

ASSIGNMENT OF CLAIMS AND WARRANTIES

This Assignment of Claims and Warranties ("Assignment") is made as of this 26th day of June, 2014 ("Assignment Effective Date") by and between the City of Buckley, a municipal corporation of the State of Washington ("Assignor"), and Puget Sound Energy, Inc., a Washington corporation ("Assignee"). This Assignment is made with reference to the following facts:

RECITALS

A. Pursuant to an Asset Purchase Agreement by and between Assignor and Assignee, dated as of May 16, 2014 ("Asset Purchase Agreement"), Assignor and Assignee have agreed to undertake certain obligations to facilitate the efficient transfer of natural gas distribution facilities from Assignor to Assignee.

B. In furtherance of such transaction, Assignor is willing to assign, and Assignee is willing to accept, the Claims and Warranties in accordance with the terms and conditions of this Assignment.

AGREEMENT

IN CONSIDERATION of the mutual covenants hereinafter set forth, and for other good and valuable consideration, it is agreed as follows:

1. Claims. "Claims" means and includes any and all claims, demands, actions, liens, causes of action and rights of Assignor against any third-party as may now exist or may subsequently arise with respect to the Purchased Assets. "Excluded Claims" means and includes any and all claims, demands, actions, liens, causes of action or other rights against third-parties that relate solely to Seller's Retained Liabilities. If and to the extent that any Claim shall relate to both Purchaser's Assumed Liabilities and Seller's Retained Liabilities, the term "Claims" shall include any and all such portions of such Claim that relate to Purchaser's Assumed Liabilities.

2. Assignment of Claims. As of the Assignment Effective Date, Assignor hereby assigns to Assignee all of Assignor's right, title and interest in, to and under the Claims. Assignee hereby accepts said assignment.

3. Warranties. "Warranties" means and includes any and all third-party warranties, representations and guarantees made or arising with respect to the Purchased Assets, including but not limited to, any and all such Warranties (whether express or implied) as may relate to the title, merchantability, fitness for a particular purpose, or any other quality or characteristic of the Purchased Assets.

4. Assignment of Warranties. As of the Assignment Effective Date, Assignor hereby assigns to Assignee all of Assignor's right, title and interest in, to and under the Warranties. Assignee hereby accepts said assignment.

5. Terms of Assignment. This Assignment is subject to each and all of the terms and conditions of the Asset Purchase Agreement. All capitalized terms used in this Assignment but

not defined herein shall have the meanings given to them in the Asset Purchase Agreement. In the event of any conflict or inconsistency between the terms of this Assignment and the Asset Purchase Agreement, the terms of the Asset Purchase Agreement shall govern and control.

6. Binding Effect. This Assignment shall inure to the benefit of and shall be binding upon the Parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the Parties hereto have executed this Assignment on the date first set forth above.

Assignor:

City of Buckley, a municipal corporation of the State of Washington

By: *Patricia Johnson*
Its: *Mayor*

Assignee:

Puget Sound Energy, Inc., a Washington corporation

By: *David [Signature]*
Its: *SVP & CFO*