

Contract for Construction



PUGET SOUND ENERGY

The Energy To Do Great Things

Contract For Construction

No. _____

This Contract for Construction dated as of _____, is made by and between **Puget Sound Energy, Inc.** ("Owner") and _____ ("Contractor"). Owner and Contractor agree as follows:

1. **Description of Work.** Contractor shall perform for Owner the following work: all construction services required to construct _____, Included in this work is _____ (the "Work"). The Work shall include all labor, materials, equipment, tools, vehicles, supervision and resources required for Contractor to complete the Work and fulfill its obligations under this Contract. Contractor shall perform the Work in accordance with, and shall comply with, all of the provisions of this Contract and the attached documents, which shall include the following as applicable, and which by this reference are incorporated hereby by reference (collectively, the "Contract Documents"): Schedule of Unit Prices, Project Conditions, Bid Addenda, and _____.

2. **Schedule for Performance.** Contractor shall not commence performance of any of the Work until Contractor's receipt of written notice to proceed from Owner ("Notice to Proceed"). Upon receipt of a Notice to Proceed. Upon execution of this Contract, Contractor shall promptly commence and diligently perform the Work for each project assigned so as to complete the Work for each project in accordance with the Construction Schedule (as defined in Section 8 below) and the Contract Documents. Time is of the essence in the performance of Work.

3. **Compensation.** As full compensation for satisfactory performance of the Work, Owner shall pay Contractor _____ as identified in the attached Schedule of _____ Prices subject to the provisions of Section 14 Payments.

4. **Relationship of Parties.** Contractor shall be and act as an independent contractor (and not as the agent or representative of Owner) with regard to performance of the Work and this Contract. Contractor shall not represent that it is, or hold itself out as, an agent or representative of Owner, and in no event shall Contractor be authorized to enter into any agreements or undertakings for or on behalf of Owner. Subject to compliance with the requirements of this Contract, Contractor shall perform the Work in accordance with its own methods.

5. **Authorized Representatives.** In the administration of this Contract, Owner shall be represented by the Program Manager, Engineer identified below, or, if no person is listed, by the person designated from time to time in writing by Owner as Owner's representative assigned to administer this Contract. Contractor shall designate and have at all times a competent representative, acceptable to Owner, to represent and act with full authority for Contractor (the "Contractor's Representative"). Contractor's Representative shall be the person identified below, or, if no person is listed, Contractor shall give Owner written notice of the name, address and telephone number (day and night) of Contractor's Representative immediately after execution of this agreement and upon any change in such designation. Contractor's

Representative shall have full authority to act in the name and on behalf of Contractor and to accept all notices and other communications to Contractor under this Contract. Contractor's Representative shall be present, or be duly represented by a competent individual acceptable to Owner who is present, at the site of performance of the Work at all times when Work is actually in progress. All notices, requests, approvals, consents, orders, instructions, directions and other communications given to the Contractor's Representative by Owner shall be as binding as if given to Contractor.

PSE Project Manager:

Phone: _____ (work)
_____ (mobile)

Email: _____

Contractor's Representative:

Phone: _____ (work)
_____ (mobile)

Email: _____

6. **Contractor's Responsibilities.**

(a) General Responsibilities.

(i) Contractor shall provide all labor, materials, equipment, tools, vehicles, supervision and resources necessary to complete the Work, all of which shall be provided in full accord with and reasonably inferable from the Contract Documents as being necessary to produce the indicated results.

(ii) Contractor represents that it is, and that at all times during performance of the Work it shall be, fully experienced and properly qualified, licensed, equipped, organized and financed to perform the Work.

(iii) Contractor shall efficiently, expeditiously and effectually perform the Work in an orderly and workmanlike manner. Contractor shall enforce discipline and order among its employees, agents, officers, representatives, subcontractors and/or independent contractors (collectively, "Support"). Contractor shall ensure that all persons performing Work comply with all jobsite work rules. Contractor shall ensure that only fully experienced and properly qualified persons perform the Work. Contractor shall, if so requested by Owner, remove from performance of the Work any person whom Owner determines to be incompetent, insubordinate, careless, disorderly or otherwise objectionable. Contractor shall not thereafter use such person in the performance of the Work without Owner's prior written permission. Contractor shall not hire any employee of Owner to perform any of the Work.

(iv) Contractor shall confine all operations in the performance of the Work (including, but not limited to, offices, storage, assembly, vehicle and equipment parking, ingress, egress, and movement of materials, equipment and workers) to such areas and during such time periods as are specified in this Contract or designated by Owner. Unless otherwise directed by Owner, Contractor shall deliver to unload and store at the Work site all materials, equipment and other items to be installed, used, consumed or incorporated in the Work or otherwise used in connection with this Contract. Should Contractor find it necessary or advantageous to use any additional land for ingress to or egress from the Work site, or movement of materials equipment or workers to or from work areas, or for any purpose whatever, Contractor shall provide and make its own arrangements for the use of such additional land.

(v) Contractor shall keep its work areas and access to such areas cleared of rubbish, refuse and other debris, and in a neat, clean and safe condition. Contractor shall clean up garbage, equipment parts, oil filters, fuel and oil spills and similar items on a daily basis. Any disposal of fuel, oil or equipment waste within the confines of the Work site shall be subject to Owner's prior approval. Upon completion of any portion of any of the Work, Contractor shall promptly remove from the Work site all rubbish, refuse and other debris, and any equipment, temporary structures and surplus materials that will not be used at or near the same location during later stages of the Work.

(vi) Contractor must report to Owner any OSHA recordable injuries that occur while performing work on behalf of Owner. A recordable injury includes any injury that results in treatment beyond first aid, restricted workdays, and/or lost workdays. Contractor will report its OSHA recordable injuries for the previous month by the 5th day of each month (e.g. all October OSHA recordable injuries are reported by November 5th). The first report will be due the 5th day of the month following commencement of the Work.

(vii) Whenever Contractor has knowledge of any actual or potential labor dispute that may in any way affect, delay or arise in connection with or as a result of the performance of this Contract, Contractor shall immediately notify and submit all relevant information to Owner.

(b) Compliance with Laws; Permits

(i) Contractor shall comply, and shall ensure that the Work and all of Contractor's Support complies, with all applicable laws, ordinances, rules, regulations, orders, licenses, permits and other requirements, now or hereafter in effect, of any governmental authority (including, but not limited to, such requirements as may be imposed upon Owner and applicable to the Work). Contractor shall execute and deliver to Owner all documents as may be required to effect or to evidence such compliance. All laws, ordinances, rules, regulations, orders, licenses and permits required to be incorporated in agreements of this character are incorporated herein by this reference.

(ii) Unless otherwise specified in this Contract or directed by Owner, Contractor shall obtain and pay for all permits, inspections, licenses and fees and shall furnish all bonds, security or deposits required to perform the Work in accordance with this Contract. Contractor shall advise Owner in writing and consult with Owner prior to applying for any permit or other authorization from, or entering into any agreement with, any governmental authority with regard to the Work.

(iii) Except as may be restricted by federal, state or local laws or regulations, Owner grants Contractor access to Owner's premises as necessary to perform the Work. Contractor acknowledges that certain portions of Owner's premises may have restricted access and requires prior authorization or an Owner designated escort to allow Contractor access. If notified by Owner's Project Manager that access is restricted, Contractor shall follow Owner's requirements and all federal, state or local laws or regulations requiring background checks and drug and alcohol testing of all Support prior to performing any Work.

(iv) Owner has entered into this Contract with Contractor based upon PSE's reasonable belief that Contractor, like Owner, adheres to the strictest of ethical standards. In connection therewith, Contractor has reviewed the PSE Corporate Ethics and Compliance Code, available at <http://www.pse.com/aboutpse/CorporateInfo/Pages/Our-Ethics.aspx>. Contractor warrants that it and its Support will not, directly or indirectly, offer, promise, authorize

or give anything of value to a government official, a political party, a candidate for political office or any other person connected to a government in any way, for the purposes of: (a) influencing an act or decision of that government official (including a decision not to act) in connection with Owner's business or in connection with Contractor's business with Owner; or (b) inducing such a person to use his or her influence to affect any government act or decision in connection with Owner's business or in connection with Contractor's business with Owner. Contractor further warrants that neither it nor any of its Support have offered or given, or will offer or give, any gifts or gratuities to Owner's employees, agents or representatives for the purpose of securing this Contract or securing favorable treatment under this Contract. In addition, Contractor will notify Owner immediately if any of its Support are officials or representatives of any government or are candidates for such government positions. Any breach of this provision by Contractor shall constitute a material breach of the Contract and shall immediately entitle Owner to terminate the Contract for cause.

(c) Protection of Property and Persons.

(i) Contractor shall take all precautions that are necessary to prevent injury, damage or loss to: (1) its Support or other persons on the Work site and other persons who may be affected thereby; (2) the Work and materials and equipment to be incorporated therein, whether in storage on or off the site, under care, custody or control of the Contractor or Contractor's Support; and (3) other property at the site or adjacent thereto, including without limitation trees, shrubs, lawns, walks, pavements, roadways, fences, structures, and utilities not designed for removal, relocation or replacement in the course of the Work. Without limiting the generality of the foregoing, Contractor shall erect and maintain such fences, barricades, signs, flags, flashers, excavation covers and other safeguards as are required for safety and protection. Contractor shall inspect all goods, materials, tools, equipment and other items to discover any conditions that involve a risk of injury or damage to persons or property and shall be solely responsible for discovery and correction of, and protection against, such conditions.

(ii) Until completion and acceptance of all of the Work, Contractor shall be responsible for and shall bear any and all risk of loss, deterioration, theft, vandalism or destruction of or damage to the Work and anything used (or to be used or consumed) in connection with the Work unless such loss, theft, destruction or damage results from the sole negligence of Owner. Contractor shall provide storage and comply with all reasonable requests of Owner to enclose or otherwise protect the Work and anything used (or to be used or consumed) in connection with the Work.

(iii) Unless otherwise specified in this Contract or directed in writing by Owner, all existing structures and other improvements damaged, altered or removed by Contractor or any of its Support in connection with the performance of the Work shall be repaired, replaced or otherwise restored by Contractor to at least as good quality and condition as existed prior to such damaging, alteration or removal. Contractor shall restore other areas affected by performance of the Work to at least the condition as existed prior to such performance. Contractor shall protect all land monuments and property markings from disturbance and damage and shall not remove the same without the prior written consent of Owner.

(iv) Unless otherwise specified in this Contract or directed in writing by Owner, Contractor shall ensure that no utility (including all supply, disposal, distribution and communication systems, and all similar or related facilities, equipment and other property) is damaged, altered, removed or interrupted by Contractor or any of its Support in connection with the performance of the Work. Underground utilities shown in Contract Documents, if applicable,

are shown only in their approximate locations due to exact locations being unknown. Contractor shall perform all excavation and other Work that may affect any utility with utmost care so as to protect all utilities (whether or not shown in the Contract Documents) from damage, alteration, removal and interruption. If Contractor requires the temporary shutoff of any utility, Contractor shall request Owner's approval thereof at least twenty-four (24) hours in advance of the time it requires the shutoff. Contractor shall perform the Work requiring the shutoff only after such approval has been obtained and on such days and at such hours as Owner may direct.

(v) Contractor shall ensure that the handling, transporting, storage, and use of explosives in connection with the Work is done only with the highest degree of care. Contractor shall give Owner at least three (3) working days advance written notice of each delivery, storage and use of explosives.

(d) Cooperation and Coordination

(i) Contractor acknowledges and anticipates that the Work may be interfered with and delayed from time to time on account of the concurrent performance of work by Owner or others. Contractor shall fully cooperate with Owner and others and coordinate the Work with such other work so as to minimize any delay or hindrance of any work and to assure orderly and expeditious performance and completion of the Work.

(ii) If any part of the Work depends upon the results of other work by Owner or others, Contractor shall, prior to commencing such Work, notify Owner in writing of any actual or apparent deficiencies or defects in such other work that render it unsuitable for performance of the Work in accordance with this Contract. Failure of Contractor to so notify owner shall constitute acceptance by Contractor of such other work as suitable for performance of the Work in accordance with this Contract, except as to latent defects that may subsequently be discovered in such other work.

(e) Examination of Contract and Site. Contractor represents and acknowledges that it has carefully examined the Contract Documents and the Work site and has satisfied itself as to (and the Contractor shall have, and does hereby assume, full and sole responsibility for) the nature, location, character, quality and quantity of the Work and all requirements of this Contract, as well as the conditions and other matters that may be encountered at the Work site or affect performance of the Work or the cost or difficulty thereof, including but not limited to those conditions and matters affecting: transportation, access, disposal, handling and storage of materials, equipment and other items; availability and quality of labor, water, electric power and utilities; availability and condition of roads; climatic conditions and seasons; physical conditions at the Work site and the surrounding locality; topography and ground surface conditions; potential water and air pollution conditions; subsurface geology and the nature and quantity of surface and subsurface materials to be encountered; and equipment and facilities needed preliminary to and at all times during the performance of the Work. The failure of Contractor to fully acquaint itself with any applicable condition or matter shall not in any way relieve it from the responsibility for performing the Work in accordance with, and for the compensation provided for in this Contract.

7. Inspection. All Work shall at all times be subject to inspection and testing by Owner. Contractor shall furnish Owner (or its representative) sufficient, safe and proper facilities and equipment at all times and at all places where inspections or tests may take place and all samples, drawings, specifications, data, lists, documents and other information for such inspections and tests as may be performed by Owner. The making of (or failure or delay in

making) any inspection by Owner shall not relieve Contractor of responsibility for performance of the Work in accordance with this Contract, or impair Owner's right to reject defective or noncomplying items or affect any other right or remedy afforded to Owner under this Contract or by law, notwithstanding Owner's knowledge of the defect or noncomplying performance, its substantiality, or the ease of its discovery.

8. Construction Schedule; Progress Reports

(a) The Contractor, promptly after being awarded the Contract, shall prepare and submit for Owner's review a detailed construction schedule for the Work (the "Construction Schedule").

(b) Contractor shall continuously update and keep current the Construction Schedule and shall furnish monthly (or more frequently, if requested by Owner) progress reports to Owner on the actual progress of the Work. Such progress reports shall include, but not be limited to, a copy of the updated Construction Schedule indicating progress to date and the duration of any delays for which Contractor believes it is entitled under this Contract to an extension of the time for performance of the Work. The time for performance of the Work shall not be extended on account of any delay, and the compensation under this Contract shall not be increased on account of any delay, unless Contractor includes a timely claim for such extension or adjustment in the progress report covering the period of such delay and Owner agrees in writing to such extension of the Construction Schedule or increase in compensation. Notwithstanding the foregoing, Contractor shall immediately notify Owner in writing of any proposed changes in the Construction Schedule and of any event that Contractor reasonably believes could delay performance and shall indicate the expected duration of the delay, the anticipated effect of the delay on the Construction Schedule and the action being taken to correct the delay situation. The Construction Schedule shall at all times provide for expeditious execution of the Work.

(c) Contractor shall perform the Work in accordance with the most recent Construction Schedule approved in writing by Owner.

9. Warranty.

(a) Contractor warrants that: (i) the Work shall be performed in a workmanlike and skillful manner; (ii) the Work shall in all respects be of first-class quality, free from all faults and defects in workmanship, material, design (other than a defect in any design provided by Owner) and title, (iii) the Work shall be in compliance with the requirements of this Contract, including the specifications set forth in the Contract Documents; and (iv) all materials, equipment and other items incorporated (or to be incorporated) in the Work or consumed (or to be consumed) in the performance of the Work shall be new and of the most suitable grade for the purpose intended. Subject to extension pursuant to Section 9(b) below, this warranty shall continue until the expiration of the later of (i) one (1) year after acceptance by Owner of all of the Work; or (ii) such longer period as may be specified elsewhere in this Contract. The period prior to the expiration of this warranty, as it may be from time to time extended in accordance with the provisions of this Contract, is sometimes referred to in this Contract as the "Warranty Period".

(b) If at any time Contractor receives from Owner written notice of any failure to comply with the warranty set forth herein, Contractor shall promptly and at such times as Owner directs, satisfactorily correct such noncompliance and remedy any damage to other parts of the Work or any other property resulting from such noncompliance. The Warranty Period shall then be extended as to any corrected Work until the expiration of the later of (i) one (1) year after acceptance by Owner of the correction; or (ii) such longer period as may be specified elsewhere

in this Contract. All costs incidental to such correction and remedying (including, but not limited to, the removal, replacement and reinstallation of equipment necessary to gain access and all other costs incurred as the result of the defect or noncompliance) shall be the responsibility of the Contractor.

10. **Environmental Control.** Contractor shall comply with all federal, state, and local laws, statutes, rules, regulations, ordinances, and codes, and any judicial or administrative interpretation thereof or requirement thereunder, relating to the regulation or protection of human health, safety, the environment and natural resources, including without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, the Model Toxics Control Act, and all of the rules, regulations and orders promulgated under each of the foregoing. Without limiting the generality of the foregoing, Contractor shall treat, store and dispose of hazardous waste or hazardous substances, as the same are defined in applicable federal, state, or local laws and regulations, in compliance with the requirements of any such regulations. Contractor shall take suitable measures and provide suitable facilities to prevent pollution, oil and chemical spills, soil erosion and the introduction of any substances or materials into any stream, river, lake or other body of water that may pollute or silt the water or constitute substances or materials deleterious to human health or welfare, the environment, or fish or wildlife. Further, Contractor shall use all reasonable efforts to maintain the Work site free from fugitive dust (i.e., dust that becomes airborne or visual). Contractor shall be responsible for all costs of corrective measures required as a result of any pollution, erosion, release, siltation or fugitive dust situation, including its effects on adjacent properties.

11. **Liens.** Contractor shall promptly pay (and secure the discharge of any liens asserted by) all persons and entities furnishing labor, equipment, materials or other items in connection with the performance of the Work.

12. **Records.** Until the expiration of three (3) years after final acceptance by Owner of all the Work, Contractor shall keep and maintain complete and accurate records with regard to the Work and this Contract, including without limitation: (i) information relating to Contractor's costs and expenses related to the Work, which shall be kept in accordance with sound and generally accepted accounting principles applied on a consistent basis, (ii) records of the receipt, possession, storage, use, consumption, installation, incorporation or disposition of all materials, tools, equipment, goods, information, drawings, specifications, data, and other items received, possessed, stored, used, consumed, installed, incorporated or disposed of in connection with the Work, (iii) Contractor's agreements with its Support and suppliers, and (iv) specifications, drawings, bills of lading and shipping documents. Until the expiration of three (3) years after acceptance by Owner of all of the Work, Contractor shall provide Owner access at all reasonable times to all such records for examination, copying and audit.

13. **Rights in Property**

(a) All materials, information, property and other items accumulated or developed in connection with the Work (including, but not limited to, the Contract Documents, drawings, plans, specifications, designs, calculations, maps, sketches, notes reports, data, estimates, models, samples, completed Work and Work in progress), together with all rights associated with ownership of such items (such as copyright and patent rights), shall become the property of Owner when so accumulated or developed, whether or not delivered to Owner. Contractor shall deliver such items to Owner upon request and in any event upon the completion, termination or cancellation of this Contract. If requested by Owner, Contractor shall, at Owner's expense, do

all things necessary or convenient to obtain patents or copyrights on any concepts, methods, processes, products, writings or other items furnished, developed or first reduced to practice in connection with the Work, to the extent that same may be patented or copyrighted.

(b) Without limitation on the foregoing, the Design Standards, Operations Standard Work Practice Standards, Field Construction Standards, and Materials/Tool Catalogs (collectively "PSE Standards") accumulated or developed in connection with the Work or included in this Contract involve valuable property rights of Owner, shall remain the property of Owner, and shall not be used or disclosed by Contractor for any purpose other than for performance of this contract. Contractor is authorized to make a reasonable number of copies of any portion of the PSE Standards solely for the use of Contractor's employees and subcontractors within the scope of the Work.

(c) To the extent Contractor uses any pre-existing intellectual or other property in connection with the performance of the Work, Contractor grants to Owner a worldwide, non-exclusive, perpetual, irrevocable, royalty free, fully paid up, sub-licensable right to use all such property in connection with the Work, including without limitation concepts, methods, processes, products, writings and other items (whether or not copyrightable or patentable).

(d) Contractor shall not, without the prior written consent of Owner, disclose to third parties any information accumulated or developed in connection with the Work unless (i) the information was known to Contractor prior to the date of this Contract; (ii) the information is in the public domain at the time of disclosure by Contractor; or (iii) the information is received by Contractor from a third party that was not bound by an obligation of Confidentiality to Owner. If so requested by Owner, Contractor shall obtain from its Support nondisclosure agreements in form and content satisfactory to Owner.

14. Payments.

(a) Progress payments shall be made as provided below:

(i) Upon completion of each project or as soon thereafter as practicable or on a schedule agreeable to Owner, Contractor shall invoice Owner for Contractor's portion of the compensation under this Contract that is applicable to that portion of the Work satisfactorily completed.

(ii) Each of Contractor's invoices shall set forth in a detailed and clear manner a complete description of all Work for which Contractor is entitled to compensation pursuant to this Contract, shall include this Contract number, and shall be supported by such receipts, documents and other information as Owner may reasonably request from time to time. The submittal of any invoices by Contractor shall constitute a representation by Contractor that the Work described therein has been performed in accordance with this Contract and that Contractor is entitled to payment under this Contract in the amount estimated.

(iii) At the request of Owner, Contractor shall invoice Owner for ninety percent (90%) of Contractor's invoice. Ten percent (10%) of each such approved invoice shall be recognized between Owner and Contractor as retainage. Contractor shall invoice Owner for cumulative retainage upon written notice of acceptance by Owner of the Work applicable to the invoice.

(b) Subject to retainage and withholding (as described in Section 14 (c) below), Owner shall make a progress payment to Contractor within thirty (30) days after Owner's receipt and approval of each of Contractor's invoices, less the total of all amounts previously paid or credited (e.g., as retention) to Contractor.

(c) Payments otherwise payable under this Contract may be withheld, in whole or in part, by Owner on account of (i) the failure of Contractor to correct defective or noncomplying Work; (ii) the failure of Contractor to cure any failure to comply with any of the provisions of this Contract; (iii) the failure of Contractor to pay, satisfy or discharge any lien (or potential lien which reasonable evidence indicates may be filed) of any of Contractor's Support, suppliers or any other person arising out of or in connection with this Contract or the Work; or (iv) Owner's reasonable doubt that this Contract can be completed within the time specified or for the balance then unpaid. If the foregoing causes are removed to the satisfaction of Owner, the withheld payments shall promptly be made. If such causes are not promptly removed after written notice, Owner may (but need not) rectify the same at Contractor's expense and deduct all costs and expenses incurred thereby from such withheld payments.

(d) Contractor shall reimburse Owner on demand for all amounts paid and costs and expenses (including without limitation reasonable attorneys fees) incurred by Owner due, or related to, Contractor's failure to perform any of its obligations under this Contract or otherwise. Owner may, at its option, apply any amounts payable to Contractor under this Contract against any amounts now or hereafter owing by Contractor to Owner under this Contract or otherwise.

(e) Final payment. Final payment constituting the unpaid balance due and owing to Contractor under this Contract shall be made by the Owner to the Contractor when:

(i) Contractor has provided notice to the Owner that the Work is completed and ready for final inspection;

(ii) Contractor has delivered to Owner the final invoice for payment, together with: (A) a bill of sale to convey Contractor's interest, if any, in any personal property acquired by Contractor on Owner's behalf in connection with the development of the Work; (B) permits, if applicable; (C) a notice of completion or other similar document, if any, typically filed in the applicable jurisdiction to evidence completion of construction and/or to commence any applicable statutory period for the filing of mechanics liens; and (D) any other documentation reasonably requested by Owner.

(iii) Owner inspects such Work and finds it to be acceptable; provided, however, that neither final payment nor any remaining retained percentage shall become due until Contractor submits to Owner such receipts, documents and other information as Owner may reasonably request, which may include, but will not be limited to: (A) proof satisfactory to Owner that all payments and claims for which Contractor is responsible under this Contract have been made or settled, (B) a release and waiver by Contractor of all claims against Owner and a release and waiver of all liens and rights of liens of Support or suppliers or otherwise arising out of or in connection with this Contract, the Work or any costs incurred or items furnished in connection therewith, (C) a certificate evidencing that insurance required by the Contract to remain in force after final payment is currently in effect and will not be canceled or allowed to expire until at least thirty (30) days prior written notice has been given to Owner, (D) a consent of surety, if any, to final payment. If any Support or Supplier refuses to furnish a release or waiver required by Owner, Contractor may furnish a bond satisfactory to Owner to indemnify the Owner against such lien. If such lien remains unsatisfied after payments are made, the

Contractor shall refund to the Owner all money that the Owner may be compelled to pay in discharging such lien, including all costs and reasonable attorneys' fees.

15. **Taxes.** Except as otherwise required by law, Contractor shall be responsible for, bear the expense of and pay all taxes, excises, levies, duties and assessments applicable to or incurred in connection with the Work or this Contract, including but not limited to, sales, consumer, use and similar taxes.

16. **Insurance**

(a) Prior to commencement of the Work, Contractor shall purchase from and maintain with a company or companies lawfully authorized to do business in the jurisdiction in which the Work is performed such insurance as will protect the Contractor from the claims set forth below, which claims may arise out of or result from the Contractor's performance of the Work under the Contract, whether the performance of the Work is done by Contractor, its Support, or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

(i) Claims under workers' compensation, disability benefit and other similar employee benefits acts that are applicable to the Work to be performed;

(ii) Claims for damages because of bodily injury, occupational sickness or disease, or death to Contractor's Support or any other person performing Work;

(iii) Claims for damages insured by usual personal injury liability coverage;

(iv) Claims for damages, other than to the Work itself, because of injury to or destruction of tangible property, including the loss of use;

(v) Claims for damage because of loss, injury or death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle;

(vi) Claims for bodily injury or property damage arising out of completed operations; and

(vii) Claims involving contractual liability insurance applicable to Contractor's obligations under Section 18.

(b) Contractor shall secure and maintain insurance required by Section 16(a) with provisions, coverages and limits substantially as specified in the attached certificate of insurance, endorsement and/or schedule of insurance requirements or, if none is attached, with such provisions, coverages and limits as Owner may from time to time specify to protect Owner, its successors and assigns, and the respective directors, officers, employees, and agents of Owner and their successors and assigns (collectively, the "Owner Parties") from any claims, losses, harm, costs, liabilities, damages and expenses (including, but not limited to, reasonable attorneys' fees) that may arise out of any of the claims set forth above. Contractor shall furnish Owner with such additional assurance and evidence of such insurance (such as a certificate of insurance or copies of all insurance policies) as Owner may request. Contractor shall maintain such insurance without interruption from the date of commencement of the Work until the date of final payment and termination of any coverage requirement to be maintained after final payment, and, with respect to the Contractor's completed operations coverage, until the

expiration of the period for correction of Work or for such other period for maintenance of completed operations coverage as specified in the attached certificate of insurance and/or schedule of insurance requirements or the Contract Documents.

(c) Within thirty (30) days after any renewal or any notice of termination, cancellation, expiration or alteration in any policy of insurance required under this Contract, Contractor shall deliver to Owner a certificate of insurance acceptable to Owner with respect to any replacement policy.

(d) All policies of insurance required under this Contract shall: (i) be placed with such insurers and under such forms of policies as may be acceptable to Owner; (ii) with the exception of workers' compensation, employer's liability and professional liability insurance, be endorsed to name the Owner Parties as additional insureds; (iii) be primary insurance with respect to the interests of the Owner Parties; (iv) be excess and non-contributory insurance with respect to any insurance or self-insurance maintained by any of Owner Parties; (v) with the exception of workers' compensation, employer's liability and professional liability insurance, apply severally and not collectively to each insured against whom any claim is made or suit is brought, except that the inclusion of more than one insured shall not operate to increase the insurance company's limits of liability as set forth in the insurance policy; and (vi) provide that the policies shall not be canceled or their limits or coverage reduced or restricted without giving at least thirty (30) days prior written notice to the Purchasing Department of Puget Sound Energy, Inc., PO Box 97034 (EST-07E), Bellevue, WA 98009-9734.

(e) Contractor shall ensure that any policy of insurance that Contractor or any Support carry as insurance against property damage or against liability for property damage or bodily injury (including death) shall include a provision providing a waiver of the insurer's right to subrogation against each of the Owner Parties. To the extent permitted by its policies of insurance, Contractor hereby waives all rights of subrogation against all delineated Owner Parties.

(f) The requirements of this Contract as to insurance and acceptability to Owner of insurers and insurance shall be maintained by Contractor and are not intended in any way to limit or qualify any other obligation of Contractor under this Contract.

17. **Surety Bonds**. In addition to all other bonds that are required by this Contract (if any), Contractor shall furnish to Owner, at such times and in such amount, form and content as Owner may in writing request, surety bonds issued by a surety acceptable to Owner with performance, payment, fidelity and maintenance clauses payable to Owner, in which case the premiums for such bonds shall be paid by Owner.

18. **Indemnity and Release**

(a) Contractor releases and shall defend, indemnify and hold harmless Owner, its subsidiaries and affiliates, and each of their respective shareholders, directors, officers, employees, representatives and agents from and against any and all claims, costs, losses, liabilities, damages, fines, and expenses of any nature (including, without limitation, reasonable attorneys' fees and costs) that arise out of or relate to, directly or indirectly, any actual or alleged: (i) defect in the Work, (ii) fault, negligence, professional error or omission, strict liability or product liability of Contractor or its Support in connection with the Work or this Contract, (iii) infringement or misappropriation of any patent, copyright, trade secret, trademark or other intellectual property right by any Work, (iv) any lien asserted by any Support or Supplier of

Contractor upon any property of Owner in connection with the Work or this Contract, (v) any failure of Contractor, any Support or the Work to comply with any applicable law, ordinance, rule, regulation, order, license, permit and other requirement, now or hereafter in effect, of any governmental authority, (vi) any failure of Contractor or any Support to comply with the requirements of this Contract, or (vii) any breach of or default under this Contract by Contractor.

(b) IN CONNECTION WITH ANY ACTION TO ENFORCE CONTRACTOR'S OBLIGATIONS UNDER THIS SECTION 18, CONTRACTOR WAIVES ANY IMMUNITY, DEFENSE OR PROTECTION UNDER ANY WORKERS' COMPENSATION, INDUSTRIAL INSURANCE OR SIMILAR LAWS (INCLUDING, BUT NOT LIMITED TO, THE WASHINGTON INDUSTRIAL INSURANCE ACT, TITLE 51, OF THE REVISED CODE OF WASHINGTON).

(c) Contractor acknowledges that the foregoing provisions regarding indemnification and waiver are an important part of the consideration for Owner to enter into this Contract, and that the foregoing waiver provision has been mutually negotiated.

19. Termination

(a) Termination by Owner for Cause. Owner may terminate this Contract for cause if the Contractor: (1) refuses or fails to supply enough properly skilled workers or proper materials; (2) fails to make payments to Support or suppliers for labor or materials, as applicable, in accordance with the respective agreements between Contractor and such Support or suppliers; (3) disregards applicable laws, statutes, ordinances, codes, rules and regulations or lawful orders of a public authority; or (4) materially fails to perform any provision of this Contract.

(b) Termination by Owner for Convenience. Owner may, at its option and at any time for its convenience, terminate this Contract as to all, or any portion, of the Work not then performed by written notice to Contractor.

(c) Obligations after Termination. In the event of any termination pursuant to Section 19(a) or (b), Owner may at its option take over the Work as to which this Contract is terminated and prosecute the same to completion, by contract or otherwise. In addition, upon delivery of any written notice of termination under this Section 19, and without prejudice to any other rights and remedies of Owner, the Owner may: (1) order Contractor to discontinue work on the date and to the extent specified in the notice; (2) take any and all actions necessary for the protection and preservation of the Work; (3) require Contractor to terminate all existing subcontracts and purchase orders and place or enter into no further contracts or purchase orders for materials, equipment, services or facilities (except for Work to be performed prior to the effective date of termination stated in the notice of termination or as directed by Owner); (4) require Contractor to transfer title and deliver to Owner as directed by Owner: (A) all or any part of the materials, Work in progress and completed Work and other items produced as a part of, or acquired in connection with, the performance of the Work terminated, and (B) the completed or partially completed plans, drawings, information and other property that, if this Contract had been completed, would have been required to be furnished to Owner; (5) request from Contractor an inventory of all materials and equipment at the Work site, in transit to the Work site, in storage or manufactured away from the Work site and on order from Contractor's Support; (6) direct Contractor to assign to Owner all or any part of the right, title and interest of Contractor under any of Contractor's agreements with its suppliers and Support to the extent relating to Work as to which this Contract is terminated (Contractor shall include the right to make such assignments in all such agreements); (8) direct Contractor to settle, with the prior written approval of Owner, all outstanding liabilities and all claims arising out of the termination of

agreements with Contractor's Support and suppliers. In addition, upon receipt of any written notice of termination under this Section 19, the Contractor shall: (1) use its best efforts to minimize its cost and expenses due to such termination; (2) if Owner requests, complete performance of such part of the Work, if any, that has not been terminated and (3) take any other action deemed necessary or desirable by Owner for the protection of property of the Owner or the Work.

(d) Payments upon Termination.

(i) If the Owner terminates this Contract for cause pursuant to Section 19(a), the Contractor shall not be entitled to receive further payment until the Work is finished. Upon completion of the Work, Contractor shall only be entitled to payment for that portion of the compensation payable under the Contract which represents that portion of the work satisfactorily performed prior to termination, minus the costs to Owner to finish the Work, which shall include damages incurred by Owner as a result of the termination. Contractor shall not be entitled to recover payment for overhead, profit or damages based on work not performed, or for loss with respect to materials, equipment, tools and construction equipment and machinery. If Owner's costs of finishing the Work plus Owner's damages exceed the unpaid balance owed to Contractor, the Contractor shall pay the difference to the Owner.

(ii) After receipt of any written notice of termination from Owner under Section 19(b), Contractor shall submit to Owner Contractor's termination claim for amounts claimed pursuant to this Section 19(d)(ii), in the form and with the certification prescribed by Owner. Such claim shall be submitted promptly but in no event later than thirty (30) days after the effective date of termination. If Contractor fails to submit its termination claim within the time allowed, Owner may determine on the basis of information available to it the amount, if any, due Contractor by reason of the termination, and such determination shall be final. Upon a termination pursuant to Section 19(b), Contractor shall be entitled to be paid or credited that portion of the compensation otherwise payable under this Contract which represents that portion of the work satisfactorily performed prior to termination, plus proven loss with respect to materials, equipment, tools and construction equipment and machinery. Contractor shall not be entitled to recover overhead, profit or damages based on work not performed. In no event, however, shall Contractor be entitled under this Section 19(d)(ii) to be paid or credited an amount in excess of the total compensation otherwise payable under this Contract, reduced by the aggregate amounts of all compensation paid to Contractor under this Contract and further reduced by that portion of the total compensation under this Contract which is allocable to Work with regard to which this Contract is not so terminated. Further, there shall be deducted (1) all unliquidated advances or other payments on account theretofore made to Contractor applicable to the terminated portion of this Contract, (2) any claim that Owner may have against Contractor in connection with this Contract, and (3) the agreed price for, or the proceeds of sale of, any materials, supplies or other things kept by Contractor or sold pursuant to this Section 19(d)(ii) and not otherwise recovered by or credited to Owner. Contractor shall promptly refund to Owner any amounts previously paid to Contractor in excess of the amount due Contractor under this Section 19(d)(ii). After Owner has made a determination under this Section 19(d)(ii), Owner shall pay or credit to Contractor the amount so determined, which payment or credit shall be deemed to satisfy all claims of Contractor against Owner by reason of such termination.

(iii) **Upon any termination pursuant to Section 19, Contractor agrees to waive any and all claims for additional compensation or damages (including any claim for loss of anticipated profit) on account thereof, and agrees that the sole and exclusive remedy of Contractor is to receive payment or credit in accordance with this Section 19(d).**

(e) Exercise or failure of Owner to exercise any of its rights under this Section 19 shall not excuse Contractor from compliance with the provisions of this Contract nor prejudice rights of Owner to recover damages for any default by Contractor. Whether or not Contractor's right to proceed with the Work is terminated, Contractor and its sureties shall be liable for any costs, expenses or damages to Owner resulting from Contractor's default. The rights and remedies of Owner provided in this Section 19 are in addition to any other rights and remedies provided under this Contract, by law or otherwise.

20. Use of Completed Portions of Work

(a) Owner may, by written notice thereof to Contractor, take possession of or use of any completed or partially completed portion of the Work at any time prior to acceptance of all of the Work. Immediately prior to Owner's using or taking possession, a joint inspection by representatives of Owner and Contractor shall be conducted to determine the condition and state of completion of the Work involved, and Owner and Contractor shall agree upon the responsibilities assigned to each of them for payments, retainage, if any, security, maintenance, utilities, damages to the Work and insurance, and shall agree in writing concerning the period for correction of the Work and commencement of warranties required by the Contract.

(b) Nothing contained in this Section 20 shall constitute acceptance of Work not complying with the terms of this Contract or relieve Contractor of any of its obligations to correct, repair, replace or otherwise be responsible for defective or noncomplying Work.

21. Owner's Performance of Contractor's Obligations

(a) If Owner directs Contractor to correct noncomplying or defective Work or to otherwise comply with the requirements of this Contract, and Contractor thereafter fails to comply or indicates its inability or unwillingness to comply, Owner may correct (or cause to be corrected) the noncompliance or defect or otherwise achieve compliance by the most expeditious means available to it and charge to or otherwise recover (for example, by offset) from Contractor all costs thereof.

(b) Owner's right to make corrections, achieve compliance and charge to or otherwise recover from Contractor the costs thereof are in addition to any and all other rights and remedies available to Owner under this Contract or otherwise by law, and shall in no event be construed or interpreted as obligating Owner to make any correction of defective or noncomplying Work or to otherwise achieve compliance with this Contract. Further, Contractor's obligations (including warranty) shall not be interpreted or construed as being reduced in any way because of any corrections or other work performed or caused to be performed by Owner or Owner's rights to perform the same.

22. Changes

(a) Owner may, at any time, by written notice thereof to Contractor, make changes in the Work within the general scope of this Contract (a "Change Order"), including, but not limited to, (i) changes in, substitutions for, additions to or deletions of any Work; (ii) changes in the plans, specifications or drawings or other Contract Documents; (iii) changes in the Construction Schedule or acceleration, deceleration or suspension of performance of any Work; and (iv) changes in the location, alignment, dimensions or design of items included in the Work.

(b) If any change under this Section 22 causes an increase or decrease in Contractor's cost of, or the time required for, the performance of any part of the Work, an equitable adjustment in the compensation to Contractor and/or in the Construction Schedule shall be made to reflect such increase or decrease, and this Contract shall be modified in writing accordingly. Such equitable adjustment shall constitute full compensation to Contractor for such change. If any change under Section 22 results in a decrease in the Work to be performed, Contractor shall not be entitled to anticipated profit on Work not performed, and the loss of anticipated profit shall not affect the reduction in Contractor's total compensation resulting from such decrease. Further, Contractor shall not be entitled to any reallocation of cost, profit or overhead. Contractor shall not be entitled under this Section 22 to any increase in compensation or extension of schedule to the extent that such increase or extension is provided for or excluded under any other provision of this Contract.

(c) Notwithstanding any dispute or delay in reaching agreement or arriving at a mutually acceptable equitable adjustment, Contractor shall, if so requested by Owner, immediately proceed in accordance with such Change Order. If Contractor intends to assert a claim for an equitable adjustment in schedule or compensation for a change, Contractor must, within fifteen (15) days after receipt of any Change Order that does not set forth an acceptable adjustment, submit to Owner a written statement setting forth the basis and nature of the adjustment claimed. Contractor shall not be entitled to any adjustment unless such statement is submitted by Contractor to Owner within the applicable fifteen (15) day period.

23. Claims, Questions, Conflicts, Inconsistencies and Ambiguities; Protest; Waiver

(a) Any claim of Contractor against Owner for damages, additional compensation, or extension of time, whether under this Contract or otherwise, shall be conclusively deemed to have been waived by Contractor unless a timely written claim is submitted pursuant to and in strict accordance with the applicable provisions of this Contract, or, if no such provision is applicable, unless such claim is set forth in detail in writing and filed with Owner within fifteen (15) days after the facts upon which such claim is based become known or should have become known to Contractor.

(b) Without limiting the generality of the foregoing and except as otherwise specifically provided for elsewhere in this Contract, any claim of Contractor and any question of Contractor related to or arising in connection with performance of all or any part of the Work or this Contract, coordination of the Work, compensation, schedule or interpretation, construction or clarification of this Contract shall be promptly submitted by Contractor in writing to Owner for determination. If Contractor is apprised or otherwise becomes aware of, or has reason to know of, any conflict, discrepancy or inconsistency between or among, or any ambiguity, error or omission in any of the requirements of this Contract, Contractor shall immediately notify Owner thereof for instruction, direction, resolution or clarification. Contractor shall be fully and solely responsible for requesting all directions, instructions, interpretations, constructions, clarifications and resolutions necessary or appropriate to ensure performance of the Work in accordance with this Contract and for any and all claims, losses, harm, costs, damages and expenses resulting from its failure to do so.

(c) All determinations, interpretations, constructions, clarifications, resolutions, instructions and directions of Owner, whether in response to a question of Contractor or otherwise, shall be final unless Contractor shall, within fifteen (15) days after Owner gives Contractor notice of any such determination, interpretation, construction, clarification, resolution, instruction or direction, file with Owner a written protest thereto, setting forth in a detailed and

clear manner the basis of such protest. Owner shall issue a decision, which shall be final, upon each such protest.

(d) Notwithstanding any protest or disagreement, Contractor shall in any event proceed with performance of the Work and the Contract in accordance with the determination, interpretation, construction, clarification, resolution, instruction and direction of Owner. Contractor's failure to protest or otherwise follow and exhaust the procedures set forth in this Section 23 shall constitute a waiver by Contractor of its rights to further protest, to claim damages, additional compensation or extension of time or to pursue judicial procedures or remedies with respect to such determination, interpretation, construction, clarification, resolution, direction, protest or decision.

24. **Promotional and Advertising Rights.** Except as may be required by law, neither party to this Contract shall, without the prior written consent of the other, make any news release or public announcement or place any advertisement stating that Owner and Contractor have contracted for the work specified in this Contract or have entered into any business relationship. Use of any Puget Sound Energy name, trademark or service mark in any promotional materials of Contractor requires Owner's prior written approval, which is subject to the sole discretion of Owner to grant or withhold. In the event that Owner approves the use of its name, trademark, or service mark in any announcement, news release or promotional materials of Contractor, all of the contents shall be submitted to Owner's Corporate Communications Department for review prior to any publication by Contractor.

25. **Miscellaneous.**

(a) **Assignment; Successor**

(i) Contractor shall not assign (e.g., by contract, operation of law or otherwise) all or any part of this Contract or any of its rights hereunder, or subcontract any of the Work other than as permitted in the Contract Documents, without the prior written consent of Owner. For purposes of the foregoing, any transfer of a controlling interest in Contractor (e.g., by a transfer of voting securities or otherwise) shall be deemed to be an assignment of this Contract. No assignment or subcontracting shall relieve Contractor from its responsibility for performance of the Work in accordance with this Contract or from its responsibility for performance of any of its other obligations under this Contract. Contractor shall be fully responsible for the acts, omissions, conduct and performance of the Support.

(ii) If Contractor is composed of more than one person or entity, each such person or entity shall be jointly and severally liable under this Contract. This Contract shall be fully binding upon Contractor and its successors, assigns and legal representatives.

(b) **Notices.** Any notice, request, designation, direction, statement or other communication under this Contract shall be (i) in writing (ii) delivered to the intended recipient at the address and to the attention of the party specified on the signature page below and (iii) effective upon receipt. Either party may change its address specified below by giving the other party notice of such change in accordance with this paragraph.

(c) **Severability.** The invalidity or unenforceability of any provision of this Contract shall not affect the other provisions hereof, and this Contract shall be construed in all respects as if such invalid or unenforceable provisions were omitted. The headings of sections of this

Contract are for convenience of reference only and are not intended to restrict, affect or be of any weight in the interpretation or construction of the provisions of such sections.

(d) Survival. Sections 9, 10, 11, 12, 13, 15, 18, 19 and 24 (and all provisions of this Contract which may reasonably be interpreted or construed as surviving the completion, cancellation or termination of this Contract) shall survive the completion, cancellation or termination of this Contract.

(e) Nonwaiver. Owner's failure or delay to (i) insist upon strict performance of any of the provisions of this Contract, (ii) exercise any rights or remedies provided under this Contract or by law, or (iii) notify Contractor in the event of breach or default under this Contract, or Owner's making of or failure or delay to make any test or inspection of any Work, or Owner's acceptance of or payment for any Work, shall not be construed as a waiver or relinquishment of Owner's right to assert or rely upon any such provisions or rights in that or any other instance; rather, the same shall remain in full force and effect.

(f) Entire Agreement

(i) This Contract embodies the entire agreement and supersedes any and all prior agreements between Owner and Contractor regarding the Work. No change, amendment or modification of any of the provisions of this Contract shall be valid unless set forth in a written instrument signed by the party to be bound thereby.

(ii) This Contract shall be construed as a whole. The misplacement, addition or omission of a word or character shall not change the intent of any part of this Contract from that set forth by this Contract as a whole. All provisions and parts of this Contract are intended to be correlative and complementary, and any Work required by one and not mentioned in another shall be performed to the same extent and purpose as though required by all. Details of the Work that are necessary to carry out the intent of this Contract, but that are not expressly required by this Contract, shall be performed or furnished by Contractor as part of the Work without any increase in the compensation otherwise payable under this Contract.

(iii) The rights and remedies of Owner set forth in any provision of this Contract are in addition to and do not in any way limit any other rights or remedies afforded to Owner by any other provisions of this Contract or by law.

(iv) In the event of any conflict or inconsistency between the terms and conditions of this Contract and any Contract Document, the terms of this Contract shall prevail; provided, however, that if a Contract Document by its terms expressly provides that certain provisions therein shall control over certain specified provisions in this Contract, and such provisions are initialed by Contractor and Owner, then to the extent such provisions in the Contract Document conflict with the specified provisions in this Contract, the provisions in the Contract Document shall control. Any additional, conflicting or different terms proposed by Contractor (whether in any Contract Document, proposal, invoice, purchase order or other document now or subsequently submitted) shall have no force and effect unless such terms are expressly agreed to in writing by Owner.

(g) Applicable Law; Forum Selection

(i) This Contract shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of Washington without reference to any choice of law principles to the contrary.

(ii) Contractor shall not commence or prosecute any suit, proceeding or claim to enforce the provisions of this Contract, to recover damages for breach or default under this Contract, or otherwise arising under or by reason of this Contract, other than in the state and federal courts sitting in King County, Washington. Contractor hereby irrevocably consents to the jurisdiction of the courts of the State of Washington with venue laid in King County, and of the U.S. District Court for the Western Division District of Washington in Seattle, Washington.

(h) Counterparts. This Contract may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

Intending to be legally bound, Owner and Contractor have caused their duly authorized representatives to execute this Contract in the space provided below.

Owner:

Contractor:

PUGET SOUND ENERGY, INC.

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date signed: _____

Date signed: _____

PSE's Address:

Puget Sound Energy, Inc.
Contract Services Department
PO Box 97034 (EST-07E)
Bellevue, WA 98009-9734
Attention: _____

Contractor's Address:

Attention: _____

RELEASE AND CERTIFICATE OF PAYMENT

Reference is made to that certain Contract No. _____ dated _____, (as amended), (the "Contract") between **Puget Sound Energy, Inc.** ("Owner") and _____ ("Contractor") with respect to the **Long Lake Substation Project**.

1. Contractor certifies and represents that it has fully paid and satisfied all claims, costs, charges and expenses incurred by or on behalf of Contractor for work, labor, services, materials, equipment and other items furnished or used in connection with the Contract, except normal retention in accordance with agreements between Contractor and some of its subcontractors and suppliers.
2. Contractor further certifies and represents that, to the best of its knowledge and belief, all of its subcontractors and suppliers of every tier have fully paid and satisfied all claims, costs, charges and expenses incurred by or on behalf of any one or more of them for work, labor, services, materials, equipment and other items furnished or used in connection with the Contract, except normal retention in accordance with agreements between some of such subcontractors and suppliers.
3. Contractor acknowledges receipt of _____ (\$ _____) plus applicable state and local sales tax as full and final payment under the Contractor and as full and final satisfaction of all claims of every nature of Contractor and all of its subcontractors and suppliers of any tier against Owner or its property arising out of or in connection with the Contract or any work performed, costs incurred or items furnished in connection with the Contract.
4. Contractor shall promptly pay all retention under agreements between Contractor and its subcontractors and suppliers and shall promptly provide Owner with such releases and certificates of payment, executed by Contractor's subcontractors and suppliers that furnished the work, labor, services, materials or other items in connection with the Contract, as may be requested by Owner.
5. Contractor unconditionally releases and discharges Owner and its property from all claims, liens and obligations of every nature arising out of or in connection with the Contract or any work performed, costs incurred or items furnished in connection with the Contract.
6. Contractor shall defend, indemnify and hold Owner harmless from all claims, losses, harm, costs, damages, liens, actions and expenses (including, but not limited to, reasonable attorneys' fees) whether arising before or after the date of this Release and Certificate of Payment, in any manner directly or indirectly arising out of or in connection with the Contract or any work performed, cost incurred or items furnished in connection with the Contract, whether such performance, furnishing or incurrence is by Contractor, any of its subcontractors or suppliers of any tier or any director, officer, employee, agent or representative of Contractor or any of its subcontractors or suppliers of any tier.
7. Contractor's warranties, indemnities and guarantees arising under the Contract or in connection with any work performed or items furnished in connection with the Contract (and all provisions of the Contract that may reasonably be interpreted or construed as surviving the execution and delivery of this release and Certificate of Payment) shall survive the execution and delivery of this Release and Certificate of Payment.

DATED: _____

CONTRACTOR:

By: _____

TITLE _____

Responsible Contractor Guidelines

Overview

Puget Sound Energy's (PSE) Responsible Contractor Guidelines are aimed at providing information regarding the Company's expectations of entities with which we do business. The guidelines are aimed at providing direction in the contractor selection process in a manner that is consistent with the Company's fiduciary responsibility related to its investments.

Contractors are expected to do what is necessary to operate within these guidelines. Contractors are expected to be familiar with the business practices of their suppliers and sub-contractors and ensure that they operate within the guidelines. Failure to comply with these standards may result in the discontinuance of business relationships.

Guidelines

PSE expects all contractors to comply with all applicable laws and regulations, such as those pertaining to the environment, safety and employment, and child labor laws. In the process for selection of qualified contractors, the following factors may be taken into account:

- PSE is committed to ensure that minority, women, veteran-owned and small business enterprises have the opportunity to compete for contracts awarded by the Company. PSE is a strong supporter of the Northwest Minority Business Council. PSE may consider whether the prospective contractor is a minority owned (including woman, minority, veteran-owned) business.
- PSE supports diversity and equal opportunity in employment. Unlawful discrimination in the workplace is not tolerated. Contractors are expected to comply with all applicable laws concerning discrimination in hiring and employment practices.
- PSE respects the environment and conducts its operations in compliance with applicable laws and regulations. Contractors are expected to conduct their operations in a way that protects the environment. Contractors are expected to comply with all applicable environmental laws and regulations in the regions in which they operate.
- PSE strives to conduct its business honestly, fairly and ethically as outlined in its corporate ethics and compliance code. PSE will consider whether the prospective contractor has a record of demonstrated compliance, i.e., the prospective contractor has no record of significant violations of laws, rules or regulations pertinent to the work to be performed.
- PSE is committed to the safety and health of its employees and conducts its operations in compliance with applicable laws and regulations. Contractors are expected to provide a safe working environment that supports accident prevention and minimizes exposure to health risks. Contractors are expected to comply with all applicable safety and health laws and regulations in the regions in which they operate.

- PSE strives to be a good neighbor in the regions in which it does business. PSE will endeavor, when reasonably feasible, to hire local labor when working in smaller communities.

Contractors are expected to comply with all applicable wage and hour labor laws and regulations governing employee compensation and working hours.

In addition, the following guidelines also will be taken into consideration when awarding service contracts for large construction projects (e.g., more than \$5 million for contracts, \$1 million for subcontracts) of a non-emergency nature.

PSE is interested in ensuring trained and qualified personnel are available for the future and in building a durable partnership with key skilled craft stakeholders. We will notify key entities to assist us in identifying potential bidders: (1) when we are developing lists of preferred providers, and (2) when contracted services are needed for construction contracts in excess of \$5 million.

To ensure cost-effective and timely service to utility customers, the following situations are not governed by the guidelines:

Emergency repairs or restoration, including but not limited to those related to a major storm, earthquake, or equipment failure.

Highly specialized work with few or no contractors qualified to provide desired work or service in the desired time period.