

NW NATURAL TERMS AND CONDITIONS

1. DEFINITIONS. As used in these Terms and Conditions: (a) “NW Natural” means Northwest Natural Gas Company, d/b/a NW Natural, and its successors and assigns; (b) “Delivery Date” means the date stated in the Purchase Order by which Vendor must deliver the Goods to the NW Natural at a specified location; (c) “Goods” means the personal property purchased by the NW Natural under the Purchase Order; (d) “Purchase Order” means the Purchase Order that incorporates these Terms and Conditions by reference (references to the “face of the Purchase Order” will mean the Purchase Order form itself); (e) “Purchase Price” means the total price of the Goods provided under the Purchase Order; and (f) “Vendor” means the supplier of the Goods provided under the Purchase Order.

2. BINDING AGREEMENT UPON SIGNATURE. By signing the Purchase Order, Vendor and NW Natural agree to all the terms and conditions of the Purchase Order, including without limitation these Terms and Conditions.

3. TIME OF PERFORMANCE. Vendor will deliver the Goods to the location specified in the Purchase Order by the Delivery Date. Vendor acknowledges and agrees that **TIME IS OF THE ESSENCE** in the performance of the Purchase Order.

4. RISK OF LOSS; RISK OF TITLE.

(a) Vendor will bear the risk of loss to the Goods until the Goods are delivered to the location specified in the Purchase Order.

(b) Title to the Goods will pass to NW Natural when the Goods are delivered to the location specified in the Purchase Order.

5. TERMINATION FOR CONVENIENCE. NW Natural will have the right to terminate the Purchase Order at any time for its convenience and without cause, upon written notice of the termination to Vendor. In the event of a termination under this Section, Vendor will immediately cease performance of the Purchase Order and will be paid pursuant to Section 6 for those Goods furnished prior to termination and for Vendor’s reasonable costs resulting from termination, but in no event will Vendor be paid for lost profits on Goods not furnished to NW Natural prior to termination.

6. INVOICES; PAYMENT; TAXES.

(a) Immediately upon delivery of the Goods, Vendor will mail to NW Natural an invoice showing (i) a description of the Goods delivered, (ii) the Purchase Order number, and (iii) the charges, terms and method of payment.

(b) Unless otherwise provided in the Purchase Order and regardless of the provisions of any invoice submitted by Vendor, each invoice will be due and payable thirty (30) days from receipt by NW Natural.

(c) Vendor will pay all sales, use and other taxes on equipment, materials, and personal property used or purchased for use in connection with its performance of the Purchase Order, and will pay all sales, income, business or other taxes levied or imposed on Vendor, Vendor’s business, or its performance of the Purchase Order.

7. INSPECTION OF GOODS UPON DELIVERY. All Goods are subject to NW Natural’s inspection upon delivery to it, even though payment for the Goods was made prior to such delivery. NW Natural will have the right to reject and return all or any part of any shipment of defective, nonconforming, or damaged Goods. NW Natural’s right of inspection and rejection, whether exercised or not, will not affect NW Natural’s right to revoke acceptance or to pursue other remedies if defects, nonconformities or damage is discovered at a later date, notwithstanding that the defect, nonconformity or damage could have been discovered upon inspection. If NW Natural does so reject and return any Goods, Vendor will refund to NW Natural that portion of the Purchase Price paid by NW Natural on account of the rejected Goods, and will repay to NW Natural all charges incurred by NW Natural for storage, handling and transportation of the rejected Goods. Payment will not constitute acceptance of Goods. Vendor agrees to pay or reimburse NW Natural for invoice, delivery, or labor costs and other costs incurred in sorting, inspecting, and packing rejected Goods for return, and Vendor agrees to pay for or reimburse NW Natural for freight for Goods that NW Natural returns to Vendor for replacement or refund.

8. RIGHTS AND REMEDIES; DEFAULT.

(a) If Vendor fails to deliver the Goods on the Delivery Date, or otherwise is in default under the Purchase Order, NW Natural may terminate the Purchase Order after giving Vendor 7 days’ written notice and Vendor fails to cure the default during that 7-day period. In the event of such termination, and in addition to exercising any other available remedies, NW Natural may procure elsewhere goods similar to the Goods, in which case Vendor will be liable for any costs for such similar goods in excess of the Purchase Price together with NW Natural’s other damages.

(b) The following will constitute default under the Purchase Order:

- (i) the failure of Vendor to deliver the Goods on the Delivery Date, or to perform any other obligation under the Purchase Order;
- (ii) the filing by Vendor of a petition in bankruptcy or for reorganization under the Bankruptcy Act, or the entry of an order upon petition against Vendor adjudicating Vendor bankrupt, or the appointment of a receiver of Vendor or any property belonging to Vendor necessary for the performance of its obligations under the Purchase Order;
- (iii) the failure of Vendor to pay when due any charge for labor, equipment, material or services incurred in connection with the Purchase Order; or
- (iv) the failure of Vendor otherwise to comply with the Purchase Order.

(c) Nothing in this Section will be so construed as to limit or prevent the exercise of any right or remedy to which NW Natural may be entitled by law or equity by reason of any default by Vendor under the Purchase Order.

9. INDEMNIFICATION.

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(a) Vendor will defend, indemnify, hold harmless and reimburse NW Natural and its affiliates, subsidiaries, officers, directors, shareholders, agents and employees, and the successors, assigns and invitees of any of them (collectively, "Indemnitees"), from, for and against all claims, demands, suits, causes of action, penalties, liabilities, damages, costs, losses and expenses of every kind and character, whether actual or alleged and whether directly incurred or from third parties, including without limitation attorneys' fees and expert witnesses' fees and litigation expenses, arising out of or relating to (i) the breach of the Purchase Order by Vendor, (ii) the negligence or other wrongful acts or omissions of Vendor or any person for whom Vendor is responsible, or (c) noncompliance of any legal requirement by Vendor or any person for whom Vendor is responsible.

(b) Vendor will defend any suit, demand, claim or action instituted against NW Natural or the other Indemnities involving the sale, possession or use of the Goods or based upon any alleged infringement of any patent, copyright, trademark or other intellectual property right, and Vendor will indemnify, hold harmless and reimburse NW Natural and the other Indemnities from, for and against all penalties, liabilities, damages, costs, losses and expenses of every kind and character occasioned thereby, whether actual or alleged and whether directly incurred or from third parties, including without limitation attorneys' fees and expert witnesses' fees and litigation expenses. Vendor further agrees to pay any judgment or reasonable settlement offer resulting from such a suit, demand, claim or action. In addition to the foregoing, if there is such a suit, demand, claim or action, Vendor agrees, as soon as possible, to either procure for NW Natural the right to continue using the Goods, replace the Goods with other non-infringing items, or modify the Goods so they become non-infringing; but the replacement or modified items will be equal in all material respects to the Goods and satisfactory to NW Natural.

10. WARRANTIES FOR THE GOODS.

(a) Vendor warrants that the Goods (i) will strictly conform in all respects to the requirements and specifications contained or referenced in the Purchase Order, (ii) will be new and of the best quality and description, (iii) will be merchantable and fit for the particular purpose for which they are intended to be used, (iv) will be free from defects in design, material and workmanship, (v) will be manufactured in accordance with good manufacturing practices, and (vi) will not be modified in their design, materials or components without the prior written consent of NW Natural. This warranty will be in addition to and not be deemed to exclude (A) implied warranties under applicable law, including those that may arise from course of dealing or usage of trade, or (B) any other express warranties made by Vendor under the Purchase Order or applicable law.

(b) At any time during the period of 12 months from delivery of the Goods, Vendor will, at its sole cost and expense, and as soon as practicable (but in no event more than 21 days after notice) repair or replace any Goods that do not conform to the warranties of this Section, normal wear and tear excepted. If Vendor fails to repair or replace any nonconforming Goods within the time specified in this Section, NW Natural may cause the repair or replacement of the Goods to be executed at Vendor's cost and expense, which may be set off against any amounts due Vendor from NW Natural or, if no amounts are due, then Vendor

will reimburse NW Natural for the cost and expense upon demand therefore.

(c) The warranties and other obligations of this Section will apply to Goods repaired by Vendor under this Section or replacement Goods provided by Vendor under this Section.

(d) Vendor will ensure that all third-party warranties related to the Goods will be assignable to NW Natural.

11. OTHER REPRESENTATIONS AND WARRANTIES OF VENDOR. Vendor represents and warrants to NW Natural as follows:

- (i) Vendor has good and marketable title to the Goods sold under the Purchase Order, free and clear of liens, claims and encumbrances, and Vendor has full right, power and authority to sell, assign, transfer and deliver such Goods pursuant to the Purchase Order;
- (ii) the delivery of the Goods sold under the Purchase Order will vest in NW Natural good and marketable title thereto, free and clear of all liens, claims and encumbrances;
- (iii) the Purchase Order has been duly authorized by all necessary corporate action of Vendor and duly executed and delivered by Vendor, and is a legal, valid and binding obligation of Vendor, enforceable in accordance with its terms; and

12. ASSIGNMENT. Vendor will not assign its rights or delegate its duties under the Purchase Order without obtaining prior written consent of NW Natural and any attempted assignment or delegation without such consent will be void. At its discretion, NW Natural may assign its rights or delegate its duties under the Purchase Order.

13. ENTIRE AGREEMENT. The terms and conditions stated on the face of the Purchase Order, together with these Terms and Conditions and the terms and conditions of any other document incorporated into the Purchase Order, constitute the entire agreement between Vendor and NW Natural with respect to the subject matter of the Purchase Order, and said terms and conditions will supersede and nullify any prior agreements or understandings concerning said subject matter or any portion thereof.

14. APPLICABLE LAW; FORUM; DISPUTE RESOLUTION

(a) The rights and obligations of the parties arising under the Purchase Order will be subject to the applicable laws of the State of Oregon.

(b) The forum for resolving any and all claims, disputes or other matters in question arising out of or relating to a Purchase Order, whether by arbitration or litigation, will be commenced and prosecuted in Portland, Oregon.

(c) Any claim, dispute or other matter in question arising out of or related to the Purchase Order will be decided before a single arbitrator by binding arbitration. The demand for arbitration will be filed in writing with the other party. The parties will mutually select the arbitrator and the rules applicable

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to the arbitration process. If the parties cannot agree on the choice of an arbitrator or the applicable rules, the parties will apply to the local state court to appoint the arbitrator and select the rules. The arbitrator is specifically empowered to award attorneys' fees, expert witnesses' fees and litigation costs to the extent allowed by contract or applicable laws. The arbitration may include, by consolidation or joinder or in any other manner, any additional persons or entities if (1) such persons or entities are materially involved in a common issue of law or fact in dispute and (2) such persons or entities are either contractually bound to arbitrate or otherwise consent to arbitration.

15. FORCE MAJEURE. If the performance of the Purchase Order by either NW Natural or Vendor, or of any obligation under the Purchase Order, is prevented, restricted, or interfered with by reason of war; terrorism; revolution; civil commotion; acts of public enemies; blockade; embargo; national strikes; and any other act whatsoever, whether similar or dissimilar to those referred to in this Section, that is beyond the reasonable control of the party affected, then the party so affected will, upon giving written notice to the other party, be excused from such performance to the extent of such prevention, restriction, or interference, but the party so affected will use commercially reasonable efforts to avoid or remove such causes of nonperformance, and will continue performance under the Purchase Order whenever such causes are removed. The notice required under this Section will be provided in writing by the party affected within 7 days after notice of the event causing the delay and, if not so provided, the party affected waives its rights to be excused from the delayed performance.

16. ATTORNEYS' FEES. In the event of any arbitration or trial court suit or action between or involving the parties arising out of or relating to the Purchase Order or the breach thereof, to obtain an interpretation of or enforce any provision of the Purchase Order, to rescind the Purchase Order, or to enforce or collect any award obtained during arbitration or any judgment or decree of any court relating to the Purchase Order, the prevailing party will be entitled to recover its attorneys' and expert witnesses' fees and related costs, disbursements and expenses incurred before and during the arbitration, at trial, on review for appeal, on appeal, on request for reconsideration and on reconsideration, regardless of when reconsideration is requested or granted, as the arbitrator or court may adjudge reasonable.

17. HAZARDOUS MATERIALS. Goods that contain hazardous materials must be marked or identified by Vendor with international danger symbol(s) and conspicuously display the name of the hazardous materials in English and any other language(s) required by the Purchase Order. Transit and other documents must include conspicuous declaration of the hazard and the name of the hazardous materials in English and any other language(s) required by the Purchase Order. Goods that contain hazardous materials will be accompanied by written emergency information in English and any other language(s) required by the Purchase Order. If Vendor is responsible for the packing or delivery of Goods that contain hazardous materials, it will comply with all laws, treaties or conventions applicable thereto. All information known by or reasonably available to Vendor regarding any known or potential hazard in the transport, handling or use of the Goods will be promptly communicated to NW Natural.

18. INCORPORATION OF VENDOR'S DOCUMENTS. If a document submitted by Vendor is incorporated in the Purchase Order, any conflicts between the document and the Purchase Order will be resolved in favor of the Purchase Order. Any limitations of liability, waivers of damages, or disclaimers of warranty or liability contained in a document submitted by Vendor that is incorporated in the Purchase Order will not apply to the Purchase Order.

19. SUCCESSORS AND ASSIGNS. The terms and conditions of the Purchase Order will inure to the benefit of and be binding upon the respective successors and assigns of the parties.

20. SURVIVAL. Sections 8 (Default; Rights and Remedies), 9 (Indemnification), 10 (Warranties for the Goods), 11 (Other Warranties and Representations of Vendor), 14 (Applicable Law; Forum; Dispute Resolution), 16 (Attorneys' Fees), and any other provision of these Terms and Conditions that expressly or by its nature provides for rights, obligations, or remedies that extend after termination, will survive and continue in full force and effect following termination of the Purchase Order.

21. HEADINGS. The headings used in the Purchase Order are used for convenience only and not to be considered in construing or interpreting the Purchase Order.

22. SEVERABILITY. In the event any term or provision of the Purchase Order is determined to be invalid, in conflict with any law, void, or otherwise unenforceable, and provided the terms and provisions of the Purchase Order that are essential to the interests of NW Natural and Vendor remain substantially in effect, then the remaining terms and provisions will continue in full force and effect and the offending term or provision will be given the fullest meaning and effect allowed by law.

23. WAIVER. No waiver, consent, modification or change of terms of the Purchase Order will bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, will be effective only in the specific instance and for the specific purpose given.

24. REMEDIES CUMULATIVE. NW Natural's remedies under the Purchase Order are cumulative and are in addition to other remedies provided by law or equity.

25. NOTICES. Notice under the Purchase Order will be deemed properly given if mailed via certified mail return receipt requested, or delivered personally or by messenger or courier, to the addresses of the parties stated in the Purchase Order.