



**Liberty Utilities**  
**(Granite State Electric) Corp.**  
**d/b/a Liberty Utilities**

Electric Water Heater Rental Program,

Sale to Grand HVAC Leasing USA, LLC

DE 18-\_\_\_\_

**February 7, 2018**

## **Table of Contents**

<b>1. Executive Summary .....</b>	<b>3</b>
<b>2. Program Overview .....</b>	<b>4</b>
<b>2.1. Customer Fees.....</b>	<b>4</b>
<b>2.2. Equipment Service and Repairs .....</b>	<b>4</b>
<b>2.3. Electric Water Heater Units .....</b>	<b>4</b>
<b>2.4. Marketing .....</b>	<b>5</b>
<b>2.5. Program Terms &amp; Conditions.....</b>	<b>5</b>
<b>2.6. Customer Activity.....</b>	<b>5</b>
<b>3. Program Status – Challenges .....</b>	<b>6</b>
<b>3.1. Declining Participation .....</b>	<b>6</b>
<b>3.2. Fulfillment of Customer Services &amp; Repairs .....</b>	<b>6</b>
<b>3.3. Insufficient Revenues .....</b>	<b>6</b>
<b>4. Description of the Agreement .....</b>	<b>7</b>
<b>4.1. Background on GHL .....</b>	<b>7</b>
<b>4.2. Terms of Transaction.....</b>	<b>8</b>
<b>4.3. Financial Impact to Liberty .....</b>	<b>8</b>
<b>4.4. Customer Communications .....</b>	<b>8</b>
<b>4.5. Customer Opt-In/Opt-Out .....</b>	<b>8</b>
<b>4.6. Communication Tactics .....</b>	<b>9</b>
<b>Appendix A. Agreement for GHL’s Acquisition of Liberty Electric Water Heater Portfolio</b>	
<b>Appendix B. Liberty Electric Water Heater Rental Program Terms &amp; Conditions</b>	
<b>Appendix C. GHL Draft Program Terms &amp; Conditions</b>	
<b>Appendix D. Liberty Customer Notification Direct Mail Letter - Draft</b>	
<b>Appendix E. Liberty Customer Notification, Reminder Direct Mail Letter - Draft</b>	
<b>Appendix F. Liberty Customer Notification, Buyout Direct Mail Letter - Draft</b>	
<b>Appendix G. GHL Customer Welcome Direct Mail Letter - Draft</b>	
<b>Appendix H. GHL Customer Billing Options Direct Mail Letter - Draft</b>	

## **1. Executive Summary**

Liberty Utilities (Granite State Electric) Corp. ("Liberty" or the "Company") submits herewith a plan to sell the assets and transfer the operation of its Electric Water Heater Rental Program ("Program") to Grand HVAC Leasing USA, LLC ("GHL"). Liberty currently provides electric water heating rental equipment, maintenance, and emergency service for 1,502 electric water heater units to residential and small business customers in its service territory. Liberty has reached an agreement with GHL, attached as Appendix A, for GHL to acquire the Program at a price equivalent to the net book value of the water heater portfolio, adjusted for any new additions or withdrawals from the Program at the time of the transaction close date.

The Company believes the sale to GHL is in the best interests of its customers, first, because the Program is not a core function of Liberty's business as a local electric utility distribution company and the Company is not in a position to continue providing adequate and cost effective maintenance and emergency repair service to its customers. Second, based on GHL's extensive portfolio and experience delivering similar programs to utility customers, GHL is fully capable and prepared to provide effective and reliable service to Liberty's customers.

Following the approval of the sale by the New Hampshire Public Utilities Commission ("Commission"), Liberty and GHL will collaborate on a series of customer communications to notify Program participants of the transition and to allow customers time to establish equipment rental agreements and payment procedures with GHL. Customers will be advised that they can opt out of the Program and not continue with GHL if they choose. Those customers will follow the current opt-out procedures of the Program with Liberty. Also, GHL has committed to maintaining the current Program equipment rental rates for a period of 12 months following the close of the transaction. Liberty and GHL anticipate up to a three month period to transition Program participants from Liberty to GHL.

## **2. Program Overview**

Liberty and its predecessor companies in New Hampshire have offered an electric water heater rental program for several decades, which includes the ability for residential and small business customers to rent an electric water heater at a fixed monthly fee via their utility bill. New Program participants are responsible for the initial installation costs of the water heater, after which the Company covers all maintenance and emergency repair costs.

### **2.1. Customer Fees**

Customers are charged monthly. The fee is based on the water heater tank size (up to 120 gallon units) and quantity of water heaters under contract. To the Company's knowledge, the monthly rates now in effect have been unchanged since the 1990's.

<b>Table 1. Electric Water Heater Rental Fees</b>	
<b>Tank Size</b>	<b>Monthly Fee</b>
40, 60, 80 gallon	\$8.00
100, 120 gallon	\$9.00

### **2.2. Equipment Service and Repairs**

As a regulated electric distribution utility, Liberty is not structured to perform water heater installations nor repair and service work directly for customers and thus outsources these functions. The Company has relationships with three water heating service contractors to provide full coverage across its geographic service area. For equipment service calls and emergency repairs to a Program rental unit, Liberty pays the costs for the service call, including material and labor costs, according to established rates provided by its service contractors. Equipment services include leak repairs, replacement of parts, and the change out of a non-operating water heater to a new unit.

### **2.3. Electric Water Heater Units**

The Company has continued the practice of its predecessor companies in New Hampshire of providing cement-lined electric water heater storage unit tanks to customers as part of the Program. Cement-lined electric water heaters have a long-lasting, low-maintenance performance history. Customers do not have an option to install different types of water heater models such as heat pump or on-demand units through the Program.

Vaughn Thermal Corporation (Vaughn) is the current water heater equipment and parts supplier utilized by the Company. Vaughn coordinates shipment of water heaters and delivery directly through the Company's equipment service contractors who are servicing customers.

## **2.4. Marketing**

The Program is currently marketed through various channels, including periodic customer bill inserts messages, email newsletters, customer trade shows and events, and the Liberty Utilities website. All marketing information direct customers to call the Company's dedicated Program phone number for further information and customer support. The Company has a dedicated Coordinator for the Program who handles verification of customer eligibility and program enrollment, as well as program exits, contractor relations, and billing.

## **2.5. Program Terms & Conditions**

Appendix B details the current Program terms and conditions. The terms and conditions describe the responsibilities of the Company and participating customers as part of the program and detail elements such as the Customers' right to purchase the rental electric water heater from Liberty, the Customer's right to cancel the agreement, and Liberty's rights to cancel the agreement. In the event a customer wants to cancel the agreement, the terms and conditions detail the steps involved in compensating the Company if necessary for any remaining net book value of the electric rental water heater asset and steps for disconnecting and removing the water heater after cancellation.

## **2.6. Customer Activity**

As of date, the Program provides rental equipment, maintenance, and emergency service for 1,502 electric water heater units to its residential and small business customers in its service territory. During 2016, the Company had over 750 telephone and internet customer interactions for the Program and performed 74 water heater repairs and/or tank replacements, 16 water heater deliveries and installations for new customers, and 23 water heater pick-ups and disposals for customers leaving the Program.

### 3. Program Status – Challenges

#### 3.1. Declining Participation

Since 2014, the Company has experienced a year-over-year decline in participation, and an increase in water heater repairs and replacement expenses. Table 2 details the specific water heater customer activity during this span:

<b>Table 2. Water Heater Program Unit Activity</b>				
<b>Year</b>	<b>Repairs</b>	<b>Replacements</b>	<b>Exits</b>	<b>Additions</b>
<b>2014</b>	56	74	23	16
<b>2015</b>	35	59	40	17
<b>2016</b>	74	69	49	9

#### 3.2. Fulfillment of Customer Services & Repairs

A key challenge for Liberty in delivering the Program has been the coordination with qualified contractors to perform the water heater installations, service, and repair work. As a regulated electric distribution utility, Liberty is not organized to install water heaters or perform service and repair work directly for customers and must outsource this function. In outsourcing this function, the Company has had complications in partnering with contractors who are capable of servicing our geographic territory and agree to meet specific (1) customer service response times for performing installation, maintenance, and emergency repair work, (2) insurance and liability requirements, and (3) employee background checks. In 2015, the Company issued a Request for Proposal to identify more effective contractor partners to service the Program and potentially secure more competitive pricing. The Company received proposals from three contractors, of which only one vendor could meet our procurement requirements for insurance and liability and employee background checks. Similarly, parts of Liberty's service territory are more rural and the Company has had difficulties being able to dispatch service contractors in a timely manner to customers who have leak or emergency repair work needs.

#### 3.3. Insufficient Revenues

The Company estimates that it lost approximately \$14,754 in operating the Program over its most recently completed calendar year of 2016 where information is fully available. As mentioned in Section 2.1, the Company and its predecessors have not adjusted the monthly customer rental fees since at least the 1990's. While an adjustment to the customer monthly rates could improve the financial profile of the program over the short term, the Company believes a broader review of the overall program offering and the processes for delivery and how service contractors are managed and deployed is necessary to significantly change the financial outlook. Because Liberty does not consider the delivery of equipment rental services to customers as a core part of its business, the Company believes the optimization of the

Program is best administered by another entity with the appropriate and relevant business expertise and relationships.

#### **4. Description of the Agreement**

##### **4.1. Background on GHL**

Grand HVAC Leasing USA, LLC (GHL) is the American subsidiary of Grand HVAC Leasing Ltd, a Canadian company, and specializes in delivering bundled HVAC and water heating solutions to residential, commercial, and multifamily customers and housing providers throughout North America.

GHL provides alternative solutions for customers to acquire heating, water heating and cooling equipment upgrades, conversions and replacements, as well as bundling protection against service and labor parts, and delivering scheduled and preventative maintenance work. GHL works with government and non-government organizations to manage installation, ongoing servicing, proactive maintenance, and replacement of water heating and HVAC assets. GHL is a member of the Energy Solutions Center and the Ontario, British Columbia, and Manitoba non-profit housing authorities and has a strong track record of customer satisfaction and retention. More details about GHL can be found on their Web site at [www.grandhvacleasing.ca](http://www.grandhvacleasing.ca). Examples of other utilities that GHL has formed partnerships with are detailed in Table 3.

<b>Table 3. GHL Utility Marketing &amp; Lease Partnership Programs</b>
CenterPoint Energy
Enbridge Gas
Fortis Gas BC
Heritage Gas
Pepco
PSNC North Carolina
SoCal Gas
Spire Inc.
Summit Utilities
Teco Energy Partners
Union Gas
Washington Gas

GHL has a formalized process for managing its service and installation contractors which requires that each entity pass a rigorous on-boarding evaluation, are supported by a comprehensive 24/7 online GHL Authorized Dealer portal, and has performance and metrics that are monitored on an ongoing basis. All contractors must be fully insured and be locally licensed technicians. GHL's other equipment leasing and rental programs also allow customers the choice to install a variety of equipment models and systems. Appendix C is a draft of GHL Program terms and conditions to be utilized for New Hampshire.

#### **4.2. Terms of Transaction**

GHL will acquire the Liberty portfolio of approximately 1,502 electric rental water heater assets located in New Hampshire as well as any remaining on-hand inventory of new electric water heaters purchased by the Company but yet to be installed. Assets transferred will be the total existing assets, net of any transition period gains and losses, as determined mutually by Liberty and GHL. Liberty and GHL will collaborate on notifying customers of the transaction and will provide customers the option to either continue with GHL or opt out of the Program. The expected transition date is approximately two to three months after approval by the Commission. Based on GHL's experience acquiring similar programs with other utilities, Liberty and GHL expect this to be adequate time to facilitate a full customer transition, including setup of new contracts and billing arrangements with customers who wish to continue with GHL. Customers will no longer have a line-item charge for the Program on their Liberty utility bill, but will be billed separately via GHL. GHL has committed to maintaining the existing customer rental agreement rates for at least 12 months following the approval by the Commission. GHL also intends to onboard the existing equipment service contractors who are servicing Liberty's Program where possible, and leveraging the current equipment supplier. The Liberty-GHL acquisition agreement can be found in Appendix A.

#### **4.3. Financial Impact to Liberty**

The final sale price of the transaction will be the Net Book Value of the portfolio adjusted for (1) any new additions to the portfolio, (2) any defections, customer accounts in arrears, or customer accounts which have not accepted assignment to GHL, and (3) any water heaters purchased in on-hand inventory. As of September 30, 2017, the Total Net Book Value of the program is \$131,279.36.

#### **4.4. Customer Communications**

Liberty and GHL have mutual interests in ensuring that customers receive adequate notification of the planned program transition. Liberty and GHL will communicate with customers regularly through the transition in an attempt to migrate all customers over. Liberty and GHL will also allow customers sufficient time to opt-out of the program if they choose and will detail specific options, as well as provide clear channels of communication, for customers to:

- 1) Contact Liberty if they have questions prior to the transition;
- 2) Opt out of the program, if so desired; and
- 3) Contact GHL to formally enroll in the program with them and to establish payment arrangements.

#### **4.5. Customer Opt-In/Opt-Out**

Liberty and GHL will implement a voluntary opt-in/opt-out option for customers, where customers can choose to transition with the program under GHL, or choose to terminate their rental agreement under the existing Liberty program terms and conditions. These options will be available to customers for a defined



period of time during the transition period. Customers who want to continue to be served in the program under GHL will need to formally communicate their affirmation via execution of GHL's equipment rental agreement and payment procedures. Customers who choose to opt out of the program and not enroll with GHL will be allowed to come back to GHL post transition dates, and without penalties.

#### **4.6. Communication Tactics**

Liberty and GHL intend to implement the following customer communication tactics as part of the Program transition:

1. Liberty will distribute a direct mail letter to all Program participants notifying them of the planned transition to GHL, the official Program transition date, and options to enroll in the program with GHL or opt out of the Program before the transition date if they desire.
2. Liberty's initial direct mail letter will be complimented by a reminder notification letter approximately two weeks after the initial direct mail letter distribution.
3. Liberty will post language on its Water Heater Rental program Web page on [www.libertyutilities.com](http://www.libertyutilities.com) alerting customers to the pending Program transition and options to opt-in with GHL if the desire or opt-out.
4. Liberty will leverage its dedicated Program phone number and Program Representative to answer customer questions and facilitate opt outs as needed.
5. GHL will issue a welcome letter via direct mail to all current program participants providing further details about GHL and explanation of its offerings. GHL will also post messaging on its Web site welcoming all transitioning Liberty Program participants.
6. GHL will distribute a customer billing options letter that details various payment options, complete with a copy of program terms and conditions. GHL will issue a follow-up, reminder letter to customers stating the same information for any customers who do not initially respond.
7. GHL will issue a final notice letter, stating, "Warning – Service Could be at Risk", or something similar for any customers who have not responded to any of the customer communications. GHL will also distribute this message via a Door Hanger in order to encourage customers to respond.
8. GHL will perform outbound calling to customers in an attempt to confirm customer intentions over the phone for any customers who have yet to respond to any of Liberty's or GHL's communications.
9. Liberty will distribute a direct mail letter with a final program buyout notice and amount for any customers who fail to respond to any of Liberty's or GHL's communications.

**Appendix A.** Agreement for GHL's Acquisition of Liberty Electric Water Heater Portfolio

**Proposal for Acquisition of Liberty Utilities'  
New Hampshire Electric Water Heater Portfolio  
18 August 2017**

**Confidential**

Jordan Colby  
Chief Financial Officer  
Grand HVAC Leasing USA, LLC  
(416) 303-3109 [jcolby@grandhvacleasing.ca](mailto:jcolby@grandhvacleasing.ca)



**Grand HVAC Leasing**  
if it appreciates buy it - if it depreciates lease it

## Contents

1. Acquisition Overview .....	2
1.1 Assets .....	2
1.2 Customers .....	2
1.3 Transition date .....	2
1.4 Final Price .....	2
2. Grand HVAC Leasing (“GHL”) Introduction .....	2
2.1 Company Background .....	2
2.2 Portfolio and Customer Transition Expertise .....	3
2.3 Managing Contractors .....	3
2.4 Customers .....	3
2.5 Customer Benefits .....	4
2.6 Equipment & Fuel Types .....	5
3. Conversion Plan .....	5
3.1 Summary .....	5
3.2 Timeframe .....	6
3.3 Billing and Collections .....	7
3.4 Service Repair, Maintenance, & Replacement .....	7
3.5 Customer Transition & Churn .....	8
3.6 Expanded Offerings .....	8
4. Financial Proposal .....	9
4.1 NBV Base Price .....	9
4.2 Final Acquisition Price .....	9
4.3 Payment .....	9
5. Next Steps .....	9
5.1 Review Proposal .....	9
5.2 Internal Approval .....	9
5.3 External Approval .....	9
5.4 Announcement .....	9
5.5 Plan Execution .....	9

## 1. Acquisition Overview

- 1.1 **Assets** - Grand HVAC Leasing USA, LLC (“GHL”) wishes to acquire the Liberty Utilities (“Liberty”) portfolio of approximately 1,513 electric water heater assets located within New Hampshire. Total assets transferred will be the total existing assets, net of transition gains and losses, as determined mutually by GHL and Liberty.
- 1.2 **Customers** – Our experience and plan outlines the customer experience, communications, and plan components to successfully manage the Customer transition. Customers will be communicated to, provided options, and managed directly for service and/or water heater replacement needs. This plan will be a result of collaborative efforts of GHL and Liberty Utilities and will increase in its level of detail as the project gets underway.
- 1.3 **Transition date** - The expected transition date is approximately 2-3 months after external approval, thereby providing enough time to execute on the transition plan as outlined.
- 1.4 **Final Price** –The Final Acquisition Price shall be the Net Book Value of the portfolio adjusted for 1) any new additions to the portfolio, and 2) any defections, customer accounts in arrears, or customer accounts which have not accepted assignment to Grand HVAC Leasing.

## 2. Grand HVAC Leasing (“GHL”) Introduction

### 2.1 Company Background

Grand HVAC Leasing Ltd, a Canadian company, and our American Subsidiary, Grand HVAC Leasing USA, LLC, specialize in delivering bundled HVAC and water heating solutions to Consumer and Commercial customers as well as and Multi-Family housing providers across North America. GHL provides alternative solutions to acquire water heating, and heating and cooling equipment upgrades, conversions and replacements, while bundling worry-free protection against service parts and labour costs. In addition, our programs provide scheduled, preventative maintenance to ensure equipment integrity and performance. Our unique and efficient business model provides high quality service, scale for growth, and a strong track-record of customer satisfaction and retention.

Grand HVAC Leasing is a member of the Energy Solutions Center, and the Ontario, British Columbia, and Manitoba non-profit housing associations. We are often asked to participate in educational forums, conferences, and events as experts in mechanical systems, energy efficiency and fuel conversions, and flexible financial solutions.

## 2.2 Portfolio and Customer Transition Expertise

Grand HVAC Leasing is owned and operated by three Partners with well developed and complementary skills and experience allowing them to develop and operate innovative and unique customer solutions with the highest degree of customer service. One of the partners, Bill Lane, spent over 10 years at Union Gas in Ontario building rental and leasing HVAC and water heating programs. Bill played an integral role in the 1999 deregulation of Ontario natural gas services, one of North America's largest energy markets, and worked in senior management roles to successfully transition 1.2 million customers from Union Gas to Union Energy. This included the transfer of billing, service, and installation operations across numerous customer segments and a vast geography.

The partners each have over 30 years providing industry expertise ranging from managing contractors, logistics, administration, accounting, billing and collections, and technical competencies for providing water heating and HVAC solutions to consumers and commercial customers. Management expertise includes equipment sizing and selection, installation, service and maintenance, 24/7 customer service operations, and developing programs designed to build life-long partnerships with customers, contractors, suppliers, manufacturers, and utility companies.

## 2.3 Managing Contractors

GHL staff consist of service, installation, technical, sales, and administrative professionals delivering the highest quality of customer service through our North American network of Authorized Dealers. Our Authorized Dealers pass our rigorous on-boarding evaluation, are supported by a comprehensive 24/7 online GHL Authorized Dealer portal, and their performance and metrics are monitored on an ongoing basis. Our Authorized Dealers are fully insured and locally licensed gas technicians, installers, air conditioning mechanics, electricians, and plumbers. Typically, our Authorized Dealers use GHL leasing programs to enhance their equipment and service offerings to their respective customers.

## 2.4 Customers

GHL services customers across a broad market spectrum including individual consumers, small, medium and large commercial solutions, and we are entrusted by government and non-governmental organizations to manage installation, ongoing servicing, proactive maintenance, and replacement of water heating and HVAC assets as we maximize incentives, eliminate capital requirements, and solve service and efficiency challenges. Recent projects entrusted to us include:

Municipalities, Regions, and Aboriginal Housing:

Wellington County	Native Housing Ontario
Haldimand County	Brantford Native Housing
City of Brantford	Urban Native Housing
City of Stratford	Native Tribunal London
Kingston Municipal Housing	

Non-Profit Organizations:

Jaycee Homes Non-Profit	Dereham Forge Housing
Cumberland Non-Profit	Mount Forest Non-Profit
Guelph Non-Profit	YWCA Supportive Housing
Cobourg Non-Profit	

Co-Operatives:

Little Falls Co-op	Chisolm Place Co-op
Cole Road Co-op	Westglen Co-op
Don Quixote Co-op	Beechwood Co-op
Appleridge Co-op	Fife Road Co-op Homes
Wellington Square Co-op	

Utility marketing programs, and lease program partnerships:

Pepco	Summit Utilities
Union Gas	Fortis Gas BC
Liberty Utilities	SolCal Gas
PSNC North Carolina	Washington Gas
Heritage Gas	Spire
Teco Energy Partners	CenterPoint Energy

## 2.5 Customer Benefits

- No capital outlay required for equipment AND installation costs
- 100% protection against service parts and labour costs without limitations
- No additional extended warranty coverage or expense required
- Scheduled maintenance included – equipment safety and system integrity checks
- Customer receives qualifying incentives and rebates
- Easy monthly payments – no hassle solutions
- Flexible length of Term options enables budgeting flexibility

- End of term options include simple transition options for i) ownership, ii) replacement, iii) continued 100% worry-free service protection and maintenance coverage.

## 2.6 Equipment & Fuel Types

GHL provides equipment leasing for all fuel sources including electricity, propane, oil and natural gas. Leasing is available for residential- and commercial-type equipment including:

- Split heating and cooling systems
- Tank-type and tankless water heaters
- Water conditioning equipment
- Fireplaces and in-suite space heating
- Warehouse, shop, and plant space heating
- Boilers – heating and/or domestic hot water
- Packaged heating and cooling systems (Roof Top Units)
- Make Up Air units

## 3. Conversion Plan

### 3.1 Summary

Grand HVAC Leasing and Liberty utilities will determine a mutually agreed upon timeline that will make for a detailed plan and flawless execution. Customers will be made aware, provided options, and informed of program changes and timelines. We expect the timeline to be dependant on the timing of external regulatory approval for the portfolio transition and any specific requirements noted by the regulatory authority.

GHL will consult and coordinate the action items and deliverables with Liberty throughout the planned conversion. GHL will consult and help manage such activities as, but not limited to:

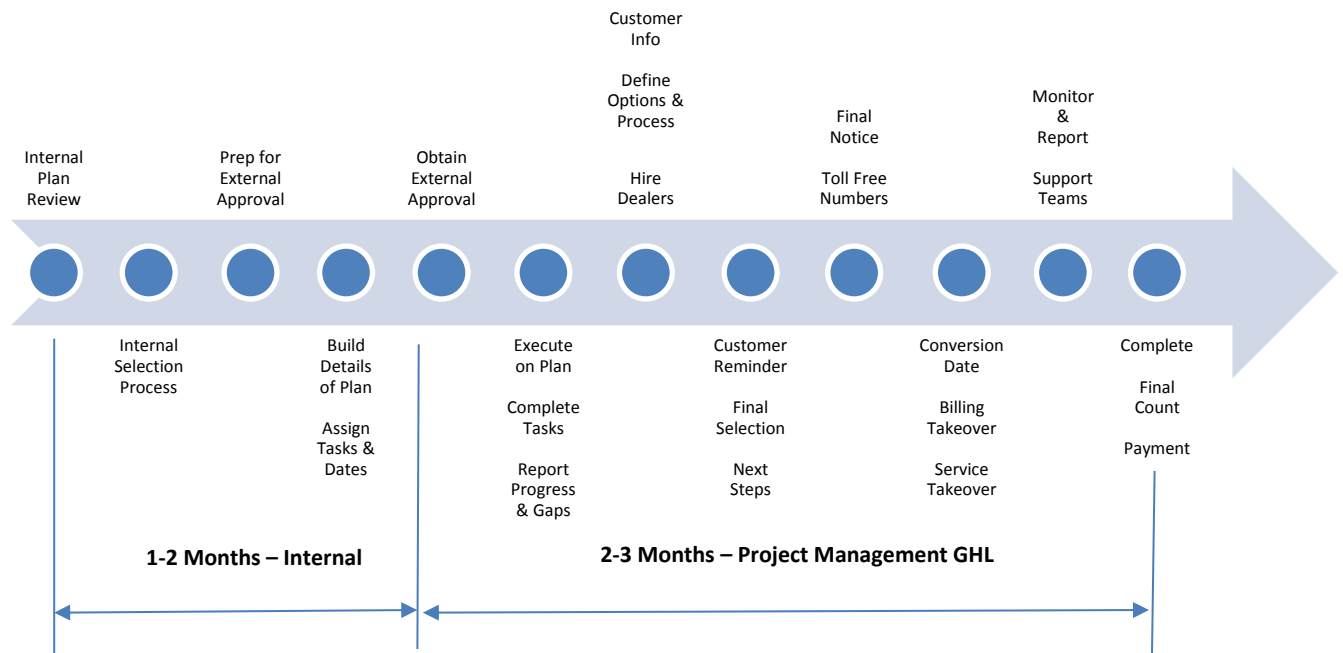
- Identify key activities and dates
- Create detailed execution and communication plans
- Assign tasks and monitor deliverables and deadlines
- GHL staff and contact center process development and training specific to these customers, assets, and contractors
- Prepare communications materials and letters, such as
  - Liberty Notice letter
  - Liberty Transition Option Letter
  - GHL Welcome letter
  - GHL Billing and Payments communication(s) including changes to Terms and Conditions



- Onboard existing Contractors servicing the portfolio and determine their capabilities to support expanded service offerings.
- Actively manage the customer billing and payments conversion
- Prepare marketing materials for expanded equipment and services offerings.

### 3.2 Timeframe

The expected timeline to complete the conversion is approximately 2-3 months from the formal regulatory approval date. We enclose a high-level draft project plan that will be enhanced with additional detail where GHL is selected by Liberty as the recommended acquirer. We have a working base of acquisition and transition information, process, and communications materials which support our rapid development of detail. Marketing materials will be created to communicate and advise customers of options, timelines and changes. The chart below is a draft working timeline with more detailed plans and communications pieces to follow as the acquisition progresses.



### 3.3 Billing and Collections

GHL has comprehensive and flexible billing, collections, and customer inquiry and support processes and capabilities. Working with Liberty to transition customers, GHL will target to transition all customers to one of two primary, cost-effective, and easy to use billing and payments solutions:

**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's a convenient way to pay, hassle-free, and ensures timely payment. 99% of GHL customer payments are currently made via Direct Debit including very large commercial and multi-family housing provider accounts.

**Pre-Authorized Credit Card.** Our preauthorized Credit Card payments processing gives customers the option to have their monthly payments charged automatically to VISA or MasterCard accounts. Convenient and hassle-free, this method of payment is flexible, paperless which is economical for both customers and GHL.

Our expectation is to migrate each customer to one of the standard payments options as of the billing and payments conversion date. We have resources to assist the billing and payments transition as we expect there will be at least some customers that require additional communication and or assistance to complete the transition.

### 3.4 Service Repair, Maintenance, & Replacement

GHL expects to onboard the existing service repair, maintenance, and installation Contractors through our established Authorized Dealer onboarding process which typically takes between two and five days to complete. Our process includes determining their capabilities to support our expanded service offerings. Our 24/7 Contact Center will be ready to manage any service calls once customer communications begin to handle any inquiries that may come in before we formally transition service call taking and dispatching operations to GHL. Working with Liberty, customer communications will feature highly visible GHL contact information and simple instructions on how a customer may report or inquire about service 24 hours per day, and seven days per week.

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

- 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 our systems which connect each location to the servicing Authorized Dealer so 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 simply 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.

### 3.5 Customer Transition & Churn

**Customer Opt-Out:** GHL recommends including a voluntary opt-out option for customers to choose to i) transition to the new program under GHL, or ii) terminate their rental agreement under the existing Liberty program terms and conditions. This option will be available to customers for a defined period during the transition period. Customers not expressly choosing to exercise the opt-out during this period, shall be presumed to have selected to transition.

**Cancellations:** Customer cancellations for the period July 1<sup>st</sup> forward will be dealt with by Liberty as per existing cancellation / buy-out / termination policy. Financial Adjustment: Subtract assets from final count and subtract NBV from Final Acquisition Price.

**New Additions:** Customers added to the rental program for the period July 1<sup>st</sup> forward will be communicated to and managed as established customers. Financial adjustment: Add assets to final count and add NBV to Final Acquisition Price.

**Delinquent Accounts:** GHL recommends that Liberty and GHL jointly determine the approach to, and handling of, delinquent accounts, if applicable.

### 3.6 Expanded Offerings

GHL shall offer customers an enhanced selection of equipment rental options, and service offerings including comprehensive protection plans, and ancillary items that improve home comfort and efficiency. Enhanced residential offerings giving customers more choice and value will include:

- Heating and cooling equipment including central furnaces, wall furnaces, air handlers, central air conditioning, ductless split systems, residential boilers

- Tank type and tankless water heaters
- Fireplaces and room heaters
- Protection plans for above-mentioned items
- Home comfort ancillary items such as smart thermostats, humidifiers, electronic air cleaners, HRVs, etc.

## 4. Financial Proposal

### 4.1 NBV Base Price

The Net Book Value of the Portfolio is USD\$109,789.68 as of July 1<sup>st</sup>, 2017

### 4.2 Final Acquisition Price

The Final Acquisition Price shall be the then Net Book Value of the portfolio adjusted for 1) new additions to the portfolio, and 2) any opt-outs, cancellations, delinquent accounts as may be determined, and customer accounts which have not accepted, by any means, assignment to Grand HVAC Leasing.

### 4.3 Payment

Payment of Final Acquisition Price funds shall be made by GHL on the Payment Date by means of Electronic Funds Transfer to an account designated by Liberty Utilities or otherwise settled in such manner as agreed to in advance by the Parties.

## 5. Next Steps

- 5.1 Review Proposal
- 5.2 Internal Approval
- 5.3 External Approval
- 5.4 Announcement
- 5.5 Plan Execution

**Appendix B.** Liberty Electric Water Heater Rental Program Terms & Conditions



### Hot Water Heater Rental Agreement Terms

Lease No. \_\_\_\_\_ Date Delivered \_\_\_\_\_  
Tank Size (Gals) \_\_\_\_\_ Customer Name \_\_\_\_\_  
Customer Address \_\_\_\_\_ City/State/Zip \_\_\_\_\_  
Mail Address \_\_\_\_\_ City/State/Zip \_\_\_\_\_  
Telephone No. \_\_\_\_\_ Account No. \_\_\_\_\_  
Serial No. \_\_\_\_\_

This is the Agreement between Liberty Utilities Corp. (Granite State Electric) and the Customer, relating to the rental of a hot water heater by the Customer from Liberty Utilities.

#### 1. Delivery of Hot Water Heater

- (a) Liberty Utilities will supply an electric hot water heater ("Hot Water Heater") to the Customer. The Hot Water Heater will be delivered to the Customer's home at the address specified at the beginning of this Agreement. There will be a charge of \$\_\_\_\_\_ for delivering the Hot Water Heater.
- (b) If, however, the Customer is likely to use the Hot Water Heater seasonally (rather than year round), Liberty Utilities may decline to rent a Hot Water Heater to the Customer.

#### 2. Initial Installation

The Customer must hire a licensed electrician and licensed plumber to install the Hot Water Heater properly. There are local laws and codes that must be complied with when doing the installation, so the Customer must be sure to use a licensed Electrician and Plumber to install the Hot Water Heater.

#### ❖ BILL TO: LANDLORD

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



### **3. What Happens if the Hot Water Heater Breaks or Malfunctions**

- (a) The Customer must call Liberty Utilities for repair service if the Hot Water Heater breaks, malfunctions or the Customer believes it is not working properly.
- (b) If the Customer calls Liberty Utilities for repair service and the Hot Water Heater is in need of repair, Liberty Utilities will make any needed repairs, or if Liberty Utilities believes it is appropriate, replace the Hot Water Heater. Any repair or replacement service will be free of charge to the Customer. Repair service will not include work on domestic wiring or plumbing or the cost of obtaining wiring or plumbing permits.

### **4. Liberty Utilities is Not Responsible for Property Damage or Consequential and Incidental Damage**

- (a) If the Hot Water Heater breaks, malfunctions or leaks water causing any kind of property damage, Liberty Utilities WILL NOT BE RESPONSIBLE FOR PAYING THE CUSTOMER FOR ANY SUCH PROPERTY DAMAGE. **The Customer's ONLY right is to have Liberty Utilities repair or replace the malfunctioned Hot Water Heater (as such right is described in Section 3 above).**
- (b) Liberty Utilities WILL NOT BE RESPONSIBLE FOR PAYING ANY CONSEQUENTIAL AND INCIDENTAL DAMAGES to the Customer. "Consequential and incidental damages" is a legal term which describes losses such as, lost wages, when the Customer takes a day off from work while repairs are made or losses from expenses incurred by the Customer because of loss of hot water. (Those are only examples of consequential and incidental damages which Liberty Utilities will not pay – there could be others as well in any individual case.)

### **5. Monthly Rental Fee**

- (a) The Customer agrees to pay Liberty Utilities a monthly rental fee of \$\_\_\_\_\_ plus any applicable sales tax.
- (b) Liberty Utilities may increase the monthly rental fees that it charges its Hot Water Heater Customers from time to time. If Liberty Utilities increases rental fees, the Customer's monthly fee will also be increased, but the increase would not take effect until thirty days after the Customer is notified of the increase.



## **6. Customer's Right to Purchase**

(a) The Customer has the right to purchase the Hot Water Heater from Liberty Utilities "AS IS" at any time after one year from the installation for a price equal to whichever of the following amounts is higher:

- (1) The fair market value of the Hot Water Heater, or
- (2) The "book value" (the value that Liberty Utilities has given to the Hot Water Heater in its accounting records. Liberty Utilities has the right to determine the fair market value, as long as such determination is reasonable.

(b) Unless the Customer purchases the Hot Water Heater, Liberty Utilities will be the owner of the Hot Water Heater at all times.

## **7. Customer's Responsibility to Safeguard the Hot Water Heater**

(a) The Customer is responsible for safeguarding the Hot Water Heater in the same manner as any reasonable person would safeguard his or her own property.

(b) The Customer agrees not to remove, tamper with, transfer, adjust, or repair the Hot Water Heater, or remove the identification tag attached to the Hot Water Heater, without the permission of Liberty Utilities.

(c) In addition, the Customer is NOT allowed connecting the Hot Water Heater to any other heating source.

(d) If the Hot Water Heater is damaged because the Customer did not comply with its obligations described in this Section 7, the Customer is responsible for paying the full cost of repairing any damages caused to the Hot Water Heater.

## **8. Liberty Utilities' Right to Inspect**

Liberty Utilities has the right to visit the Customer's home to inspect the Hot Water Heater at reasonable hours, with reasonable notice to the Customer. Liberty Utilities is NOT, obligated to inspect the Hot Water Heater.

## **9. Liberty Utilities' Right to Cancel**

(a) For any of the following reasons, Liberty Utilities may cancel this Agreement and remove the Hot Water Heater:

- (1) The Customer fails to pay the monthly rental within a reasonable time after receipt of overdue payment notice,
- (2) The Customer does not comply with its obligations in this Agreement,
- (3) The conditions at the Customer's home do not allow the Hot Water Heater to operate safely or properly, or
- (4) The Customer is likely to use the Hot Water Heater seasonally (rather than year round).



(b) In addition, Liberty Utilities may cancel this Agreement at any time (for any reason) on thirty days advance notice to the Customer.



(c) If Liberty Utilities in any one or more instances chooses NOT to exercise its right to cancel, it does not mean that Liberty Utilities has waived or given up its right to do so in the future.

#### **10. Customer's Right to Cancel**

- (a) The Customer has the right to cancel this Agreement after one year at any time on thirty days' notice to Liberty Utilities.
- (b) If the Customer applies for rental of a new Hot Water Heater within twelve months of canceling this Agreement, the Customer will be required to pay a special reinstallation charge in addition to the other applicable charges.

#### **11. Disconnecting and Removing the Hot Water Heater after Cancellation**

- (a) If this Agreement is cancelled by Liberty Utilities, the Hot Water Heater will be disconnected and removed by Liberty Utilities. If this Agreement is cancelled by the Customer, the Customer is responsible to drain and disconnect the Hot Water Heater and Liberty Utilities will remove it. Liberty Utilities also has the option to abandon the tank in place.
- (b) The Customer agrees to allow Liberty Utilities to visit the Customer's property at a reasonable time to remove the Hot Water Heater.
- (c) Liberty Utilities will notify the Customer if it decides to abandon the Hot Water Heater in place. In such case, the Customer will take ownership of the Hot Water Heater in its "AS IS" condition.

#### **12. Notifying the Company if Customer Moves**

- (a) If the Customer moves, sells his/her property, abandons use of the Hot Water Heater, or transfers use of the Hot Water Heater, the Customer MUST notify Liberty Utilities.
- (b) In addition, the Customer must tell any new occupants of the property or users of the Hot Water Heater that Liberty Utilities is the owner under this Agreement. Unless the new occupant or user agrees to the terms of this Agreement, Liberty Utilities may cancel this Agreement and remove the Hot Water Heater.

**IMPORTANT NOTICE TO CUSTOMER**  
**PLEASE READ THIS ENTIRE AGREEMENT BEFORE SIGNING IT**

Agreed \_\_\_\_\_ Date \_\_\_\_\_  
CUSTOMER SIGNATURE

## **Appendix C.** GHL Draft Program Terms & Conditions

### Draft Customer Terms and Conditions

This Agreement is between you (the "Customer," "your," or "you") and Grand HVAC Leasing USA, LLC and its Affiliates ("GHL," "our," or "us") for the continuing rental of water heater(s) (the "Equipment") that you previously rented from Liberty Utilities and which is now owned by GHL. Your continued use of the rental water heater constitutes your acceptance of the following Terms and Conditions.

1. Location and Condition of the Equipment - You will keep the Equipment in the same location and condition as when delivered and installed, reasonable wear and tear excepted. You have no ownership interest in the Equipment; you have the right to possess and use the Equipment as intended and under these Terms and Conditions.

2. Personal Information - You understand that your personal information included as part of your agreement to rent including, but not limited to, your account, credit and billing history, may be collected, used, and maintained solely for the purposes of managing your account with GHL.

3. Service and Repair –

A. GHL will service and repair the Equipment using a third party contractor (electrician and/or plumber) licensed by the New Hampshire Office of Professional Licensure and Certification (<http://www.oplc.nh.gov/>) at no charge to you except when the need for the service and/or replacement parts are caused by one or more of the following:

- (i) you, or a third party not authorized by GHL, installed, altered, modified, adjusted, damaged, serviced, repaired, moved or disconnected the Equipment;
- (ii) the Equipment was used for unintended or unauthorized purposes;
- (iii) the 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) piping, wiring, plumbing, and/or electric services not installed by us or by Liberty Utilities requires cleaning, repair or replacement in order to make the Equipment work properly and safely;
- (v) failure to maintain the Equipment in accordance with the requirements set out below under "Customer Equipment Obligations"; or
- (vi) failure to fulfill any of your obligations under the Agreement.

All of the above are referred to as "non-covered service calls".

B. A minimum service fee of \$100.00 may be charged to your account for a non-covered service call. Charges will vary based on service required. Additionally, if no one is home when GHL's authorized service contractor arrives for a scheduled service call, a minimum charge of \$100.00 will apply.

C. GHL will replace defective Equipment due to issues not caused by you at no charge, and will enter into a new Agreement under the then current Terms and Conditions with you at time of replacing defective Equipment, or the Agreement may be terminated in accordance with these Terms and Conditions.

4. Customer's Equipment Obligations - You will use your Equipment safely and responsibly. In particular, you will:

- (i) maintain effective operation of any plumbing or pumping system supplying water 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 us 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 in the vicinity and that drainage is open and unrestricted; and
- (vi) not permit anyone who has not been authorized by GHL to install, service, repair, modify, alter, adjust, move or disconnect the Equipment.

As the user of the Equipment, you are required to ensure that it is maintained to a safe operating condition.

5. Liability - You operate the Equipment at your own risk. You will indemnify GHL from any loss or damage to the Equipment for any reason (other than normal wear and tear and the acts and omissions by us or our contractors) and all claims, losses and costs that GHL may suffer or 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 GHL for any injury or death to individuals or damage to property (except for those claims arising out of the acts or omissions of GHL or our contractors). This indemnification will survive termination of this Agreement.

6. Term and Termination – This Agreement commences the date the Equipment is acquired by GHL ("Commencement Date") and shall renew automatically on a year to year basis (the "Renewal Term") unless terminated by you. During the initial twelve month term, your monthly rate for your existing water heater will not change. Your sole method of terminating this Agreement is to purchase the Equipment in "As Is" condition for its then book value as defined by GHL at its sole discretion, acting reasonably. You must advise GHL of your wish to purchase the Equipment by registered written correspondence to our address set out in this Agreement at least thirty (30) days prior to the end of the Term.

7. Payments - You must pay the Total Monthly Rental Price each month throughout the entire Term of this Agreement, starting on the Commencement Date. 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 whatever reason. GHL reserves the right to increase the Monthly Rental Price from time to time, with

- (i) reasonable advance Customer notice,
- (ii) not within 12 months of the Commencement Date, and
- (iii) the increase shall be no more than 5.0% annually.

You must make all payments required to be made under this Agreement to GHL in the manner described in this Agreement. If you do not make a monthly payment within fifteen (15) days of the due date, a \$25.00 late payment fee will be imposed.

a. Credit Card Payments. Payments may be made by you by way of credit card.

b. Bank Withdrawal (ACH) Payments. If you choose to may payments by ACH payments, you will authorize GHL and the financial institution you have designated (and/or any other financial institution you may authorize at any time) to debit your bank account on a monthly basis for the full amount of the Total Monthly Rental Price for the term of this Agreement, as indicated on this Agreement Form. The Customer agrees to waive any written notification before the first ACH is processed or when any change in ACH amount is made because of an adjustment in Monthly Rental Price or other applicable charges. The Customer shall provide GHL 15 days' written notice, at the address below, to cancel the ACH Payments, or any changes to the ACH Payments. You agree that termination by you of the ACH Payments shall in no event affect the obligations arising under this Agreement and/or your continued obligations to ensure that the monthly payment is made when due. The Customer may obtain a sample cancellation form from GHL. The Customer confirms that the banking information provided is accurate and will

notify GHL of any changes to the account information prior to the next due date of the ACH debit. GHL may transfer the ACH authorization to an Assignee to whom/which GHL transfers this Agreement or any entitlements under this Agreement.

c. Customer Recourse. The Customer has certain recourse rights if any debit does not comply with this Agreement. The Customer has the right to receive reimbursement for any ACH Payment that is not authorized or that is not consistent with this ACH Agreement. To obtain a form for a Reimbursement Claim, or for more information on your recourse rights, the Customer may contact their financial institution or visit <http://www.ncdoj.gov/Consumer.aspx>. The ACH can be canceled by GHL (and GHL will provide 30 day notification to you), by your bank without notice, or if you are in default of this Agreement. In the event that you elect to terminate your ACH arrangement, GHL will require credit card or debit card information to cover all termination costs.

8. Default Charges and Other Fees - If You fail to make a regular monthly payment by the due date GHL may impose a late fee of between \$0.50 to \$5 per month, depending on the size of the monthly payment, to cover GHL's administrative costs and expenses. GHL may waive such late payment fee if you are able to show to GHL's satisfaction that such action was unintentional or due to temporary financial hardship. Waiver of any Default Charge does not constitute a waiver of any of GHL's other rights under this Agreement. Failure to pay any amounts when due will constitute a default under this Agreement. Late fees collected under this Agreement will be placed in a charitable giving account. The costs of collecting any fees owed under this Agreement will be subtracted from that account. Any positive balance of this charitable giving account will be used to support charitable causes at GHL's discretion. You will also pay a returned check or non-sufficient funds (NSF) charge to reimburse GHL for the time and expense incurred with respect to a check or a ACH debit that is returned for any reason, in an amount equal to the greater of (i) \$25.00 or (ii) the actual bank charge incurred by GHL plus any other amounts allowed by law. In addition, you will pay GHL a fee of \$35.00, plus reasonable disbursements, for each request made by you to GHL to process an administrative matter in connection with this Agreement. Administrative matters shall include any amendments, alterations, discharge of security, or assignment of this Agreement which are initiated by the Customer.

9. Default - You shall be in default of your obligations under this Agreement ("Default") if:

- (a) you do not pay the Total Monthly Rental Price payments and/or any one-time payment as required by this Agreement;
- (b) you encumber the Equipment in any way;
- (c) 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 be paid at the closing of a transfer of title to the premises;
- (d) you transfer or sublet the Equipment;
- (e) you alter or modify or place the Equipment at risk;
- (f) you remove or attempt to remove the Equipment from the Premises without GHL's prior written consent;
- (g) you allow any damage, other than that caused by normal wear and tear, resulting from the improper use of the Equipment;
- (h) any representation or warranty made by you in connection with the entering into of this Agreement is untrue or incorrect;
- (i) you have a material negative change in your financial position, if you become insolvent, or if you fail to abide by any of the other terms of this Agreement in any way; and
- (j) anyone is guarantying your obligations under this Agreement, you will be in default if such guarantor has a material negative change in his/her financial position or become insolvent.

10. Remedies upon Default- If you are in default under this Agreement, GHL may terminate this Agreement and, in addition to any other right GHL may have at law or otherwise and without notice, do any or all of the following, separately or together, in any order or combination:

- (a) Repossession - GHL may enter wherever the Equipment is located (or where GHL believes it to be located) to repossess and remove the Equipment (if necessary, disconnecting it from any other property) without the need for any other party's consent or waiver to allow GHL to remove it. You waive claims for any damages to property or otherwise arising from such repossession and you hereby consent to an order of replevin to be entered in the local district court, if required;
- (b) Sell or Re-lease - Without terminating or being deemed to have terminated this Agreement, upon fifteen (15) days prior written notice to you, GHL may sell or release the Equipment in such manner and for amounts and upon such terms as GHL may reasonably determine and may apply the net proceeds against what you owe to GHL;
- (c) Damages for Termination - GHL may require you to pay immediately on demand damages suffered by GHL as a result of the termination of this Agreement. These damages will be, as a genuine pre-estimate of liquidated damages for loss of a bargain and not as a penalty, equal to the aggregate of: (i) any amounts owing hereunder and unpaid as at the date of Default; (ii) the remaining Total Monthly Rental Charges due under this Agreement for the balance of the initial 12 Month Term and subsequently year to year renewals and the date of the Default; and (iii) all costs incurred by us, our assignees or agents in enforcing the terms of this Agreement, including, but not limited to, reasonable attorney's fees and court costs. GHL agrees to remit to you any monies collected by GHL from you or through our re-marketing efforts, collectively in excess of the aggregate of: (A) The Casualty Value, and (B) the costs and expenses resulting from your default.

11. Assignment - At its sole discretion, GHL may assign 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 and interest in this Agreement, payments under this Agreement and in the Equipment described herein to any individual, lenders, assignees, purchasers of contracts or payments, or other entity. Upon such assignment, any reference to "GHL" shall mean and include such assignee ("Assignee"). You may only assign this Agreement with GHL's prior written consent and by having the new lessee execute our form of assignment.

12. Sale of Residence - If you sell your residence, you agree to inform the purchaser that the Equipment is rented pursuant to this Agreement. You hereby authorize GHL to respond to information requests relating to your account made by or on behalf of the purchaser. You shall contact GHL to inform them of the sale and do all acts and sign all documents as may be required giving effect to the assignment of this Agreement to the purchaser. In the event that the purchaser chooses not to assume this Agreement you will remain bound by the Termination of this Agreement.

13. Miscellaneous - This Agreement and these terms and conditions makeup the entire agreement (the "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 New Hampshire, 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, it 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 of our rights are cumulative and not alternative and may be exercised by us separately or together in any order or combination. You agree that GHL will retain a copy of this Agreement in electronic form only and you agree that a pdf, facsimile and/or electronic imaged copy is enforceable in a court of law.

**Appendix D.** Liberty Customer Notification Direct Mail Letter - Draft



**Liberty Utilities**

PO Box 1380  
Londonderry, NH 03053-1380

Customer Name  
Street  
Town, State Zip

Date  
Bill Account No: **xxxxxxxxxx**  
Service Address: **Street**  
**Town, State Zip**  
**RE: Water Heater Rental**

Dear Customer:

### **Thank You for Renting With Us**

Our records indicate you are currently renting a hot water heater from Liberty Utilities. We installed this «TankSize»-gallon tank #«TankNo» on «InstallDate». If this information is incorrect, please contact our Customer Service at xxx-xxx-xxxx so we can update our records to serve you better. We hope that you are very satisfied with the service you have received.

### **Program Transition**

Effective ((month, date, year)), Liberty Utilities will be transferring ownership of your rental hot water heater to Grand HVAC Leasing USA, LLC (GHL). GHL has years of experience with water heater rental programs and has existing partnerships with utilities in the United States and Canada to provide water heater installation, maintenance, and replacement services. You can also find more information about GHL online at [www.grandhvacleasing.ca](http://www.grandhvacleasing.ca).

### **Right to Opt-In**

As a program participant under Liberty Utilities, you are not obligated to continue in the program under GHL. However, if you choose to opt into the program under GHL, they will continue to provide you the same service and support that you currently receive from Liberty Utilities. GHL has also committed to providing you service at your current, low monthly rental fee for at least 12 months. Please note you if you choose to continue in the program under GHL you will no longer be charged a fee on your Liberty Utilities bill for the rental hot water heater. Instead you will be billed directly from GHL, unless you choose to opt out of the program. GHL will be mailing you specific program details via separate correspondence with information about how to continue in the program and how to setup billing arrangements. You can also reach GHL by phone at xxx-xxx-xxxx.

### **Right to Opt-Out**

If you choose to opt out of the program and not continue with GHL, you have two options:

- (1) Purchase the hot water heater "AS IS" at a price equal to whichever of the following amounts is higher: (a) the fair market value of the hot water heater, or (b) the "book value"; the value that the Company has given to the hot water heater in its accounting records.
- (2) Cancel and remove hot water heater. If you decide to cancel, the Company will drain, disconnect and remove the unit from your property.



If you have any questions or concerns about your rental hot water heater, or would like to opt out, please contact us at **xxx-xxx-xxxx** by ((month, date, year)).

Sincerely,

Liberty Utilities  
Customer Service

DRAFT

**Appendix E.** Liberty Customer Notification, Reminder Direct Mail Letter - Draft





**Liberty Utilities**

PO Box 1380  
Londonderry, NH 03053-1380

Customer Name  
Street  
Town, State Zip

Date  
Bill Account No: **xxxxxxxxxx**  
Service Address: **Street**  
**Town, State Zip**  
**RE: Water Heater Rental**

Dear Customer:

### **Thank You for Renting With Us**

Our records indicate you are currently renting a hot water heater from Liberty Utilities. We installed this «TankSize»-gallon tank #«TankNo» on «InstallDate». If this information is incorrect, please contact our Customer Service at xxx-xxx-xxxx so we can update our records to serve you better. We hope that you are very satisfied with the service you have received.

### **Program Transition**

Liberty Utilities recently sent you a letter regarding your rental hot water heater. This is a reminder notification that effective ((month, date, year)), Liberty Utilities will be transferring ownership of your rental hot water heater to Grand HVAC Leasing USA, LLC (GHL). GHL has years of experience with water heater rental programs and has existing partnerships with utilities in the United States and Canada to provide water heater installation, maintenance, and replacement services. You can find more information about GHL online at [www.grandhvacleasing.ca](http://www.grandhvacleasing.ca).

### **Right to Opt-In**

As a program participant under Liberty Utilities, you are not obligated to continue in the program under GHL. However, if you choose to opt into the program under GHL, they will continue to provide you the same service and support that you currently receive from Liberty Utilities. GHL has also committed to providing you service at the same, low monthly rental fee for at least 12 months. Please note you if you choose to continue in the program under GHL you will no longer be charged a fee on your Liberty Utilities bill for the rental hot water heater. Instead you will be billed directly from GHL, unless you choose to opt out of the program. GHL will be mailing you specific program details via separate corresponding with information about how to continue in the program and how to setup billing arrangements. You can also reach GHL by phone at xxx-xxx-xxxx.

### **Right to Opt-Out**

If you choose to opt out of the program and not continue with GHL, you have two options:

- (1) Purchase the hot water heater "AS IS" at a price equal to whichever of the following amounts is higher: (a) the fair market value of the hot water heater, or (b) the "book value"; the value that the company has given to the hot water heater in its accounting records.
- (2) Cancel and remove hot water heater. If you decide to cancel the Company will drain, disconnect and remove the unit from your property.



If you have any questions or concerns about your rental hot water heater, or would like to opt out, please contact us at **xxx-xxx-xxxx** by ((month, date, year)).

Sincerely,

Liberty Utilities  
Customer Service

DRAFT

**Appendix F.** Liberty Customer Notification, Buyout Direct Mail Letter - Draft



**Liberty Utilities**

PO Box 1380  
Londonderry, NH 03053-1380

Customer Name  
Street  
Town, State Zip

Date  
Bill Account No: **xxxxxxxxxx**  
Service Address: **Street**  
**Town, State Zip**  
**RE: Water Heater Rental**

Dear Customer:

**WATER HEATER RENTAL PROGRAM – FINAL OPT OUT NOTICE**

Liberty Utilities recently sent you letters regarding your rental hot water heater. Effective ((**month, date, year**)), Liberty Utilities transferred ownership of your rental hot water heater to Grand HVAC Leasing USA, LLC (GHL) ([www.grandhvacleasing.ca](http://www.grandhvacleasing.ca)). Our records indicate you have not provided a response to continue to receive service for your rental hot water heater under GHL, therefore you are considered to have opted out of the Program.

Liberty Utilities has determined that your buy-out amount for opting out of the rental water heater Program is **\$xxx.xx**. This buy-out amount is equal to whichever of the following amounts is higher: (a) the fair market value of the hot water heater, or (b) the “book value”; the value that the Company has given to the hot water heater in its accounting records. Enclosed is a postage-paid, return addressed envelope where you can issue a check for payment. You may also issue payment by visiting one of our customer walk-in centers, or over the phone by debit or credit card by calling xxx-xxx-xxxx. Your payment amount is **due by xx/xx/xxxx**.

You also have the option of having Liberty Utilities remove the rental water heater from your property at no cost. Please call us at xxx-xxx-xxxx to coordinate a removal. We must receive your decision to remove your rental water heater **by xx/xx/xxxx**.

Lastly, you still have the option of keeping your existing rental water heater and continuing in the Program under GHL. If you continue in the program with GHL, there will be no buy-out amount due to Liberty Utilities. GHL will provide you the same service and support that you currently receive from Liberty Utilities. GHL has also committed to providing you service at the same, low monthly rental fee for at least 12 months. Please note if you choose to continue in the Program under GHL you will no longer be charged a fee on your Liberty Utilities bill for the rental hot water heater. Instead you will be billed directly from GHL. GHL has mailed you specific Program details via separate correspondence with information about how to continue in the program and how to setup billing arrangements. You can also reach GHL by phone at xxx-xxx-xxxx to enroll.

Please be aware that failure to choose to receive service from GHL or to opt-out of the Program by XX/XX/XXXX will be deemed a decision to opt-out of the Program, but you would no longer have the opportunity for a no-cost equipment removal. The buy-out amount, as described above, would then



be added to your utility bill and the water heater removed in accordance with the terms of your existing agreement with Liberty.

Sincerely,

Liberty Utilities  
Customer Service

DRAFT

**Appendix G.** GHIL Customer Welcome Direct Mail Letter - Draft



## Welcome to Grand HVAC Leasing-New Offerings Coming Soon!

Dear Customer,

GRAND HVAC Leasing USA LLC ("GHL") is excited to provide the same reliable water heater service you have enjoyed with Liberty Utilities. 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***, as we look forward to extending our product offerings to enhance your home comfort and protection. We have an exciting menu of new offerings!

Grand HVAC Leasing is a leader in providing residential heating, air conditioning (HVAC) and water heating solutions across North America. GHL has been offering residential, commercial and multi-family housing providers worry-free equipment protection, and new equipment rentals including service parts and labor protection for many years. ***We are excited to extend our offerings to you!***

GHL provides comprehensive and bundled program solutions for all heating, cooling and water heating equipment. We will expand our offerings in your territory to include the following comprehensive available options:

**EXISTING** - Continued coverage & protection on existing rental water heater = worry-free hot water

### **COMING SOON**

- NEW** 1. Existing heating & cooling equipment protection plans = 100% parts & labor protection
- NEW** 2. New equipment rental options – no capital required
- a. Water heating equipment
  - b. Heating and cooling equipment
  - c. Space heating equipment including fireplaces and space heaters

We provide simple plans that delivers comprehensive benefits, including:

- ✓ Continued and regular maintenance included – ensures equipment safety and integrity
- ✓ 100% service parts and labor protection – Worry-free protection from unexpected costs
- ✓ New equipment rental options – no capital outlay required
  - Immediate energy savings
  - Potential for utility/manufacture/GHL rebates and incentives
  - Easy monthly all-inclusive payments
  - End of term options

Please watch for future communications on our offerings, or call direct for inquires at 1-855-754-0530

***Grand HVAC Leasing Team!***

**Appendix H.** GHJ Customer Billing Options Direct Mail Letter - Draft



**DRAFT – NOT FOR RELEASE**



Dear Customer:

A few weeks ago, you were sent a letter advising that Grand HVAC Leasing is proud to be your new rental water heater provider, a responsibility we assumed from Liberty Utilities.

Your monthly rental fee will no longer be included on your Liberty Utilities bill and you will now be billed by Grand HVAC Leasing. To minimize administration costs and your monthly water heater rental fee, we are transitioning customers to your choice of convenient and paperless payment plans.

**Option 1. Automatic Bank Withdrawal Payment.**



Our customers tell us this is the most convenient and low-cost way to pay and best of all, it is paperless. **We recommend this payment option.**

Your monthly rental fee plus applicable taxes shall be automatically deducted from a bank account designated by you on the first day of each month. 99% of existing GHL customer payments are made this way and you always have the right to receive reimbursement for any automatic bank withdrawal payment inconsistent with our Agreement with you.

**Option 2. Pre-Authorized Credit Card Payment.**

Using our pre-authorized Credit Card payment option, select customers have their monthly rental fee plus applicable taxes automatically charged to an authorized credit card account. This method of payment is paperless which is economical for customers and us, however, we do recommend customers select Option 1. Automatic Bank Withdrawal for maximum convenience.

Please take a few short minutes to tell us on the enclosed form which payment method you wish to establish with us. Should you have any questions about your billing options, please contact us at 1-(XXX)-XXX-XXXX.

We are proud to be your rental water heater provider. Thank you.

Grand HVAC Leasing USA, LLC.

**DRAFT – NOT FOR RELEASE**