

GUARANTY

This GUARANTY is made and given as of the ___ day of _____, 20 __, by _____ a _____ Corporation (hereinafter referred to as "GUARANTOR") in favor of Public Utility District No. 2 of Grant County, Washington (hereinafter referred to as "DISTRICT").

GUARANTOR enters into this GUARANTY in consideration of DISTRICT having entered into or entering into the CONTRACT FOR OPEN-MARKET SALE OF PRIEST RAPIDS PROJECT POWER for the sale of Priest Rapids Project Output dated November 4, 2011 (hereinafter referred to as "CONTRACT") with GUARANTOR'S subsidiary, _____ a _____ Corporation, (hereinafter referred to as "BUYER"). GUARANTOR acknowledges the benefit to it of the contract between DISTRICT and BUYER.

1. GUARANTOR hereby irrevocably and unconditionally guarantees to DISTRICT the prompt payment when due (subject to written demand by DISTRICT upon GUARANTOR) of all liabilities and financial obligations that now are or may hereafter become due and payable from BUYER to DISTRICT with respect to the CONTRACT entered into prior to the termination of this GUARANTY. In addition, GUARANTOR shall reimburse DISTRICT for all sums paid to DISTRICT by BUYER with respect to such CONTRACT which DISTRICT is subsequently required to return to BUYER or a representative of BUYER'S creditors as a result of BUYER'S bankruptcy, insolvency or similar proceeding.
2. Notwithstanding anything to the contrary in this GUARANTY, the aggregate of GUARANTOR'S obligations hereunder shall not exceed US\$ _____. Except to the extent specifically provided in the CONTRACT or hereunder, in no event shall GUARANTOR be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort or any other damages, or costs.
3. This GUARANTY shall remain in full force and effect until the earlier of: (a) 30 days after the buyer has fulfilled any and all outstanding obligations to the DISTRICT arising out of the CONTRACT; or (b) March 31, 2013. When this GUARANTY is terminated or expires, the GUARANTOR shall have no further liability hereunder, except that no termination or expiration of this GUARANTY shall affect GUARANTOR's liability with respect to any obligations arising under any transaction under the CONTACT entered into prior to the effective date of such termination or expiry.
4. GUARANTOR'S payments hereunder shall be made to DISTRICT at its address set forth in Section 8 below, within five (5) business days after receiving written demand for payment from DISTRICT.

GUARANTOR hereby waives:

- (a) Notice of acceptance of this GUARANTY by DISTRICT;
 - (b) Notice that DISTRICT has entered into a CONTRACT with BUYER;
 - (c) Notice of the modification or amendment of the CONTRACT between BUYER and DISTRICT; and
 - (d) Notice of presentment, demand for payment, default, dishonor, protest or notice of protest with respect to any notes, drafts, or other instruments evidencing indebtedness, received from BUYER.
5. Without limiting GUARANTOR'S own defenses and rights hereunder, GUARANTOR reserves to itself all rights, setoffs, counterclaims and other defenses to which BUYER and any other affiliate of GUARANTOR is or may be entitled to arising from or out of the CONTRACT or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of BUYER.
6. This GUARANTY is a GUARANTY of payment (subject to Section 7 hereof), and not of collection. DISTRICT shall not be required to proceed first against BUYER or any other person, firm, or corporation before resorting to GUARANTOR for payment under this GUARANTY.
7. Demands on GUARANTOR for payment under this GUARANTY shall be in writing and delivered personally or mailed by certified or registered mail, or be sent by facsimile transmission and confirmed receipt thereof by returned facsimile by recipient to the following address:

All demands for payment shall be effective when received by GUARANTOR. GUARANTOR may change the address to which demands for payment are to be sent upon written notice to DISTRICT.

8. Notices to DISTRICT under this GUARANTY shall be in writing and delivered personally or mailed by certified or registered mail or be sent by facsimile transmission and confirmed receipt thereof by returned facsimile by recipient to the following address:

Public Utility District No. 2 of Grant County
Attn: Brett Bergeson
P.O. Box 878 30 C Street SW
Ephrata, WA 98823
Fax: (509)754-6786 Phone (509) 754-7219

Email: Bberges@gcpud.org

All notices given to DISTRICT shall be effective when received by the DISTRICT. DISTRICT may change the persons and/or addresses to which notices are to be sent upon written notice to GUARANTOR.

9. This GUARANTY and each of its provisions may be waived, modified, varied, released, terminated or surrendered, in whole or in part, only by a written instrument signed by DISTRICT and GUARANTOR. No failure or delay by DISTRICT in exercising its rights or remedies under this GUARANTY shall operate as a waiver thereof, nor shall any single or partial exercise by DISTRICT of any right or remedy hereunder preclude any other or future exercise of any right or remedy hereunder.
10. Neither the GUARANTOR nor DISTRICT shall assign their respective rights or obligations under this GUARANTY to any other person without the express written consent of the other party.
11. This GUARANTY shall be governed by and construed in accordance with the laws of the State of Washington. Venue of any action filed to enforce or interpret the provisions of the CONTRACT shall be exclusively in the United States District Court for the Eastern District of Washington (the "Federal District Court") unless the Federal District Court determines that it does not have jurisdiction over such action or litigation and dismisses such action or litigation for lack of jurisdiction, in which case such action or litigation may be initiated in the Superior Court of the State of Washington for Grant County and the Parties irrevocably submit to the jurisdiction of such courts. In the event of litigation to enforce the provisions of the CONTRACT, the prevailing Party shall be entitled to reasonable attorney's fees in addition to any other relief allowed.
12. GUARANTOR represents and warrants that (i) the execution, delivery and performance of this GUARANTY has been authorized by all necessary corporate action and does not contravene any provision of its constituent documents, and (ii) this GUARANTY constitutes the legal, valid and binding obligation of GUARANTOR and is enforceable against GUARANTOR in accordance with its terms, subject as to enforceability to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors rights and to equitable principles of general applicability, as the same may be applicable to the Guarantor.

IN WITNESS WHEREOF, GUARANTOR has duly executed this GUARANTY this _____ day of _____, 201__.

By:

Name: _____

Title:

Date:

By:

Name:

Title:

Date:
