller or any Affiliate of Seller relating to or affecting the Business, the Purchased Assets or the Assumed Liabilities, which if determined adversely to Seller would result in a Material Adverse Effect.

(b) There are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against or affecting the Business or the Purchased Assets which would have a Material Adverse Effect.

Section 4.8 Compliance with Laws; Permits.

(a) [REDACTED], Seller is in compliance with all Laws applicable to the conduct of the Business as currently conducted or the ownership and use of the Purchased Assets, except where the failure to be in compliance would not have a Material Adverse Effect. Without limiting the foregoing all Equipment forming part of the Purchased Assets has been, at the time of installation, installed in accordance with all applicable Laws.

(b) All Permits required for Seller to conduct the Business as currently conducted or for the ownership and use of the Purchased Assets have been obtained by Seller and are valid and in full force and effect, except where the failure to obtain such Permits would not have a Material Adverse Effect.

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Section 4.9 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Seller.

Section 4.10 No Other Representations and Warranties. Except for the representations and warranties contained in this Article IV (including the related portions of the Disclosure Schedules), neither Seller nor any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Seller, including any representation or warranty as to the accuracy or completeness of any information regarding the Business and the Purchased Assets furnished or made available to Buyer and its Representatives (including any information, documents or material delivered to Buyer or made available to Buyer in the Data Room, management presentations or in any other form in expectation of the transactions contemplated hereby) or as to the future revenue, profitability or success of the Business, or any representation or warranty arising from statute or otherwise in law.

Section 4.11 Financial Information. Seller has delivered to Purchaser true and correct copies of the following financial statements (collectively, the "Financial Statements"): (i) the statements of income of Seller as of and for the 12-month periods ending December 31, 2015, December 31, 2016, December 31, 2017, and December 31, 2018 and June 30, 2019; (ii) the unaudited net book value as of June 30, 2019, (iii) the unaudited Capital Expenditures as of and for the 12-month periods ending December 31, 2015, December 31, 2016, December 31, 2017, and December 31, 2018 and June 30, 2019.

Section 4.12 Books and Records. As of the Closing Date, the Books and Records, to be delivered in accordance with Section 6.3(e), are true and correct in all material respects.

## **ARTICLE V REPRESENTATIONS AND WARRANTIES OF BUYER**

As an inducement to Seller to enter into this Agreement and to consummate the transactions contemplated herein, Buyer represents and warrants to Seller that the statements contained in this Article V are true and correct as of the date hereof.

Section 5.1 Organization and Authority of Buyer. Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of the state of Delaware.

Section 5.2 Authority of Buyer. Buyer has all necessary corporate power and authority to enter into this Agreement and the other Transaction Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any other Transaction Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Seller) this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). When each other Transaction Document to which Buyer is or will be a party has been duly executed and delivered by Buyer (assuming due authorization, execution and delivery by each other party thereto), such Transaction



Document will constitute a legal and binding obligation of Buyer enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 5.3 No Conflicts; Consents. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) result in a violation or breach of any provision of the certificate of incorporation or by-laws of Buyer; (b) result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer; or (c) except as set forth in Section 5.3 of the Disclosure Schedule, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default under or result in the acceleration of any agreement to which Buyer is a party, except in the cases of clauses (b) and (c), where the violation, breach, conflict, default, acceleration or failure to give notice would not have a material adverse effect on Buyer's ability to consummate the transactions contemplated hereby. Except as set forth on Section 5.3 of the Disclosure Schedule, no consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

Section 5.4 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Buyer.

Section 5.5 Sufficiency of Funds. Buyer has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement.

Section 5.6 Solvency. Immediately after giving effect to the transactions contemplated hereby, Buyer will be solvent and will: (a) be able to pay its debts as they become due; (b) own property that has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent liabilities); and (c) have adequate capital to carry on its business. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated hereby with the intent to hinder, delay or defraud either present or future creditors of Buyer. In connection with the transactions contemplated hereby, Buyer has not incurred, nor plans to incur, debts beyond its ability to pay as they become absolute and matured.

Section 5.7 Legal Proceedings. There are no actions, suits, claims, investigations or other legal proceedings pending or, to Buyer's knowledge, threatened against or by Buyer or any Affiliate of Buyer that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement.

Section 5.8 Independent Investigation. Buyer acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer has relied solely upon its own investigation, review and analysis of the Business and the Purchased Assets and the express representations and warranties of Seller set forth in Article IV of this Agreement (including related portions of the Disclosure Schedules); and (b) neither Seller nor any other Person has made any representation or warranty as to Seller, the Business, the Purchased Assets or this Agreement, except as expressly set forth in Article IV of this Agreement (including the related portions of the Disclosure Schedules).

Section 5.9 Management and Business Experience. Buyer acknowledges and agrees that it or its Affiliates have (a) over 25 years of experience repairing, replacing or removing commercial water heater equipment; (b) over 25 years of experience repairing, replacing or removing residential water heater equipment; and (c) over 400 field installers or technicians with an average industry experience of 25 years.

Section 5.10 Billing Systems. No changes to Buyer's accounting and billing systems are required to accommodate recurring monthly billing

Section 5.11 Operations. Buyer does not currently operate in the State of Washington and will need to expand operations into all counties in the State of Washington counties in which all Acquired Customers are located to support the Business. Buyer acknowledges and agrees that it does not need to enter into new or amend existing agreements with equipment manufacturer, but will need to enter into new or amend existing agreements with tank distributors to support the Business. Buyer maintains or will maintain prior to Closing, all necessary local, state, and federal licenses, Permits and certifications that may be required in order to operate the Business under all applicable Laws and perform the Services to the Acquired Customers.

Section 5.12 Insurance. Buyer maintains Commercial General Liability with coverage of not less than \$1,000,000 per occurrence and \$5,000,000 in the aggregate for bodily injury and property damage.

Section 5.13 Customer Service. Buyer employs sufficient customer service personnel in order to support the Business and provide the customer service to the Acquired Customers at all times.

## **ARTICLE VI COVENANTS**

Section 6.1 Conduct of Business Prior to the Closing. From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Buyer (which consent will not be unreasonably withheld or delayed), Seller will (a) conduct the Business in the ordinary course of business; and (b) use commercially reasonable efforts to maintain and preserve its existing business relationships with customers, suppliers, subcontractors and others having relationships with the Business.

### Section 6.2 Confidentiality.

(a) Buyer acknowledges and agrees that the Confidentiality Agreement remains in full force and effect and, in addition, covenants and agrees to keep confidential, in accordance with the provisions of the Confidentiality Agreement, information provided to Buyer pursuant to this Agreement. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement and the provisions of this Section 6.2 will nonetheless continue in full force and effect.

(b) Seller acknowledges and agrees that it will have the same obligations that Buyer has under the Confidentiality Agreement as if Seller was the "Recipient" thereunder with respect to any and all data and information obtained with respect to Buyer or any of its Affiliates from any of their Representatives (as such capitalized term is defined in the Confidentiality Agreement), or from any books or records of Buyer, and that Buyer will have the same rights and remedies in regards to such data and information as if Buyer, was the "Disclosing Party" under the Confidentiality Agreement.

(c) Buyer acknowledges and agrees that all Private Customer Information delivered to Buyer in connection with this Agreement is strictly confidential. Buyer acknowledges and

agrees that it will protect Private Customer Information in a manner consistent with Seller's Privacy Policy. Buyer shall maintain the confidential nature of and not disclose to any third party, or use for any purpose, any such information, except (i) to legal counsel and tax and financial planners, (ii) as necessary to enforce this Agreement, (iii) as necessary to provide the Services, (iv) to any affiliate, partner, member, stockholder, limited partner, lender or wholly owned subsidiary of Buyer in the ordinary course of business as long as any such persons are subject to contractual, fiduciary, or legal obligations to maintain the confidentiality of such information and Buyer remains responsible for the breach of this Section 6.2 by any of such persons, and (v) as otherwise required by Law. Buyer agrees to obtain affirmative consent from the Acquired Customers for any use or disclosure of Private Customer Information that materially differs from the uses described in this Section 6.2.

(d) In the event this Agreement is terminated, Buyer will promptly, and in any event no later than thirty (30) days after such termination, destroy or return all Private Customer Information in its possession (including all copies, extracts, or other reproductions) to Seller and, to the extent Private Customer Information is destroyed, certify in writing to Seller that such Private Customer Information (including any Private Customer Information held electronically) has been destroyed; provided, however, that Buyer may retain Private Customer Information that is contained in an archived computer system backup, which is not readily accessible to it, in accordance with generally applicable security or disaster recovery procedures in the ordinary course of business.

#### Section 6.3 Governmental Approvals and Consents.

(a) Each party will, as promptly as possible, use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other party in doing, all things necessary, proper or advisable to timely make all filings and obtain all consents, authorizations, orders and approvals from all Governmental Authorities required by Law to be made or obtained in order to consummate the Transaction, including for the avoidance of doubt, approval by the WUTC. Each party will cooperate fully with the other party and its Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals.

(b) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of either party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between Seller or Buyer with Governmental Authorities in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) will be disclosed to the other party hereunder in advance of any filing, submission or attendance, it being the intent that the parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each party will give notice to the other party with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other party with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

(c) Seller and Buyer will use commercially reasonable efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 4.3 and Section 5.3 of the Disclosure Schedules; provided, however, that Seller will not be obligated to pay any consideration therefor to any third party from whom consent or approval is requested.

(d) As soon as practicable after Seller submits to the WUTC its application for approval of the transactions contemplated hereby and receives such approval, Seller will use its

reasonable best efforts to deliver to each Water Heater Customer a written communication of the transactions as contemplated hereby and in the Transition Plan, in substantially the form attached hereto as Exhibit D (the “Transaction Communication”). The Transaction Communication will set forth (i) a request that the Water Heater Customers who would like to continue Services provide certain billing information to Buyer, and execute a transition agreement by which they will agree to be bound by Buyer’s terms and conditions, all in substantially the form attached hereto as Exhibit E (the “Transition Forms”), and (ii) a request that Water Heater Customers who would like to terminate any Lease Agreement applicable to such Water Heater Customer execute, prior to the Closing, a termination agreement or request removal of the Equipment in a form approved by Seller (the “Termination Request”). No later than five (5) Business Days prior to the Closing Date, Buyer will deliver to Seller a schedule (the “Transitioned Customer Schedule”) setting forth the name and applicable Lease Agreement (including the number and date of such Lease Agreement) of each Water Heater Customer that has signed the Transition Forms and provided Buyer the information requested by such Transition Form (such Water Heater Customers, the “Fully Transitioned Customers”). After receipt of the Transitioned Customer Schedule, but no later than three (3) Business Days prior to the Closing, Seller will deliver to Buyer



(e) At Closing, Seller will deliver Schedule 2.1(f) to Buyer, which will include, for each Water Heater Customer, the customer name, address, phone number, email (if available), Pay-off Value of the water heater and the make, model and serial number of the applicable water heater. Notwithstanding the foregoing, any Private Customer Information to be delivered to Buyer pursuant to this Section 6.3(e) will be delivered through a secure transfer portal and not detailed on Schedule 2.1(f).

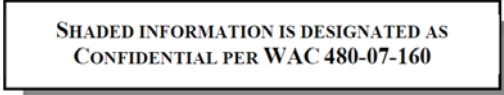
Section 6.4 Billing and Operations.

(a) Buyer will transition all Acquired Customers to one of three primary payment options: (i) direct debiting of bank accounts, or (ii) preauthorized credit card payment processing, or (iii) paper checks.

(b) Buyer will enter into new or amend existing agreements with tank distributors to support the Business and will deliver such agreements to Seller no later than ten Business Days prior to Closing. Buyer will transition the existing service installation contractors and onboard new repair, maintenance and installation contractors to service the Business through Buyer’s authorized dealer onboarding process in accordance with the Transition Plan. Buyer will onboard a sufficient number of authorized dealers to support the Business and will deliver evidence of such support no later than thirty days prior to Closing.

(c) To support the Business and provide the Services to the Acquired Customers, Buyer will complete hiring and training of 4 - 6 additional field personnel no later than twelve weeks after Closing.

(d) Buyer agrees to contact the Acquired Customers following the customer transition plan shown on Schedule 6.4(d) (“Transition Plan”) prior to or following the Closing to inform them of the change in service, establish billing, and provide Buyer’s contact information for Services. Buyer has developed an identification sticker to be placed on the rental equipment and has provided a



mock-up to the Seller (the “Buyer Identification Sticker”) as contained in the Transition Plan. Buyer will send the Identification Sticker with the Transition Plan and will cause its employees or agents to replace any stickers belonging to Seller on any tank or other related equipment with a Buyer Identification Sticker on Buyer’s first service call to any Acquired Customer.

(e) Buyer agrees that it will respond within (i) 2 hours of a request for Services by an Acquired Customer and (ii) 1 hour in the case of an emergency repair to provide hot water or if an Acquired Customer’s health or safety would be impaired without such emergency repair.

(f) Buyer agrees that an Acquired Customer’s request for installation, replacements or repairs will be completed within 1 Business Day of such Acquired Customer’s acceptance of Buyer’s repair or replacement assessment.

(g) To ensure a smooth transition for Acquired Customers, Buyer agrees to accept telephone calls from Acquired Customers requesting Services and transferred by Seller to Buyer for a period of no less than six (6) months following the Closing.

(h) For a period of 24 months following the Closing, Buyer agrees that it will not raise the prices for the Services as listed on Schedule 2.5(a) as they apply to the Acquired Customers.

(i) Buyer may offer Acquired Customers an enhanced selection of equipment rental service offerings outlined in the Transition Plan.

#### Section 6.5 Books and Records.

(a) In order to facilitate the resolution of any claims made against or incurred by Seller prior to the Closing, or for any other reasonable purpose, for a period of three years after the Closing, Buyer will:

(i) retain the Books and Records relating to periods prior to the Closing in a manner reasonably consistent with the prior practices of Seller; and

(ii) upon reasonable notice, afford the Seller’s Representatives reasonable access (including the right to make, at Seller’s expense, photocopies), during normal business hours, to such Books and Records.

(b) In order to facilitate the resolution of any claims made by or against or incurred by Buyer after the Closing, or for any other reasonable purpose, for a period of three years after the Closing, Seller will:

(i) retain the books and records of Seller which relate to the Business and its operations for periods prior to the Closing; and

(ii) upon reasonable notice, afford the Buyer’s Representatives reasonable access (including the right to make, at Buyer’s expense, photocopies), during normal business hours, to such books and records.

(c) Neither Buyer nor Seller will be obligated to provide the other party with access to any books or records (including personnel files) pursuant to this Section 6.5 where such access would violate any Law.

Section 6.6 Closing Conditions. From the date hereof until the Closing, each party will use commercially reasonable efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article VII.

Section 6.7 Public Announcements. Unless otherwise required by applicable Law or stock exchange requirements (based upon the reasonable advice of counsel), no party to this Agreement will make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (which consent will not be unreasonably withheld or delayed), and the parties will cooperate as to the timing and contents of any such announcement.

Section 6.8 Transfer Taxes.

(a) Transfer Taxes. All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the other Transaction Documents (including any real property transfer tax and any other similar Tax) ("Transfer Taxes") will be borne and paid by Buyer when due. Buyer will, at its own expense, timely file any Tax Return or other document with respect to such Transfer Taxes or fees (and Seller will cooperate with respect thereto as necessary).

(b) Excise Taxes. If any excise tax is not covered under Section 6.8(a), Buyer and Seller will bear and pay its own excise taxes attributable to its period of ownership.

(c) Property Taxes. Property taxes pertaining to the Purchased Assets or the Business will be prorated on the basis of the number of days of the relevant Tax year or period which have elapsed through the Closing Date, determined without reference to any change of ownership occasioned by the consummation of the transactions contemplated herein. Seller will be responsible for that portion of such amounts relating to the period prior to the Closing Date and Buyer will be responsible for that portion of such amounts relating to the period on or after the Closing Date). As a matter of expedience, the Buyer and the Seller agree to use the Seller's 2019 property tax payment (based on its January 1, 2018 lien date) as a proxy for the Seller's 2020 property tax payment (based on its January 1, 2019 lien date). The funds will be transferred at the time of closing and will not be subject to future adjustment should the actual 2020 tax payment be higher or lower than the proxy.

Section 6.9 Further Assurances. Following the Closing, each of the parties hereto will, and will cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the other Transaction Documents.

## ARTICLE VII CONDITIONS TO CLOSING

Section 7.1 Conditions to Obligations of All Parties. The obligations of each party to consummate the transactions contemplated by this Agreement will be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No Governmental Authority will have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such

transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b) Seller will have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 4.3 (including, for the avoidance of doubt, approval from the WUTC) and Buyer will have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 5.3, in each case, in form and substance reasonably satisfactory to Buyer and Seller, and no such consent, authorization, order and approval will have been revoked or subject to conditions that are unacceptable to either Seller Buyer.

Section 7.2 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement will be subject to the fulfillment or Buyer's waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Seller contained in Article IV will be true and correct in all respects as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, which will be true and correct in all respects as of that specified date), except where the failure of such representations and warranties to be true and correct would not have a Material Adverse Effect.

(b) Seller will have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it prior to or on the Closing Date.

(c) Seller will have delivered to Buyer duly executed counterparts to the Transaction Documents (other than this Agreement) and such other documents and deliveries set forth in Section 3.2(a).

(d) Buyer will have received a certificate, dated the Closing Date and signed by a duly authorized officer of Seller, that each of the conditions set forth in Section 7.2 (a) and Section 7.2(b) have been satisfied (the "Seller Closing Certificate").

(e) Buyer will have received a certificate pursuant to Treasury Regulations Section 1.1445-2(b) (the "FIRPTA Certificate") that Seller is not a foreign person within the meaning of Section 1445 of the Code duly executed by Seller.

(f) Since the date hereof, no Material Adverse Effect will have occurred.

Section 7.3 Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement will be subject to the fulfillment or Seller's waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Buyer contained in Article V will be true and correct in all respects as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, which will be true and correct in all respects as of that specified date), except where the failure of such representations and warranties to be true and correct would not have a material adverse effect on Buyer's ability to consummate the transactions contemplated hereby.

(b) Buyer will have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it prior to or on the Closing Date.

(c) Buyer will have delivered to Seller the Purchase Price, duly executed counterparts to the Transaction Documents (other than this Agreement) and such other documents and deliveries set forth in Section 3.2(b).

(d) Seller will have received a certificate, dated the Closing Date and signed by a duly authorized officer of Buyer, that each of the conditions set forth in (a) and (b) have been satisfied (the "Buyer Closing Certificate").

(e) Seller will have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Buyer certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Buyer authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

## ARTICLE VIII INDEMNIFICATION

Section 8.1 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein or in any Transaction Document will survive the Closing, and notwithstanding such closing or any investigation made by or on behalf of the Indemnified Party or any other Person or any knowledge of the Indemnified Party to any other Person will remain in full force and effect until the date that is [REDACTED]; provided that the Indemnified Party may make or bring a claim against the Indemnifying Party which is based on Section 4.1, Section 4.2, Section 4.3, Section 4.5 or Fraud at any time after Closing. None of the covenants or other agreements contained in this Agreement will survive the Closing Date other than those which by their terms contemplate performance after the Closing Date, and each such surviving covenant and agreement will survive the Closing for the period contemplated by its terms. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the Indemnified Party to the Indemnifying Party to the breaching party prior to the expiration date of the applicable survival period will not thereafter be barred by the expiration of such survival period and such claims will survive until finally resolved.

Section 8.2 Indemnification by Seller. Subject to the other terms and conditions of this Article VIII, Seller will indemnify Buyer against, and will hold Buyer harmless from and against, any and all Losses incurred or sustained by, or imposed upon, Buyer based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement; or

(c) any Excluded Asset or any Excluded Liability.

(d) [REDACTED]



Section 8.3 Indemnification by Buyer. Subject to the other terms and conditions of this Article VIII, Buyer will indemnify Seller against, and will hold Seller harmless from and against, any and all Losses incurred or sustained by, or imposed upon, Seller based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement; or

(c) any Assumed Liability.

Section 8.4 Certain Limitations. The party making a claim under this Article VIII is referred to as the "Indemnified Party", and the party against whom such claims are asserted under this Article VIII is referred to as the "Indemnifying Party". The indemnification provided for in Section 8.2 and Section 8.3 will be subject to the following limitations:

(a) [REDACTED]

(b) [REDACTED]

(c) [REDACTED]

(d) Payments by an Indemnifying Party pursuant to Section 8.2 or Section 8.3 in respect of any Loss will be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment received or reasonably expected to be received by the Indemnified Party in respect of any such claim. The Indemnified Party will use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses prior to seeking indemnification under this Agreement.

(e) Payments by an Indemnifying Party pursuant to Section 8.2 or Section 8.3 in respect of any Loss will be reduced by an amount equal to any Tax benefit realized or reasonably expected to be realized as a result of such Loss by the Indemnified Party.

(f) In no event will any Indemnifying Party be liable to any Indemnified Party for any special, exemplary or punitive damages (regardless of the characterization thereof or whether or not foreseeable).

(g) Each Indemnified Party will take, and cause its Affiliates to take, all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss.

#### Section 8.5 Indemnification Procedures.

(a) Third-Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any action, suit, claim or other legal proceeding made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a "Third-Party Claim") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party will give the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice will not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party will describe the Third-Party Claim in reasonable detail, will include copies of all material written evidence thereof and will indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party will have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third-Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party will cooperate in good faith in such defense. In the event that the Indemnifying Party assumes the defense of any Third-Party Claim, subject to (b), it will have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third-Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party will have the right, at its own cost and expense, to participate in the defense of any Third-Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. If the Indemnifying Party elects not to compromise or defend such Third-Party Claim or fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may, subject to (b), pay, compromise, defend such Third-Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third-Party Claim. Seller and Buyer will cooperate with each other in all reasonable respects in connection with the defense of any Third-Party Claim, including making available (subject to the provisions of Section 6.2) records relating to such Third-Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third-Party Claim.

(b) Settlement of Third-Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party will not enter into settlement of any Third-Party Claim without the prior written consent of the Indemnified Party (which consent will not be unreasonably withheld or delayed), except as provided in this (b). If a firm offer is made to settle a Third-Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all

liabilities and obligations in connection with such Third-Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party will give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within fifteen days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third-Party Claim and, in such event, the maximum liability of the Indemnifying Party as to such Third-Party Claim will not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third-Party Claim, the Indemnifying Party may settle the Third-Party Claim upon the terms set forth in such firm offer to settle such Third-Party Claim. If the Indemnified Party has assumed the defense pursuant to (a), it will not agree to any settlement without the written consent of the Indemnifying Party (which consent will not be unreasonably withheld or delayed).

(c) Direct Claims. Any claim by an Indemnified Party on account of a Loss which does not result from a Third-Party Claim (a “Direct Claim”) will be asserted by the Indemnified Party giving the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice will not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party will describe the Direct Claim in reasonable detail, will include copies of all material written evidence thereof and will indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party will have 30 days after its receipt of such notice to respond in writing to such Direct Claim. During such 30-day period, the Indemnified Party will allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party will assist the Indemnifying Party’s investigation by giving such information and assistance (including access to the Indemnified Party’s premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such 30-day period, the Indemnifying Party will be deemed to have rejected such claim, in which case the Indemnified Party will be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

Section 8.6 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement will be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 8.7 Exclusive Remedies. Subject to Section 10.11, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from Fraud on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, will be pursuant to the indemnification provisions set forth in this Article VIII. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.7 will limit any Person’s right to seek and obtain any equitable relief to which any Person will be entitled pursuant to Section 10.11 or to seek any remedy on account of any Fraud by any party hereto.

**ARTICLE IX  
TERMINATION**

Section 9.1 Termination. This Agreement may be terminated at any time prior to the Closing:

- (a) by the mutual written consent of Seller and Buyer;
- (b) by Buyer by written notice to Seller if:

- (i) Buyer is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure cannot be cured by Seller by [REDACTED] (the “Drop Dead Date”); or

- (ii) any of the conditions set forth in Section 7.1 or Section 7.2 have not been fulfilled by the Drop Dead Date, unless such failure will be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

- (c) by Seller by written notice to Buyer if:

- (i) Seller is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure cannot be cured by Buyer by the Drop Dead Date; or

- (ii) any of the conditions set forth in Section 7.1 or Section 7.3 will not have been fulfilled by the Drop Dead Date, unless such failure will be due to the failure of Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing; or

- (d) by Buyer or Seller in the event that:

- (i) there will be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited;

- (ii) any Governmental Authority will have issued a Governmental Order not approving, restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order will have become final and non-appealable; or

- (iii) any Governmental Authority will have issued a Governmental Order approving the transactions contemplated hereby on a conditional basis, and the conditions in such approval are unacceptable to either Buyer or Seller.

Section 9.2 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article, this Agreement will forthwith become void and there will be no liability on the part of any party except:

- (a) as set forth in this Article IX and Article X; and
- (b) that nothing herein will relieve any party hereto from liability for any intentional breach of any provision hereof.

## **ARTICLE X MISCELLANEOUS**

Section 10.1 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such costs and expenses, whether or not the Closing will have occurred.

Section 10.2 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder will be in writing and will be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as will be specified in a notice given in accordance with this Section 10.2):

If to Seller:                    Puget Sound Energy, Inc.  
   10885 NE 4th Street, PSE-10N  
   Bellevue, WA 98004-5591  
   E-mail: will.einstein@pse.com  
   Attention: Will Einstein

with a copy to:                Perkins Coie LLP  
   1201 Third Avenue, Suite 4900  
   Seattle, WA 98101-3099  
   E-mail: msandoval@perkinscoie.com  
   Attention: Martha Sandoval

If to Buyer:                    Grand HVAC Leasing USA LLC  
   3430 South Service Rd, Suite 200  
   Burlington, Ontario L7N 3T9  
   E-mail: blane@grandhvacleasing.com  
   Attention: Bill Lane

with a copy to:                Feltmate Delibato Heagle LLP  
   3600 Billings Court, Suite 200  
   Burlington, Ontario L7N 3N6  
   E-mail: dboxen@fdhlawyers.com  
   Attention: David Boxen

Section 10.3 Interpretation. For purposes of this Agreement, (a) the words “include,” “includes” and “including” will be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules

and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein will be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 10.4 Headings. The headings in this Agreement are for reference only and will not affect the interpretation of this Agreement.

Section 10.5 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 10.6 Entire Agreement. This Agreement and the other Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous representations, warranties, understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 10.7 Successor and Assigns. This Agreement will be binding upon and will inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent will not be unreasonably withheld or delayed. No assignment will relieve the assigning party of any of its obligations hereunder.

Section 10.8 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or will confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.9 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof will be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party will operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement will operate or be construed as a waiver thereof; nor will any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 10.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement will be governed by and construed in accordance with the internal laws of the State of Washington without giving effect to any choice or conflict of law provision or rule (whether of the State of Washington or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF WASHINGTON IN EACH CASE LOCATED IN THE CITY OF SEATTLE AND COUNTY OF KING, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN WILL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.10(c).

Section 10.11 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties will be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 10.12 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission will be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 10.13 Non-recourse. This Agreement may only be enforced against, and any claim, action, suit or other legal proceeding based upon, arising out of, or related to this Agreement, or the negotiation, execution or performance of this Agreement, may only be brought against the entities that are

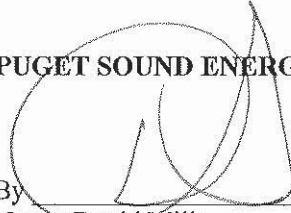
expressly named as parties hereto and then only with respect to the specific obligations set forth herein with respect to such party. No past, present or future director, officer, employee, incorporator, manager, member, partner, stockholder, Affiliate, agent, attorney or other Representative of any party hereto or of any Affiliate of any party hereto, or any of their successors or permitted assigns, will have any liability for any obligations or liabilities of any party hereto under this Agreement or for any claim, action, suit or other legal proceeding based on, in respect of or by reason of the transactions contemplated hereby.

The remainder of this page is intentionally left blank.



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**PUGET SOUND ENERGY, INC.**

A handwritten signature in black ink, appearing to read 'DM', is written over a horizontal line. The signature is stylized and somewhat cursive.

By

Name: David Mills

Title: Sr. VP Policy & Energy Supply

**GRAND HVAC LEASING USA LLC**

By   
Name: William Lane  
Title: President and CEO

[Signature Page to Asset Purchase Agreement]

Schedule 1.1(b)

Knowledge of the Seller

1. Lori Roth
2. William T. Einstein

Schedule 2.1(b)

Contracts Related to the Business

1.



REDACTED  
VERSION

SHADED INFORMATION IS DESIGNATED AS  
CONFIDENTIAL PER WAC 480-07-160

Schedule 2.1(c)

Prepaid Expenses

1. None

Schedule 2.1(f)

Books and Records

Pursuant to Section 6.3(e) of the Agreement, Seller to deliver Schedule 2.1(f) immediately prior to the Closing

Schedule 2.1(g)

Other Assigned Assets

1. Seller's leasing telephone number
2. All manufacturer warranties related to the Equipment, to the extent such warranties are transferable

Schedule 2.3

Assumed Liabilities

1. None



Schedule 2.5(a)

Prices for Services

**RESIDENTIAL WATER HEATER RENTAL SERVICE**

Model Type	Monthly Rental Charge
Standard Model	[REDACTED]
Conservation Model	[REDACTED]
Direct Vent Model	[REDACTED]
High Recovery Model	[REDACTED]
High Efficiency Standard Model	[REDACTED]
High Efficiency Direct Vent Model	[REDACTED]

**LARGE VOLUME WATER HEATER RENTAL SERVICE**

Size & Type of Water Heater BTU Input		Monthly Rental Charge
25 – 40 gallon storage	BTU Input 30,000 to 50,000	[REDACTED]
45 – 55 gallon storage	BTU Input 70,000 to 79,000	[REDACTED]
45 – 55 gallon storage	BTU Input 51,000 to 75,000	[REDACTED]
50 – 65 gallon storage	BTU Input 60,000 to 69,000	[REDACTED]
60 – 84 gallon storage	BTU Input 70,000 to 129,000	[REDACTED]
75 – 90 gallon storage	BTU Input 130,000 to 169,000	[REDACTED]
75 – 100 gallon storage	BTU Input 170,000 to 200,000	[REDACTED]

REDACTED  
VERSION

SHADED INFORMATION IS DESIGNATED AS  
CONFIDENTIAL PER WAC 480-07-160

Schedule 5.3

Buyer No Conflicts; Consents

1. Approval from the WUTC is required.

Schedule 6.4(d)

Transition Plan

*(see attached)*

# Asset Purchase Agreement Schedule 6.4

## PSE / GH L Transition Plan

### Contents

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# Transition Plan

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## Summary

Grand HVAC Leasing (“GHL”) and Puget Sound Energy (“PSE”) have drafted a mutually agreed upon Transition Plan and timeline that will make for a sound plan striving for flawless execution. Congruently, PSE and GHL want to successfully transition customers to GHL’s programs to ensure service and replacement of equipment is continued at the highest satisfaction level.

We believe regular and detailed customer communications and choices will help deliver the best results. Customers will be made aware, provided options, and informed of program changes and timelines. The timeline for transition will be dependent on the timing of Washington Utilities and Transportation Commission (WUTC) approval. PSE and GHL anticipate that four (4) months following regulatory approval is required to transfer customers to GHL prior to the close of the transaction. GHL has also developed a two (2) month post-close plan to allocate additional resources to transition customers post-close, to ensure customers have been well-informed, and have had time to make a sound decision.

PSE will consult and coordinate the action items and deliverables with GHL throughout the transition process. GHL will consult and manage such activities as, but not limited to:

- Identify key activities and dates
- Create detailed execution and communication plans
- Assign tasks and monitor deliverables and deadlines
- GHL staff and contact center process development and training specific to these customers, assets, and contractors
- Prepare or assist PSE in preparing communications materials and letters, such as
  - PSE Notice letter
  - PSE Transition Option Letter
  - GHL Welcome Letter
  - GHL Billing and Payments communication(s) including changes to Terms and Conditions
- Onboard existing contractors servicing the portfolio
- Actively manage the customer billing and payments conversion
- Provide updated customer acquisition information during the course of the transition

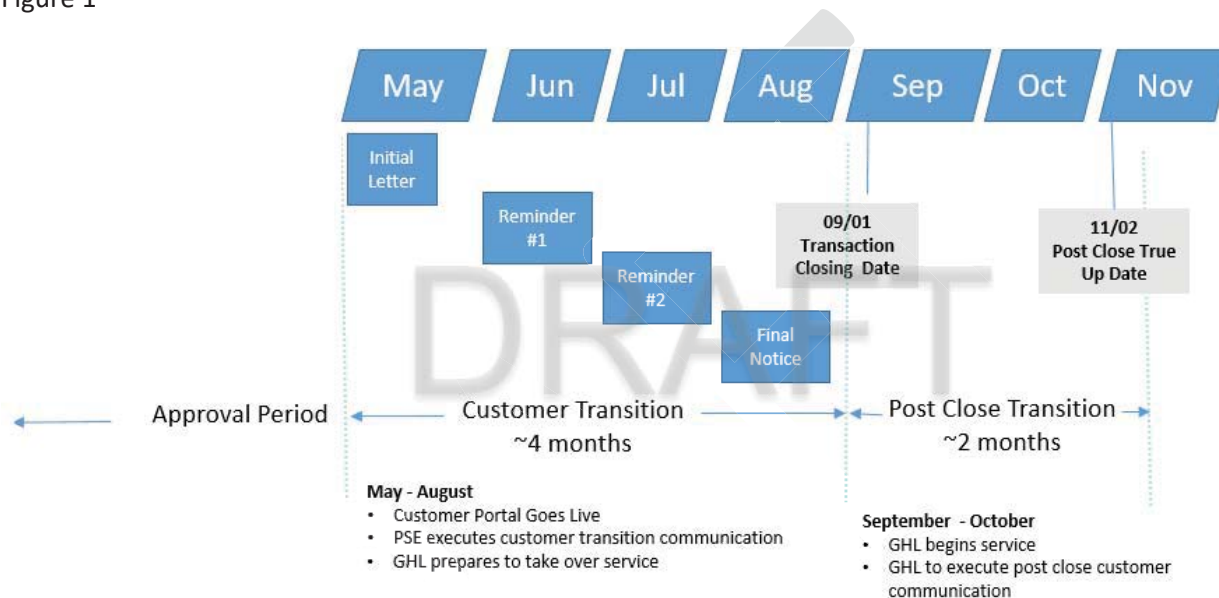
PSE and GHL will work collaboratively to execute the customer transition plan. All communications including customer communication, portals or webpages prior to close will be reviewed by both PSE and GHL prior to being available to customers, with approval not being unreasonably withheld by either party.

## Timeframe

The expected minimum timeline to complete the transition is approximately four (4) months from the formal regulatory approval date. Figure 1 shows a high-level draft project plan that will be enhanced with additional detail as needed.

GHL has a working base of acquisition and transition information, process, and communications materials which support the detailed plan from previous acquisitions. Communication materials will be created to inform and advise customers of options, timelines and changes. This process will be repeated for the customers post-close to ensure that they understand their options and that they have sufficient time to enroll in the GHL platform for automatic billing and payment and sign new terms. Figure 1 below is a draft working timeline with more detailed plans and communications pieces to follow as the acquisition progresses.

Figure 1



### Customer Transition & Support

PSE will have online and customer support available for customers to understand their options to transition to GHL or terminate their rental agreement. PSE will provide the link to the GHL online site or provide the number to call GHL to enroll and complete transition forms. PSE will process all termination requests without transfer to GHL.

The process for customers to enroll with GHL will be a relatively simple one, and customers will have the option to enroll via phone or using their computer, to make the process as flexible as possible. GHL will utilize live-answer agents to help aid in this transition, by being available for phone support during regular business hours. These agents will be specially trained to assist customers with the PSE transition, including answering customer questions, and guiding customers through the transition process (such as facilitating enrollment over the phone). GHL also will provide a specialized toll-free phone number for the transition customers to call to get support or to enroll.

GHL will also have online support available in the form of an easy-to-use online portal designed to help customers enroll quickly and easily. Customers will have the ability to view and agree to their new terms and conditions, enter contact and payment information, and access a list of Frequently Asked Questions and Answers.

Once a customer is enrolled, GHL will provide the customer with a confirmation email, plus a welcome letter sent by direct mail. This letter will contain information regarding the leasing program, a copy of their terms and conditions, and a sticker to put on their equipment. This sticker provides the customer with a toll-free number that customers can call for any service or billing issues that occur post-closing. More detail regarding the options that customers have during the transition can be found in Appendix A. Appendix B-D contains draft customer transition communications.

## Post-Transition Plan

GHL and PSE have created a post-transition plan to help customers who desire to continue their rental service but did not complete enrollment with GHL prior to closing. This plan involves additional effort to contact customers on the part of GHL.

Following the close date, PSE will provide GHL with information defined as “Books and Records” for the customers who did not terminate their PSE rental agreement prior to close. GHL will then attempt to contact these customers for two (2) months post-closing to help them enroll into the GHL platform. Customers who indicate their decision by continuing to pay the monthly service fee to GHL after close, but who have not completed transition forms will receive the same service they received prior to the close until they terminate their rental agreement, which has been assigned to GHL. Customers who do not enroll or make a payment to GHL will have their lease terminated after two (2) months post-close.

Post-closing communications with customers who do enroll and complete the transition forms will include the aforementioned welcome letters.

Post-closing communications with customers who did not complete enrollment with GHL prior to closing, nor submit a payment under their existing PSE agreement, will include a series of direct mail and phone calls to remind customers to submit their transition forms, or GHL can walk them through options and selection while live on the call. GHL representatives will follow up with these customers to explain the transition and the value of the GHL leasing program. Customers who agree to transition within the two month post-close period will have the same options as the customers who transitioned prior to the close date including the continuance of the initial monthly rate for a minimum of 24 months.

## Billing and Collections

The goal is to migrate each customer who chooses to transition to GHL to one (1) of the standard payments options as of the close date of the transaction. GHL has comprehensive and flexible billing, collections, and customer inquiry and support processes and capabilities. Working with PSE, GHL will work to transition all enrolled customers to one (1) of two (2) primary, cost-effective, paperless, and easy-to-use billing and payments solutions. GHL will offer check payments to those customers who are unable to pay via electronic options.

**ACH/Direct Debit.** Direct Debit allows fixed monthly customer payments to be automatically deducted from the customer’s bank account on a fixed day each month. It is a convenient way to pay, and ensures timely payment. GHL never charges the customer for these services and instead absorbs the fees into its operating costs.

**Pre-Authorized Credit/Debit Card.** GHL's preauthorized Credit/Debit Card payments processing gives customers the option to have their monthly payments charged automatically to VISA or MasterCard accounts. This method of payment is convenient, flexible, and paperless which is economical for both customers and GHL. GHL never charges the customer for these services and instead absorbs the fees into its operating costs.

**Pay-by-Check.** For those customers who are unable to provide a debit/credit card or banking information for automatic payments, GHL can process payments via check. A paper or electronic invoice is sent to the customer, who can then send a check directly to GHL for processing.

### **Service Repair, Maintenance, & Replacement**

GHL expects to onboard existing and new service repair, maintenance, and installation contractors through their established Authorized Dealer onboarding process which typically takes between two (2) and five (5) days to complete. The on-boarding process includes determining the capabilities of the contractors to support customers and ensuring that all appropriate licensing and insurance coverage is maintained.

GHL's 24/7 Contact Center will be ready to direct any service and gas odor emergency calls to PSE once customer communications begin to handle any inquiries that may come in before PSE and GHL formally transition service calls and dispatching operations to GHL. Working with PSE, customer communications will feature highly visible GHL contact information and simple instructions on how a customer may report or inquire about service twenty-four (24) hours per day, and seven (7) days per week after the transition of service.

GHL monitors established and proven service standards with each of our Authorized Dealers including customer communication, diagnosis, and repair/restart/replace resolution. GHL's detailed processes and standards are documented in agreements established with each Authorized Dealer during onboarding and follow GHL installation and service operations principles as set forth below:

- 100% Customer, Employee, and Technician safety
- Proactive communication
- Excellent customer service – “Do it Right, Make it Right”
- Fast service response time
- Fixed right first time - quick problem resolution
- Total respect for customers and their property, and employees
- Continued process adherence

Equipment location (and customer, if different) address and equipment information are stored in GHL's systems which connect each location to the servicing Authorized Dealer, so that inbound service call dispatching and resolution are fast and efficient. The Authorized Dealer is issued a unique Service Authorization Number for each call dispatched and they will reference that Service Authorization Number on their invoice to GHL. Payments by GHL are made by means agreed to by the Authorized Dealer and



GHL – typically via electronic funds transfer or paper check. Customers never pay for service parts and labor repair calls due to normal wear and tear. At the time of equipment replacement, the customer will migrate to a new GHL lease agreement.

GHL minimum Service Standards meet the existing standard set by PSE for responding to customer requests as shown below.

Call Description	Priority Call Status	Contact Customer (Regular Hours)	Contact Customer (After Hours*)	Service Provided ** (Response)
Water Leaking (potential damage)	Emergency	Within 1 hour	Within 1 hour	Within 4 hours
No hot water	Standard	Within 2 hours	Next AM	Within 24 hours
Water Leaking (no damage)	Standard	Within 2 hours	Next AM	Within 24 hours
All other calls	Standard	Within 2 hours	Next AM	Within 24 hours
* After hours starts at 5PM Monday to Friday and all weekend. ** Service Provided (Response): There may be certain times of the year that service call volumes are extreme due to severe weather conditions, and service response times may slightly exceed 24 hours. Customers are to be advised and forewarned when these conditions are possible.				

Service stickers will be provided to customers to be placed on each piece of GHL rental equipment.



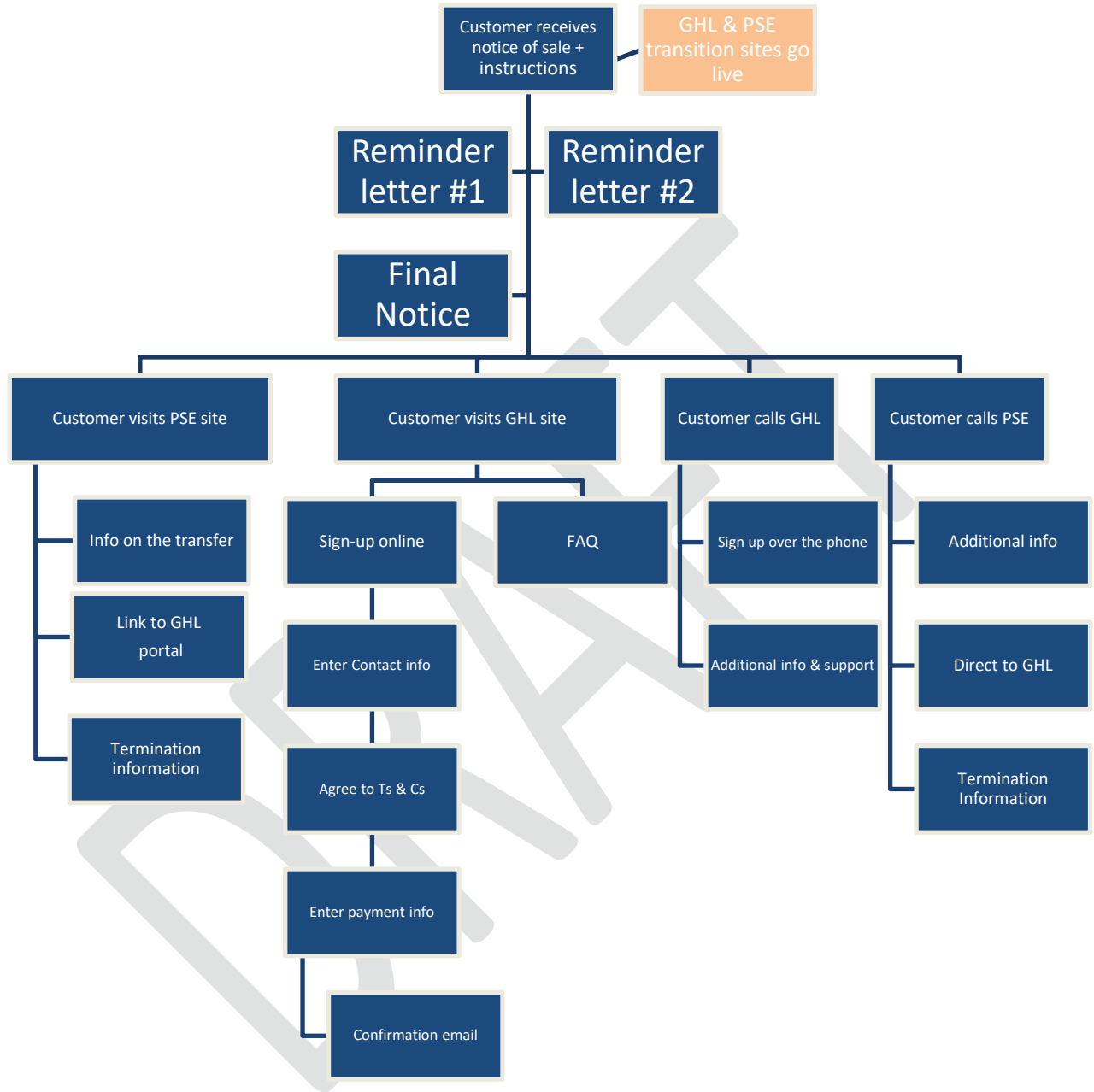
## Customer Transition Options

**Customer Enrollment:** Customers will have the option to enroll and complete the transition forms with GHL via phone or online. Customers who enroll will be required to provide their contact and billing information to GHL, and will receive a welcome letter, a copy of their new contract, and a service sticker for their equipment. These customers will enjoy the same service that they did with PSE prior to closing, with 100% service parts and labor coverage.

**Termination:** Customer will have an option to terminate their existing rental agreement with PSE. This option will be available to customers during the transition period until the closing date. Customers will be able to terminate their assigned lease agreement after closing by contacting GHL.

**Post-Closing:** All customers who did not terminate their rental agreement during the transition period will be automatically transitioned to GHL's program. For those customers who have not yet enrolled in the GHL platform, GHL will continue to attempt to contact these customers for a two-month period post-closing to enroll and complete the transition forms.

# Appendix A: Customer Options



## Appendix B – Draft Initial Customer Transition Letter

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Puget Sound Energy  
P.O. Box 97034  
Bellevue, WA 98009-9734  
PSE.com

[DATE]  
[CUSTOMER NAME]  
[MAILING ADDRESS]

Lease Equipment: [EQUIPMENT NUMBER]  
Service Address: [SERVICE ADDRESS]  
Account Number: [ACCOUNT NUMBER]

Dear Valued Customer,

Our records indicate you are currently leasing a water heater from Puget Sound Energy (PSE) as identified above. If this information is incorrect, please contact Lease Services at 1-800-421-7368 so that we may update our records.

The purpose of this letter is to inform you of changes to PSE's gas water heater rental service. As of [date], [name of buyer] will be taking over PSE's water heating rental service. [Buyer] is a leader in providing residential and commercial equipment rentals with worry-free equipment protection across North America. This means you enjoy 100% parts and labor coverage with your [Buyer] rentals for as long as you remain on the program. Enclosed is some additional information on [Buyer].

We are committed to making the transition of your water heater rental to [Buyer] as seamless as possible. [Buyer] will provide you the same reliable worry-free hot water you have enjoyed with PSE, and your monthly rental rate for your equipment will be \$xx.xx for a minimum of two (2) years.

As we move forward with this transition, there are a few steps that need to be taken by you to ensure continued water heating protection.

### **Enrollment**

You have two (2) ways of enrolling in [Buyer]'s program: online or by phone.

### **To Enroll Online (Internet Access Required)**

To enroll online, please visit [www.ghlsolutions.com](http://www.ghlsolutions.com)

You will be asked to fill in your personal information and billing information. [Buyer] offers direct withdrawal from your account or charge to your credit/debit card, so you do not have to worry about receiving a delivered bill and paying your bill on time.

Finally, you will be asked to review and agree to the new and updated terms and conditions. You will have the opportunity to print or save this document as well.

**To Enroll via Phone (No Internet Access Required)**

To enroll over the phone, please call us at 1-855-754-0530 and [Buyer] support staff will complete the necessary steps for you over the phone to get signed up. No computer or internet access is required from you. You will then be emailed or direct mailed any and all required documentation.

Regardless of when you sign up, [Buyer] will not be taking over your rental water heater service until [date], 2020. Prior to that date, please contact PSE for any billing or service-related issues.

**Ending Your Lease**

If you choose not to continue your rental service with [Buyer], you must end your lease agreement with PSE prior to [date]. To end your lease agreement, you can 1) pay the remaining balance of \$XXX.XX to take ownership of the water heater, or 2) schedule a time for PSE to remove the water heater. Please visit [pse.com/pages/lease-services](http://pse.com/pages/lease-services) to start the process to end your lease online, or call Lease Services at 1-800-421-7368.

If you have any questions about this change, please visit [pse.com/pages/lease-services](http://pse.com/pages/lease-services) for more information or call Lease Services at 1-800-421-7368.

Thank you for being a lease services customer.

Sincerely,

Lease Services  
Puget Sound Energy

## Welcome to Grand HVAC Leasing!

GRAND HVAC Leasing USA LLC (“GHL”) is excited to provide the same reliable worry-free hot water you have enjoyed with Puget Sound Energy (PSE). **As of [date], Grand HVAC Leasing will be taking over PSE’s rental water heater customers.**

We are committed to making the transition of your water heater rental to GHL as seamless as possible. *We welcome you and your family to our family.* GHL is a leader in providing residential and commercial equipment rentals across North America. With GHL, you will continue to receive the same service with 100% parts and labor coverage as you did prior to the transition.

**ACTION:** Please set up your account with GHL as soon as possible to continue your worry-free water heater rental service. See the enrollment options below

### Enrollment Options

You have two options for enrolling in GHL’s program, either online or by phone.

#### Option 1: Enroll Online (Internet Access Required)

1. Visit [www.ghlsolutions.com](http://www.ghlsolutions.com)
2. Fill in your contact information
3. Fill in your billing information
4. Review & save your new contract

You will receive your confirmation email immediately following your sign-up.

#### Option 2: Enroll via Phone (No Internet Access Required)

1. Call 1-855-754-0530
2. Provide your contact information
3. Provide your billing information
4. Review your new contract over the phone

You will receive your confirmation over the phone immediately following your sign-up.

Thank you for signing up! Please note, GHL will not be taking over your rental water heater service until [date]. Prior to that date, please contact Puget Sound Energy for any billing or service related issues.

Following [date], you will contact GHL directly at 1-855-754-0530 for any billing, service, or maintenance related needs.

## Appendix C – Draft Reminder Letter 1 & 2

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Puget Sound Energy  
P.O. Box 97034  
Bellevue, WA 98009-9734  
PSE.com

[DATE]  
[CUSTOMER NAME]  
[MAILING ADDRESS]

Lease Equipment: [EQUIPMENT NUMBER]  
Service Address: [SERVICE ADDRESS]  
Account Number: [ACCOUNT NUMBER]

Dear Valued Customer,

Our records indicate you are currently leasing a water heater from Puget Sound Energy (PSE) as shown above. If this information is incorrect, please contact Lease Services at 1-800-421-7368.

The purpose of this letter is to inform you of changes to PSE's gas hot water rental service. As of [date], [name of buyer] will be taking over PSE's water heating rental service. [Buyer] is a leader in providing equipment rentals with worry-free equipment protection across North America. This means you enjoy 100% parts and labor coverage with your [Buyer] rentals for as long as you remain on the program. Enclosed is some additional information on [Buyer].

We are committed to making the transition of your water heater rental to [Buyer] as seamless as possible. [Buyer] will provide you the same reliable worry-free hot water you have enjoyed with PSE, and your monthly rental rate for your equipment will be \$x.xx for a minimum of two (2) years.

As we move forward with this transition, there are a few steps that need to be taken by you to ensure continued water heating protection.

### **Enrollment**

You have two (2) ways of enrolling in [Buyer]'s program, online or by phone.

### **To Enroll Online (Internet Access Required)**

To enroll online, please visit [www.ghlsolutions.com](http://www.ghlsolutions.com)

You will be asked to fill in your personal information and billing information. [Buyer] offers direct withdrawal from your account or charge to your credit/debit card, so you do not have to worry about receiving a delivered bill and paying your bill on time.

Finally, you will be asked to review and agree to the new and updated terms and conditions. You will have the opportunity to print or save this document as well.

**To Enroll via Phone (No Internet Access Required)**

To enroll over the phone, please call us at 1-855-754-0530 and [Buyer] support staff will complete the necessary steps for you over the phone to get signed up. No computer or internet access is required from you. You will then be emailed or direct mailed any and all required documentation.

Regardless of when you sign up, [Buyer] will not be taking over your rental water heater service until [date]. Prior to that date, please contact PSE for any billing or service-related issues.

**Ending Your Lease**

If you choose not to continue your rental service with [Buyer], you must end your lease agreement with PSE prior to [date]. To end your lease agreement, you can 1) pay the remaining balance of \$XXX.XX to take ownership of the water heater, or 2) schedule a time for PSE to remove the water heater. Please visit [pse.com/pages/lease-services](http://pse.com/pages/lease-services) to start the process to end your lease online, or call Lease Services at 1-800-421-7368.

If you have any questions about this change, please visit [pse.com/pages/lease-services](http://pse.com/pages/lease-services) for more information or call Lease Services at 1-800-421-7368.

Thank you for being a lease services customer.

Sincerely,

Lease Services  
Puget Sound Energy



## Welcome to Grand HVAC Leasing!

GRAND HVAC Leasing USA LLC (“GHL”) is excited to provide the same reliable worry-free hot water you have enjoyed with Puget Sound Energy (PSE). **As of [date], Grand HVAC Leasing will be taking over PSE’s rental water heater customers.**

We are committed to making the transition of your water heater rental to GHL as seamless as possible. *We welcome you and your family to our family.* GHL is a leader in providing residential and commercial equipment rentals across North America. With GHL, you will continue to receive the same service with 100% parts and labor coverage as you did prior to the transition.

**ACTION:** Please set up your account with GHL as soon as possible to continue your worry-free water heater rental service. See the enrollment options below

### Enrollment Options

You have two options for enrolling in GHL’s program, either online or by phone.

#### Option 1: Enroll Online (Internet Access Required)

1. Visit [www.ghlsolutions.com](http://www.ghlsolutions.com)
2. Fill in your contact information
3. Fill in your billing information
4. Review & save your new contract

You will receive your confirmation email immediately following your sign-up.

#### Option 2: Enroll via Phone (No Internet Access Required)

1. Call 1-855-754-0530
2. Provide your contact information
3. Provide your billing information
4. Review your new contract over the phone

You will receive your confirmation over the phone immediately following your sign-up.

Thank you for signing up! Please note, GHL will not be taking over your rental water heater service until [date]. Prior to that date, please contact Puget Sound Energy for any billing or service related issues.

Following [date], you will contact GHL directly at 1-855-754-0530 for any billing, service, or maintenance related needs.

## Appendix D – Draft Final Letter

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Puget Sound Energy  
P.O. Box 97034  
Bellevue, WA 98009-9734  
PSE.com

[DATE]  
[CUSTOMER NAME]  
[MAILING ADDRESS]

Lease Equipment: [EQUIPMENT NUMBER]  
Service Address: [SERVICE ADDRESS]  
Account Number: [ACCOUNT NUMBER]

Dear Valued Customer,

### **WATER HEATER RENTAL PROGRAM – FINAL NOTICE OF SERVICE TRANSFER**

We have recently sent you letters regarding your water heater rental service and our records indicate you have not enrolled with [Buyer] or terminated your water heater rental service. Effective [date], [buyer] will be taking over PSE’s rental water heating service and your lease agreement and service will be transferred to [buyer] unless you choose to terminate your agreement with PSE.

**To avoid any interruption of your water heater rental service, you will need to enroll with the [buyer]. You have two options:**

- 1) **Enroll Online (Internet Access Required)**  
To enroll online, please visit [www.ghlsolutions.com](http://www.ghlsolutions.com)
- 2) **Enroll via Phone (No Internet Access Required)**  
To enroll over the phone, please call [buyer] at 1-855-754-0530

If you do not enroll, your rental agreement will be transferred to [buyer], and your payments and service will continue, however, you will begin receiving a paper bill from [buyer] in the mail after [date]. Enrollment is required with [buyer] in order to make debit or credit card payments.

### **Ending Your Lease**

If you choose not to continue your water heater rental service with [Buyer], you must terminate your lease agreement with PSE prior to [date]. To end your lease agreement, you can 1) pay your remaining balance of \$XXX.XX to take ownership of the water heater, or 2) schedule a time for PSE to remove the water heater. Please visit [pse.com/pages/lease-services](http://pse.com/pages/lease-services) to start the process to end your lease online, or call Lease Services at 1-800-421-7368.

Following [date], you will not be able to end your lease agreement by contacting PSE or take advantage of a cost-free removal, and will be responsible for terminating your service with [buyer].

Thank you for being a lease services customer.

Sincerely,

Lease Services  
Puget Sound Energy

DRAFT

**EXHIBIT A**  
**FORM OF BILL OF SALE**

This Bill of Sale (this “**Bill of Sale**”) is entered into effective as of [●], by Puget Sound Energy, Inc., a Washington corporation (“**Sellers**”) in favor of Grand HVAC Leasing USA LLC, a Delaware limited liability company (“**Buyer**”). Capitalized terms not otherwise defined herein shall have the respective meanings set forth in that certain Asset Purchase Agreement dated as of February 14, 2020 (the “**Agreement**”).

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged, Seller hereby sells, assigns, transfers, conveys and delivers to Buyer, free and clear of any Encumbrances, all of Seller’s right, title and interest in and to the Purchased Assets.

Nothing contained in this Bill of Sale is intended to, nor shall it, expand, narrow or otherwise alter any of the representations, warranties covenants or obligations of the parties contained in the Agreement or the survival thereof. This Bill of Sale shall not alter, modify or amend the terms of the Agreement in any respect, or subject the parties to any lesser or greater liabilities, obligations or duties than provided therein. In the extent of a conflict between the terms and provisions of this Bill of Sale and the Agreement, the terms and provisions of the Agreement will govern, supersede and prevail.

This Bill of Sale shall inure to the benefit of the parties hereto and their respective successors and assigns, subject, however, to the terms and conditions of the Agreement regarding any assignment thereof. This Bill of Sale shall be governed by and construed in accordance with the laws of the State of Washington without giving effect to any choice or conflict of law provision or rule (whether of the State of Washington or any other jurisdiction). None of the provisions of this Bill of Sale may be waived, changed or altered except in a signed writing by the party against whom enforcement of the same is sought.

This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission will be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

*[Signature page follows]*

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed effective as of the date first written above.

PUGET SOUND ENERGY, INC.  
A Washington corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT B**  
**FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT**

This Assignment and Assumption Agreement (this “**Assignment**”), effective as of [●], is made by and between Puget Sound Energy, Inc., a Washington corporation (“**Assignor**”) in favor of Grand HVAC Leasing USA LLC, a Delaware limited liability company (“**Assignee**”).

**Recitals**

Assignor and Assignee are parties to that certain Asset Purchase Agreement dated February 14, 2020 (the “**Agreement**”), pursuant to which Assignor has agreed to sell, assign, transfer, convey and deliver to Assignee, and Assignee has agreed to assume pay, perform and discharge the Assumed Liabilities.

**Agreement**

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions. Capitalized terms not otherwise specifically defined in this Assignment shall have the meanings set forth in the Agreement.
2. Assignment and Assumption. Assignor hereby assigns and Assignee hereby assumes (a) the Assigned Contracts; (b) the assets listed on Schedule 2.1(g) of the Agreement; and (c) the Assumed Liabilities.
3. Governing Document. In the event of a conflict between the terms and provisions of this Assignment and the terms and provisions of the Agreement, the terms and provisions of the Agreement shall govern, supersede and prevail. Notwithstanding anything to the contrary, nothing herein is intended to, nor shall it, expand, narrow or otherwise alter the representations, warranties, covenants and obligations of the parties contained in the Agreement or the survival thereof.
4. Miscellaneous. This Assignment shall inure to the benefit of the parties hereto and their respective successors and assigns, subject, however, to the terms and conditions of the Agreement regarding any assignment thereof. This Assignment shall be governed by and construed in accordance with the laws of the State of Washington without giving effect to any choice or conflict of law provision or rule (whether of the State of Washington or any other jurisdiction). None of the provisions of this Assignment may be waived, changed or altered except in a signed writing by the party against whom enforcement of the same is sought.
5. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission will be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

*[Signature Page Follows]*

IN WITNESS WHEREOF, Assignors and Assignee have executed and delivered this Assignment and Assumption Agreement as of the date first written above.

PUGET SOUND ENERGY, INC.,  
a Washington corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

GRAND HVAC LEASING USA LLC,  
a Delaware limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT C**  
**FORM OF RESTRICTIVE COVENANTS AGREEMENT**

**THIS RESTRICTIVE COVENANTS AGREEMENT** (this “**Agreement**”) is made the [●] day of [●], 2020 (the “**Effective Date**”), between Puget Sound Energy, Inc., a Washington corporation (the “**Covenantor**”) and Grand HVAC Leasing USA LLC, a Delaware limited liability company (the “**Company**”).

**WHEREAS**, pursuant to that certain Asset Purchase Agreement, dated as of February 14, 2020, by and between the Covenantor and the Company, (the “**Purchase Agreement**”), the Company agreed to purchase substantially all of the assets of the Covenantor’s business of owning, renting and maintaining natural gas tank water heaters for residential, commercial and industrial customers (the “**Business**”).

**AND WHEREAS** it is a condition of the Purchase Agreement and the closing of the transactions contemplated thereby, that the Covenantor provide the commitments to the Company provided for herein.

**THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the closing of the transactions contemplated by the Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby covenant and agree as follows:

**1. DEFINED TERMS**

For the purposes of this Agreement, in addition to those otherwise defined herein, the following terms have the following meanings respectively:

- (a) “**Directly or Indirectly**” means in any capacity whatsoever, either individually or in partnership or jointly or in conjunction with any person, as principal, agent, trustee, consultant, advisor, associate, broker, lender, joint venturer, guarantor, contractor, employer, employee, officer, director, investor or shareholder (other than a minor holding of shares listed on a recognized Canadian or United States stock exchange that does not exceed five percent of the outstanding shares so listed), or through an Affiliate or in any other manner whatsoever.
- (b) “**include**”, “**includes**”, “**including**”, and other words of similar import are deemed to be followed by “without limitation” whether or not they are in fact followed by such words or words of like import.
- (c) “**Parties**” means the Covenantor and the Company collectively, and “**Party**” means either one of them.
- (d) “**Restricted Period**” means the period of three (3) years commencing on the Effective Date.
- (e) “**Territory**” means the State of Washington.

All capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Purchase Agreement

**2. NON-COMPETITION**

During the Restricted Period, the Covenantor will not, Directly or Indirectly, anywhere in the Territory: (i) engage in or provide any Services in connection with the Business; or (ii) own, manage, invest in, operate, or control or be connected as an owner of any business that is the same as, substantially similar to, or in competition with, the Business and that offers the Services as conducted as of the date hereof; provided, that nothing in this Agreement prohibits or will prohibit Covenantor from (a) providing any service to which the Covenantor is authorized by the WUTC subsequent to the closing of the transactions



contemplated in the Purchase Agreement; or (b) engaging in any leasing or rental service other than the Business.

### **3. NON-SOLICITATION OF ACQUIRED CUSTOMERS**

During the Restricted Period, the Covenantor will not, Directly or Indirectly:

- (a) solicit;
- (b) assist in soliciting; or
- (c) have business dealings with,

any Acquired Customers for the purpose of providing or selling to such persons any products or services which are the same as, substantially similar to, or competitive with, those sold by the Business as of the date hereof. The Company acknowledges and agrees that, following the date hereof, Covenantor will continue to have a business relationship with the Acquired Customers for services other than those related to the Business and that the restrictions in this Section 3 are not intended to in any way restrict or limit such business relationships.

### **4. NON-DISPARAGEMENT**

At no time will the Covenantor, Directly or Indirectly, in any manner, undertake any conduct, verbal or otherwise, that disparages or damages the reputation, goodwill, or standing in the community of the Business or the Company or any of its directors, officers, executives, employees or agents. Notwithstanding the foregoing, nothing herein shall limit or restrict the Covenantor from (i) testifying truthfully in any legal or administrative proceeding where such testimony is compelled or requested; (ii) communicating with any official or staff person of a Governmental Authority (defined in the Purchase Agreement) with jurisdiction over the Company concerning matters relevant to such Governmental Authority at the request of such Governmental Authority, or (iii) providing any truthful disclosure required by applicable legal requirements, in each case in connection with the Business of the transactions contemplated by the Purchase Agreement.

### **5. REMEDIES**

The Parties acknowledge that the breach by either Party of any of the covenants contained in Sections 2 through 4 would result in irreparable harm to the Company for which monetary damages would not be an adequate remedy, and hereby agree that in the event of a breach or threatened breach by a Party of any of the provisions of Sections 2 through 4, the other Party, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction.

### **6. ACKNOWLEDGEMENTS**

The Covenantor agrees, acknowledges and represents as follows:

- (a) the obligations of the Covenantor under this Agreement are a material and essential factor in the Company's decision to enter into the Purchase Agreement and to consummate the transactions contemplated thereby;
- (b) that the limitations of time, geographic scope and scope of activity agreed to in this Agreement are reasonable, are supported by good and adequate consideration, and the Covenantor will not challenge the reasonableness of the covenants or agreements set forth herein;
- (c) the restrictive covenants contained in this Agreement are necessary in order to protect the legitimate interests of the Company and the Business, including (i) the value of the Acquired

Customers, suppliers, payors, employees, independent contractors and other business relations of the Company and (ii) goodwill related to the Business.

## **7. ENUREMENT AND ASSIGNMENT**

This Agreement will enure to the benefit of and be binding upon the Parties and their successors and permitted assignees. Neither this Agreement nor any of the Covenantor's obligations hereunder may be assigned or transferred in any manner.

## **8. NOTICES**

Any notice required or permitted to be given to either Party will be in writing and will be delivered in accordance with Section 10.2 of the Purchase Agreement.

## **9. REMEDIES CUMULATIVE**

The rights and remedies of the Company under this Agreement are cumulative and in addition to, and not in substitution for, any rights or remedies available to them, whether under applicable Law, in equity by contract or otherwise, all of which will be cumulative (at not alternative). No single or partial exercise by the Company of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which either or both may be entitled.

## **10. AMENDMENT AND WAIVER**

This Agreement or any provision hereof may not be amended except in writing signed by each of the Parties expressly so modifying such agreement or provision. The provisions of this Agreement may be modified or waived only in writing by the Party to whom such compliance is owed. It is further understood and agreed that no failure or delay by any Party in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege under this Agreement.

## **10. ENTIRE AGREEMENT**

This Agreement and the Purchase Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, negotiations, discussions, undertakings, representations, warranties and understandings, whether written or oral, with respect to the subject matter hereof.

## **11. HEADINGS**

Section headings are not to be considered part of this Agreement and are included solely for convenience of reference and are not intended to be full or accurate descriptions of the contents thereof.

## **12. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL**

Section 10.10 of the Purchase Agreement applies in regards to this Agreement.

## **13. SEVERABILITY**

If any term or provision in this Agreement is held to be invalid, void, illegal or unenforceable in any respect, the Agreement will not fail, but will be deemed amended to delete the void or unenforceable term or provision, the remainder of this Agreement will be enforced in accordance with its terms and will not in any way be affected or impaired thereby, and the tribunal or court reviewing the Agreement will include substitute terms or provisions that give the greatest meaning allowed by applicable Law to the void or unenforceable term or provision, so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that matters contemplated hereby are fulfilled to the extent possible.

## **14. JOINT DRAFTING**

Each of the Parties and their respective counsel have joined in and contributed to drafting this Agreement, and there will be no presumption favouring or burdening any one or more Parties to this Agreement based upon draftsmanship.

## **15. COUNTERPARTS**

This Agreement may be executed in any number of counterparts. Each executed counterpart will be deemed to be an original. All executed counterparts taken together will constitute one agreement. To evidence the fact that it has executed this Agreement, a Party may send a copy of its executed counterpart to all other Parties by facsimile transmission or email, and if sent by email will be sent in Portable Document File (PDF) format.

[The remainder of this page is intentionally left blank.]

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the date first above written.

**PUGET SOUND ENERGY, INC.**

By \_\_\_\_\_  
Name:  
Title:

**GRAND HVAC LEASING USA LLC**

By \_\_\_\_\_  
Name:  
Title:

*Signature Page of Restrictive Covenants Agreement*

## Exhibit D – Customer Transaction Letter



[DATE]  
[CUSTOMER NAME]  
[MAILING ADDRESS]

Lease Equipment: [EQUIPMENT NUMBER]  
Service Address: [SERVICE ADDRESS]  
Account Number: [ACCOUNT NUMBER]

Dear Valued Customer,

Our records indicate you are currently leasing a water heater from Puget Sound Energy (PSE) as identified above. If this information is incorrect, please contact Lease Services at 1-800-421-7368 so that we may update our records.

The purpose of this letter is to inform you of changes to PSE's gas water heater rental service. As of [date], [name of buyer] will be taking over PSE's water heating rental service. [Buyer] is a leader in providing residential and commercial equipment rentals with worry-free equipment protection across North America. This means you enjoy 100% parts and labor coverage with your [Buyer] rentals for as long as you remain on the program. Enclosed is some additional information on [Buyer].

We are committed to making the transition of your water heater rental to [Buyer] as seamless as possible. [Buyer] will provide you the same reliable worry-free hot water you have enjoyed with PSE, and your monthly rental rate for your equipment will be \$xx.xx for a minimum of two (2) years.

As we move forward with this transition, there are a few steps that need to be taken by you to ensure continued water heating protection.

### **Enrollment**

You have two (2) ways of enrolling in [Buyer]'s program: online or by phone.

### **To Enroll Online (Internet Access Required)**

To enroll online, please visit [www.ghlsolutions.com](http://www.ghlsolutions.com)

You will be asked to fill in your personal information and billing information. [Buyer] offers direct withdrawal from your account or charge to your credit/debit card, so you do not have to worry about receiving a delivered bill and paying your bill on time.

Finally, you will be asked to review and agree to the new and updated terms and conditions. You will have the opportunity to print or save this document as well.

**To Enroll via Phone (No Internet Access Required)**

To enroll over the phone, please call us at 1-855-754-0530 and [Buyer] support staff will complete the necessary steps for you over the phone to get signed up. No computer or internet access is required from you. You will then be emailed or direct mailed any and all required documentation.

Regardless of when you sign up, [Buyer] will not be taking over your rental water heater service until [date], 2020. Prior to that date, please contact PSE for any billing or service-related issues.

**Ending Your Lease**

If you choose not to continue your rental service with [Buyer], you must end your lease agreement with PSE prior to [date]. To end your lease agreement, you can 1) pay the remaining balance of \$XXX.XX to take ownership of the water heater, or 2) schedule a time for PSE to remove the water heater. Please visit [pse.com/pages/lease-services](http://pse.com/pages/lease-services) to start the process to end your lease online, or call Lease Services at 1-800-421-7368.

If you have any questions about this change, please visit [pse.com/pages/lease-services](http://pse.com/pages/lease-services) for more information or call Lease Services at 1-800-421-7368.

Thank you for being a lease services customer.

Sincerely,

Lease Services  
Puget Sound Energy

## Welcome to Grand HVAC Leasing!

GRAND HVAC Leasing USA LLC ("GHL") is excited to provide the same reliable worry-free hot water you have enjoyed with Puget Sound Energy (PSE). **As of September 1, 2020, Grand HVAC Leasing will be taking over PSE's rental water heater customers.**

We are committed to making the transition of your water heater rental to GHL as seamless as possible. *We welcome you and your family to our family.* GHL is a leader in providing residential and commercial equipment rentals across North America. With GHL, you will continue to receive the same service with 100% parts and labor coverage as you did prior to the transition.

**ACTION:** Please set up your account with GHL as soon as possible to continue your worry-free water heater rental service. See the enrollment options below

### Enrollment Options

You have two options for enrolling in GHL's program, either online or by phone.

#### Option 1: Enroll Online (Internet Access Required)

1. Visit [www.ghlsolutions.com](http://www.ghlsolutions.com)
2. Fill in your contact information
3. Fill in your billing information
4. Review & save your new contract

You will receive your confirmation email immediately following your sign-up.

#### Option 2: Enroll via Phone (No Internet Access Required)

1. Call 1-855-754-0530
2. Provide your contact information
3. Provide your billing information
4. Review your new contract over the phone

You will receive your confirmation over the phone immediately following your sign-up.

Thank you for signing up! Please note, GHL will not be taking over your rental water heater service until **September 1, 2020**. Prior to that date, please contact Puget Sound Energy for any billing or service related issues.

Following September 1, 2020, you will contact GHL directly at 1-855-754-0530 for any billing, service, or maintenance related needs.

## **Exhibit E**

### **Transition Forms**

#### **Rental Agreement**

This Rental Agreement ("Agreement") is between you (herein referred to as the "Customer" "your" or "you") and Grand HVAC Leasing USA, LLC or it's affiliates (hereinafter referred to as "GHL" "our" "us") for the rental of a water heater (the "Equipment") you previously rented from Puget Sound Energy, Inc. and which Equipment has now been acquired by GHL. Your continued use of the rental water heater constitutes your acceptance of the following terms and conditions.

1. Term and Termination. This Agreement will continue for a period of 36 months (the "Term"), commencing on [date] the ("Commencement Date"), and will renew automatically for an additional one-year period unless terminated by you. Your sole method of terminating this Agreement is to purchase the Equipment in "As Is" condition for a value equal to: the total present value of all unpaid and future monthly rental payments due under this Agreement (where the present value will be calculated by discounting at a rate per annum equal to 3.0%). You shall advise of your request to purchase the Equipment by contacting GHL at 1-855-754-0530 or by email at [service@grandhvacleasing.com](mailto:service@grandhvacleasing.com).

2. Condition of Equipment. You will keep the Equipment in the same condition as when delivered and installed other than normal wear and tear. You have no ownership interest in the Equipment, other than the right to use the Equipment as intended and under the terms and conditions herein. You will: (i) maintain effective operation of any system supplying water or electricity to the Equipment; (ii) ensure that no combustible, hazardous or flammable materials are used or stored in the same room near the Equipment; (iii) ensure that the Equipment is not confined in a location where it is difficult to service or remove or where there is inadequate ventilation; (iv) provide GHL or its authorized service representative with access to the Equipment, whenever reasonably required for purposes of inspection, repair, maintenance or removal; (v) ensure that the Equipment is located in an area with sufficient drainage and that such drainage is in proper working order and unrestricted; and (vi) not permit anyone who has not been authorized by GHL to service, repair, modify, alter, adjust, move, or disconnect the Equipment.

3. Service and Repair. GHL's obligation to you is to service and repair the Equipment using third party contractors licensed by the Washington State Department of Labor & Industries (<https://lni.wa.gov/>), and/or the Seattle Department of Construction & Inspections (<http://www.seattle.gov/sdci>), with no service charges or parts replacement charges except: (i) if you, or a third party not authorized by GHL, install, alter, modify, adjust, damage, service, repair, move or disconnect the Equipment; (ii) if service or repairs are required because the Equipment was used for unintended or unauthorized purposes; (iii) if Equipment requires de-liming, flushing or other repair due to poor water conditions or poor quality of the environment in which the Equipment is situated; (iv) where, piping, wiring, plumbing, or electric services require cleaning, repair, or replacement; (v) if you fail to maintain your Equipment in accordance with the requirements of this Agreement; or (vi) if you fail to fulfill any of your obligations under the Agreement. A minimum service fee of \$100.00 plus any additional charges which may apply for additional services provided shall be charged to your account for Service calls you request which are unrelated to the Equipment, as determined at the sole discretion of GHL including service calls where a person at least 18 years of age is not present in the home or service calls where our access to the Equipment is obstructed. GHL, at its sole discretion, will replace defective Equipment due to issues not caused by you and you shall



enter into a new Agreement under the then current Terms and Conditions or this Agreement may be terminated by you in accordance with your obligations under this Agreement.

4. Payments. You shall pay the Total Monthly Rental Price including applicable taxes each month throughout the entire Term, starting on the Commencement Date, and pay any additional charges which may apply. Your obligation to remit all amounts under this Agreement shall be absolute and unconditional without any hold-back, deduction, abatement, claim for compensation or set-off for any reason. After the first 24 months of the Term, GHIL reserves the right to increase the Monthly Rental Price from time to time, with i) at least 30 days advance Customer notice and ii) any increase shall be no more than 4.9% annually. You shall make all payments required to be made under this Agreement to GHIL by i) pre-authorized, recurring Credit Card payment from a company acceptable to GHIL, or ii) automatic bank withdrawal (ACH) payment where you authorize GHIL, and the financial institution you designate, to debit your bank account for the full amount of the payment due under the terms of this Agreement, for the entire term of this Agreement. You waive requirement for any notification when a payment shall be or is processed or any adjustment in Monthly Rental Price or other applicable charges shall apply. You agree to pay a fee of \$25.00 for a pre-authorized payment that is returned or incomplete for any reason. You agree that termination by you of Credit Card or ACH payments shall in no circumstance reduce your payment obligation, or any other obligation, under this Agreement. You warrant that all Credit Card or ACH information provided is accurate and for an account in good standing; you are an authorized user of such payment method; and you shall notify GHIL at least 15 days prior to any change to your payment arrangements with us. You grant that we may utilize, assign, or transfer payment services to a third-party at our sole discretion. You have the right to receive reimbursement for a payment debited from your account for which this Agreement does not permit. Please contact GHIL immediately to report any error of payment. You may also obtain a form for a Reimbursement Claim, or for more information on your recourse rights, you may contact your financial institution.

5. Liability. You operate the Equipment at your own risk. You shall indemnify GHIL from any loss or damage related to the Equipment for any reason and all claims, losses or costs that GHIL may suffer, pay or may be required to pay, including legal expenses, in connection with the Equipment, this Agreement or the use and operation of the Equipment, including any claims against GHIL for any injury or death to individuals or damage to property. Your indemnification shall survive termination of this Agreement.

6. Default. You will be in default of your obligations under this Agreement ("Default") if: i) you do not make any payment(s) as required by this Agreement; ii) you encumber the Equipment in any way; iii) transfer title to the premises where the Equipment is installed without first purchasing the Equipment, unless we have agreed in writing to the assumption of your obligations under this Agreement by the party acquiring title to such premises or such obligation to be paid at the closing of a transfer of title to the premises; iv) you attempt to transfer or sublet the Equipment; v) you move, alter, modify or place the Equipment at risk; vi) you remove or attempt to remove the Equipment from the Premises; vii) you allow any damage other than that caused by normal wear and tear; viii) any representation or warranty made by you in entering into this Agreement is untrue or incorrect; or ix) you fail to abide by any of the terms of this Agreement in any way. Upon the occurrence of any of the foregoing, you will be deemed to be in Default and deemed to have terminated this Agreement.

7. Sale of Residence. If you sell your residence, you warrant to inform the purchaser that the Equipment is rented pursuant to this Agreement and that this Agreement may either be assumed or bought out. You authorize GHIL to respond to information requests relating to your account made by or on behalf of the purchaser. You shall contact GHIL to inform us of any proposed assignment and you and the purchaser shall undertake all acts and provide and sign all documents as may be required giving effect to the

assignment or purchase of this Agreement to the purchaser. If this Agreement is not bought out or assumed by purchaser in full and at any closing, for any reason, you shall remain solely obligated under the terms of this Agreement.

8. Assignment. GHL may as and by way of security or absolutely, at any time, without your consent or notice to you, assign or create a security interest in our right, title or interest in this Agreement, payments under this Agreement or in the Equipment described herein to any assignee or purchaser of contracts or payments.

9. Personal Information. You consent that your personal information, included as part of your Agreement with us, but not limited to, your account, credit, and billing history, may be collected, used and maintained by us for the purposes of managing your account with GHL. You agree that GHL may provide your information to our lenders, potential lenders, assignees, or purchasers of Agreements or payments. You consent to our recording all telephone conversations between you and GHL and/or any lender, assignee or purchaser and that we may retain all such recordings. You also consent to GHL contacting you at the telephone number(s) and/or email(s) you have provided. You may revoke your consent to record or to contact by informing GHL by phone, by email or by letter. If you have any questions regarding your personal information, please contact GHL 1-855-754-0530 or by email at [service@grandhvacleasing.com](mailto:service@grandhvacleasing.com)

10. Miscellaneous. This Agreement and these terms and conditions make up the entire Agreement between GHL and you and this Agreement is binding upon you and your permitted successors and assigns. Time is of the essence of this Agreement. This Agreement will be governed by and construed in accordance with the laws of the State of Washington, applicable therein. Information requests by any person(s) other than you shall be verified, unless otherwise stated in this Agreement, and are subject to administration charges as set from time to time by GHL. You agree that if a provision of this Agreement is void or unenforceable in any jurisdiction is, as to that jurisdiction, void only to the extent of such provision, without invalidating the remaining provisions or the invalid provision with respect to any other jurisdiction. You agree that all our rights are cumulative and not alternative and may be exercised by us separately or together in any order or combination.

11. Buyer's Rights to Cancel. You have the right to cancel a sale made at your home, workplace or dormitory, or at a seller's temporary location at any time prior to midnight of the 3rd business day after the date of this transaction. YOU DO NOT NEED A REASON TO CANCEL. To cancel, you must notify GHL by one of: i) in writing, at 100 South Ashley Drive, Suite 600, Tampa, FL 33602, ii) by phone at 1-855-754-0530; or ii) email [service@grandhvacleasing.com](mailto:service@grandhvacleasing.com) no later than midnight of the third business day following the signing of the contract. A business day under this law includes any calendar day except Sunday or holidays. Within 15 days of receiving your cancellation notice, the GHL must return your payment, if any. Within that 15 day period, you must allow the GHL to pick up the Equipment at your address, or if GHL requests, and you agree, you may ship the Equipment back at the GHL's expense and risk. If GHL does not pick up the Equipment within 90 days of the date of the notice of cancellation, they are yours to do with as you wish. You may also have other rights, duties and remedies at law.

For additional information: Tel: 1-855-754-0530; Email: [service@grandhvacleasing.com](mailto:service@grandhvacleasing.com); Address: Grand HVAC Leasing USA, LLC. 100 South Ashley Drive, Suite 600, Tampa, FL 33602.

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**DISCLOSURE SCHEDULES**  
**PURSUANT TO THE**  
**ASSET PURCHASE AGREEMENT**  
**among**  
**PUGET SOUND ENERGY, INC.**  
**and**  
**GRAND HVAC LEASING USA LLC**  
**Dated as of February 14, 2020**

The following Disclosure Schedules (the “Disclosure Schedules”) are being delivered pursuant to the Asset Purchase Agreement (the “Agreement”), dated as of February 14, 2020 (the “Agreement Date”), by and between Puget Sound Energy, Inc., a Washington corporation (the “Seller”) and Grand HVAC Leasing USA LLC, Delaware limited liability company. Any capitalized terms used but not otherwise defined herein shall be defined as set forth in the Agreement.

The Disclosure Schedules and the information contained herein are intended to qualify the representations, warranties, covenants and agreements of the Seller contained in the Agreement and shall not be construed to broaden in any way the scope or effect of any such representations, warranties, covenants or agreements. Certain information is contained solely for informational purposes, may not be required to be disclosed pursuant hereto and will not imply that such information or any other information is required to be disclosed. Inclusion of such information will not establish any level of materiality or similar threshold or be an admission that any of such information is material to the business, assets, liabilities, financial position, operations or results of operations of any person or otherwise material regarding such person, nor shall it establish a standard of materiality for any purpose whatsoever, and with respect to any consents, shall not be deemed to be an admission that such consents are necessary to consummate the transactions contemplated by the Agreement, nor shall it be deemed an admission of any obligation or liability to any third party. Notwithstanding any materiality qualifications in any of the Seller’s representations, warranties, covenants or agreements in the Agreement, certain items have been included herein which may be considered by the Seller to be immaterial to the business, operations, assets, liabilities, financial condition or results of operations of the Seller. Any item listed or referred to in any section of the Disclosure Schedules pursuant to any Section of the Agreement will be deemed to have been listed in or incorporated by reference into any other section of the Disclosure Schedules to the extent that the applicability of the information disclosed to such other representation and warranty or section of the Disclosure Schedules is reasonably apparent. The presence or absence of the language “except as set forth on Schedule [X.X]” or words of similar import in the representations, warranties, covenants or agreements to the Agreement shall not be deemed to limit in any way the effectiveness of the disclosures set forth herein.

Matters reflected in the Disclosure Schedules are not necessarily limited to matters required by the Agreement to be reflected herein. Such additional matters are set forth for informational purposes and do not necessarily include other matters of a similar nature. The headings contained in the Disclosure Schedules are included for convenience only, and shall not affect in any way the meaning or interpretation of the Disclosure Schedules. In disclosing the information in the Disclosure Schedules, the Seller expressly does not waive any attorney-client privilege associated with such information or any protection afforded by the work-product doctrine with respect to any of the matters disclosed or discussed herein.

Schedule 4.3

No Conflicts; Consents

1. Approval from the WUTC is required.

Schedule 4.4

Lease Agreements

1. In the normal course of business, five to six percent of Water Heater Customers of an annual basis -provide written notice of their intention to terminate their Lease Agreement.

Schedule 4.7

Legal Proceedings; Governmental Orders

1. In any given year, there might be [REDACTED] number of claims Seller receives from Water Heater Customers for damages resulting from the use or condition of the appliance applicable to such Water Heater Customer, which Seller resolves under the Lease Agreement with such Water Heater Customer.

REDACTED  
VERSION

SHADED INFORMATION IS DESIGNATED AS  
CONFIDENTIAL PER WAC 480-07-160

Schedule 4.8

Legal Proceedings; Governmental Orders

(a)

1.



REDACTED  
VERSION

SHADED INFORMATION IS DESIGNATED AS  
CONFIDENTIAL PER WAC 480-07-160