



Public Utility District No. 1 of Klickitat County

Owned By Those It Serves

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January 31, 2006

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PUD No. 1

Clallam County PUD
Att: Shelley Burgett, General Manager
2431 East Highway 101
PO Box 1090
Port Angeles, WA 98362

Dear Ms Burgett:

Enclosed please find a fully executed Mutual Confidentiality and Disclosure Agreement between Clallam and Klickitat PUDs for your records.

Sincerely,

Kathy Loveland
Executive Assistant

Enclosure

MUTUAL CONFIDENTIALITY AND DISCLOSURE AGREEMENT

This AGREEMENT ("Agreement") is entered into as of January 6, 2006 by and between Public Utility District No. 1 of Klickitat County (KPUD), a municipal corporation incorporated in the State of Washington, whose address is 1313 S. Columbus Avenue, Goldendale, WA 98620 and Public Utility District No. 1 of Clallam County (CCPUD), whose address is P.O. Box 1090, Port Angeles, WA 98382.

RECITALS

KPUD and CCPUD, when providing its respective Confidential Information to the other party, shall be referred to herein as the "Providing Party"; KPUD and CCPUD, when receiving the other party's Confidential Information, shall be referred to herein as the "Receiving Party". Each Providing Party may disclose, deliver, or give the Receiving Party access to certain of the Providing Party's Confidential Information (as defined below) for the parties' mutual benefit in connection with one or more wind energy projects. Each Providing Party desires to assure the continued confidentiality of its Confidential Information in accordance with this Agreement.

NOW, THEREFORE, in consideration of each Providing Party's disclosure or delivery of Confidential Information to the Receiving Party and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, KPUD and CCPUD agree as follows:

1. Confidential Information. "Confidential Information" means, collectively, the following: all sensitive business, commercial or financial information including, documents, plans, designs, techniques, processes, computer programs, data, systems, and other information of the Providing Party or its affiliates which are disclosed and identified, either orally or in writing, to be of a secret, confidential or proprietary nature, concerning or relating to the business, operations, finances, technology and/or current or future technical or business plans of the Providing Party or its affiliates, including without limitation, present or proposed project locations, wind speed measurements, identity of present or proposed project participants, the terms and conditions or proposed terms and conditions of power purchase agreements or other contractual arrangements in connection with present or proposed projects; provided, that Confidential Information does not include information which (a) is in the public domain by reason of prior publication through no act or omission of the Receiving Party or its employees or agents, or (b) was already known to the Receiving Party or its affiliates at the time of disclosure and which the Receiving Party is free to use or disclose without breach of any obligation to any person or entity, or (c) has been independently acquired or developed by a Receiving Party without violating any of such Receiving Party's obligations under Section 2 hereof. All written information that the Disclosing Party wishes to be treated as Confidential Information shall be plainly marked with the word "Confidential" by the Disclosing Party. All oral information provided by the Disclosing Party shall be presumed to be Confidential Information unless designated as "Not Confidential Information" at the time the oral information is provided by the Disclosing Party.

2. Use; Disclosure. All Confidential Information and all rights related thereto, including without limitation all rights relating to patents, copyrights, trademarks or trade secrets, disclosed by the Providing Party to the Receiving Party remains the Providing Party's sole property. The Receiving Party shall take all reasonable and lawful measures to hold and maintain the Confidential Information in strictest confidence and in trust for the sole and exclusive benefit of the Providing Party, and shall use the Confidential Information only for the specific purpose for which the Providing Party disclosed or delivered it to the Receiving Party. Without the consent of the Providing Party, the Receiving Party shall not (even after termination of the parties' business relationship described above), directly or indirectly, publish or otherwise disclose any Confidential Information to any person or entity (except as provided in Section 3 hereof), or use any Confidential Information for its own benefit or permit its use by any person or entity for his or its benefit or to the detriment of the Providing Party. The Receiving Party shall take all reasonable

and lawful actions and precautions to protect the confidentiality of the Confidential Information and any documents containing any such information, and shall immediately notify the Providing Party in writing upon its discovery of any such unauthorized use or disclosure of any Confidential Information.

3. Disclosure to Representatives. Notwithstanding Section 2 of this Agreement, the Receiving Party may disclose the Confidential Information or portions thereof to those of its directors, officers, employees, representatives, consultants, partners, advisors, agents or associates (collectively herein, "Representatives") who need such access in order to participate in the Receiving Party's business relationship with the Providing Party and who have agreed to protect the confidentiality of the Confidential Information. The Receiving Party shall advise each such Representative that the Confidential Information is subject to this Confidentiality Agreement and shall secure the agreement of such Representative to a similar confidentiality obligation. Any such agreement of a Receiving Party's Representatives may be in a general form, covering such party's confidential information generally, so long as it acts to prevent such Representatives from disclosing Confidential Information to others in violation of this Agreement. The Receiving Party shall be responsible for any breach of this Agreement by anyone with whom they share Confidential Information under this Agreement.

4. Public Records. In the event that a Receiving Party or one of its Representatives becomes compelled by legal or regulatory authority to disclose any of the Confidential Information, such Receiving Party shall provide the Disclosing Party with prompt prior written notice of such requirement so that the Disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. In the event that such protective order or other remedy is not obtained, or that the Disclosing Party waives compliance with the provisions hereof, the Receiving Party compelled to disclose shall (i) furnish only that portion of the Confidential Information which, in accordance with the advice of its own counsel (which may include internal counsel), is legally required to be furnished, and (ii) exercise reasonable efforts to obtain assurances that confidential treatment will be accorded the Confidential Information so furnished.

5. Term. The term of this Agreement shall continue until either Party terminates this Agreement by written notice to the other; provided, however, such termination shall not affect any obligation with respect to Confidential Information received by either Party prior to such termination, which obligation shall continue for a period of two (2) years from the termination date of this Agreement.

6. Representations and Warranties. The Parties understand and acknowledge that neither Party nor their respective Representatives are making any representation or warranty as to the accuracy or completeness of any information furnished to each other (except specifically to the extent and only to such extent as shall be expressly set forth in an executed and delivered definitive agreement to effect a Potential Transaction). No Disclosing Party or any of its officers, directors, employees, agents or controlling persons (including, without limitation, parent and subsidiary companies) shall have any liability to a Receiving Party, any of its Representatives or any other person relating to or arising from the use of the Confidential Information provided by a Disclosing Party or its Representatives.

7. Miscellaneous. (a) License. This Agreement shall not be construed to grant to the Receiving Party a license or any other right to use the Confidential Information except for the limited right to use provided by this Agreement. (b) Irreparable Harm. The Receiving Party understands and acknowledges that any breach or threatened breach for any of its obligations under this Agreement will cause irreparable harm to the Providing Party for which damages would not be a fully adequate remedy, and therefore, in the event of any such breach, in addition to other available remedies, the Providing Party shall have the right to obtain specific performance of this Agreement and injunctive relief. (c) Survival. This Agreement shall survive any business relationship between the Providing Party and the Receiving Party as provided in Section 5 of this Agreement. (d) Notices. Any notice or other communication required or permitted under this Agreement shall be delivered by FAX or by first class U.S. registered or certified mail, postage prepaid, to each party's address first set forth above and shall be effective five (5) days after

mailing, if mailed, or otherwise upon receipt. (e) Waiver. No waiver of any provision of this Agreement shall be effective unless contained in a writing signed by the party to be charged with such waiver. (f) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision. (g) Attorneys' Fees. If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees. (h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. (i) Sole Agreement; Amendment. This Agreement constitutes the sole understanding of the parties concerning its subject matter and supersedes all prior or contemporaneous negotiations, correspondence, understandings and agreements. This Agreement may be amended only by written agreement of the parties. (j) Successors and Assigns. Neither party may assign or otherwise transfer its rights or delegate its duties under this Agreement without the prior written consent of the other party. This Agreement shall be binding on and inured to the benefit of the parties' respective successors and permitted assigns. (k) Counterparts. This Agreement may be executed in counterpart, which taken together shall constitute one and the same original. (l) Facsimile Signature. The facsimile signature of the parties shall be deemed to be their respective original signature.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives as of the date first above written.

Public Utility District No. 1 of Clallam County

"KPUD"

Public Utility District No. 1 of
Klickitat County

By: Shelley Burgett
Shelley Burgett

By: [Signature]

Its: General Manager

Its: General Manager