

## PURCHASE ORDER GENERAL TERMS AND CONDITIONS

This Purchase Order by Avista Corp. (hereinafter referred to as "Buyer") becomes a binding contract, subject to the terms and conditions hereof, upon confirmation of this Purchase Order or upon the commencement of performance by the Seller (the party accepting this Purchase Order). ANY CHANGE, ADDITION OR MODIFICATION TO THIS PURCHASE ORDER MUST BE AGREED TO IN WRITING BY THE BUYER. If the parties intend that Seller furnish personal services to Buyer at Buyer's facilities or work sites under this contract the terms and conditions set forth in the **General Conditions for Field Services** attached hereto shall also apply.

**1. INVOICING.** Seller agrees to submit an invoice with each shipment showing the Purchase Order number. All invoices should be issued to Avista Corp., c/o Accounts Payable. The period of any cash discount period available to Buyer will date from the date of the invoice. When freight is prepaid for account Seller must show freight charges separately and sales tax, if any, must be computed before adding freight charges, and a copy of the freight bill must be submitted with the invoice. No allowance will be made for boxes, reels, drums or other returnable containers unless so stated in order and invoiced separately.

**2. TITLE.** Title to the goods purchased by the Purchase Order remains with the Seller until they are off-loaded at Buyer's facility, or site otherwise specified on the face of this Purchase Order. However, in all cases Seller must bear all risks of loss or damage in transit.

**3. FREIGHT.** Shipper must comply with the shipping terms and instructions as stated on the face of this Purchase Order. Failure to accurately follow the shipping terms and instructions as stated may result in one of the following: (1) a chargeback for the freight cost difference; (2) a chargeback for the freight cost difference plus an administrative charge; or (3) a chargeback for the full cost of the freight.

**4. INSPECTION.** All goods purchased are subject to inspection, test and approval at destination by the Buyer, notwithstanding prior payments or inspections at the source. The Buyer, without limitation to its other rights under this Purchase Order, may reject any goods that contain defective materials or workmanship, do not meet the specifications, or otherwise do not conform to this Purchase Order. Defective material or material not in accordance with Buyer's specifications will be held for Seller's instructions and at Seller's risk and expense. Acceptance of any goods shall not be deemed to alter or affect the obligations of the Seller or the rights and remedies of the Buyer under any other provision of this Purchase Order. Buyer reserves the right, at Seller's expense, to inspect before shipment, or during the process of manufacture, any goods on this order.

**5. OVERSHIPMENT.** Quantities in excess of that shown in this Purchase Order, if rejected, will be returned at Seller's risk and expense. Any excess quantities that the Buyer accepts shall be at the Purchase Order price.

**6. CHANGES.** Buyer shall have the right at any time to make changes in drawings, designs, specifications, materials, packaging, time and place of delivery and method of transportation. If any such changes cause an increase or decrease in the costs, or the time required for the performance, an equitable adjustment shall be made and this agreement shall be modified in writing accordingly. Seller agrees to accept any such changes subject to this paragraph.

**7. INTELLECTUAL PROPERTY INDEMNIFICATION.** Seller warrants that there has been no violation or infringement of any copyright, trade name, trademark, patent or related property right, as a result of manufacturing, producing or selling the goods. Seller further agrees to defend, indemnify and hold harmless the Buyer, its officers, agents and employees from all claims, expenses and liabilities arising from any actual or alleged violation or infringement.

**8. WARRANTY.** Seller expressly warrants that all goods furnished pursuant to this Purchase Order will be free from defects in material, workmanship and title. Further, Seller warrants all goods will conform to all applicable specifications, drawings, and shall be fit for its intended use and service. If it appears, within one year of the date of delivery, that the goods delivered hereunder do not meet the warranty specified above, Buyer shall promptly notify the Seller; the Seller shall thereupon correct any defect either by repair or replacement of the defective goods subject to the approval of the Buyer, at Seller's expense, provided that the Buyer's continued use of said defective goods pending repair or replacement shall not constitute a waiver by the Buyer under this Purchase Order. Seller further warrants that all articles and services covered by this Purchase Order meet or exceed the safety standards established and promulgated under the Federal Occupational Safety and Health Law (Public Law 91-956) and its regulations in effect as of the date of this order.

**9. TIME.** Time is of the essence of this Purchase Order, and the Buyer reserves the right to cancel this Purchase Order or any portion thereof without penalty in the event that deliveries are not made within the specified time, without liability for deliveries previously made and accepted by the Buyer.

**10. TERMINATION.** The Buyer reserves the right to cancel this Purchase Order or any part thereof without penalty if Seller breaches any of the terms hereof.

**11. COMPLIANCE WITH LAWS.** Seller warrants that all goods and services sold hereunder shall have been produced, sold, delivered and furnished in strict compliance with all applicable laws and regulations including EEO and Affirmative Action, of which they are subject. Seller shall execute and deliver such documents as may be required to effect or to evidence compliance. All laws and regulations required in agreements of this character are hereby incorporated by this reference, including provisions of 38 U.S. Code 4212, Executive Orders 11246, 11375, 11758, 11701, and 12086, as amended and any subsequent executive orders relating to equal opportunity for employment on government contracts. If Seller is required by this purchase order to employ workers on Buyer's premises, conditions of such employment shall be consistent with Buyer's labor agreements, or personnel policies and practices, and shall not interfere with Buyer's operations.

**12. INDEMNIFICATION.** Seller agrees to indemnify and hold harmless the Buyer from and against all demands, claims, suits, costs of defense, liabilities and other expenses for damage or damage to property or for injury or injuries to or death of any person or persons in any way arising from the furnishing of any goods and services provided under this Purchase Order except liability or damage arising from the sole negligence or willful misconduct of the Buyer, its agents or employees. This indemnification shall be in addition to the warranty obligations of Seller.

**13. ASSIGNMENT.** Nothing in this Purchase Order, or any interest under it, shall be assigned by the Seller without the prior written consent of the Buyer.

**14. JURISDICTION AND VENUE.** For any suit or proceeding to enforce the provisions of this Agreement, Seller irrevocably consents to the jurisdiction of the Courts of the State of Washington. Furthermore Seller agrees that this Agreement shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of Washington, without giving effect to its principles of conflict of law.

**END OF PURCHASE ORDER GENERAL TERMS AND CONDITIONS**  
**REV 8/1/07**