



DELAWARE ELECTRIC CO-OP

"We Keep the Lights On"

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS, THAT

(Customer Name)

(Customer Address) AS

Principal (hereinafter "Customer" or "Principal"), and the

(Insurance Company) as Surety

(hereinafter "Company" or "Surety"), are held and firmly bound to Delaware Electric Cooperative as Obligee, in the full sum of dollars for payment of which said Principal and Surety do hereby bind themselves jointly and severally, their successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, under the Third Party Supplier Agreement (hereinafter the "Agreement") Delaware Electric Cooperative requires Customer's to make alternative acceptable credit arrangements (hereinafter "Acceptable Arrangements"), one of which is a surety bond, when the Customer is unable to demonstrate creditworthiness by the criteria defined in the Agreement; and

WHEREAS, under the Agreement Delaware Electric Cooperative requires the forms of Acceptable Arrangements equal to two months of customer payments to the Principal, as estimated by Delaware Electric Cooperative which usage is subject to adjustment in Delaware Electric Cooperative sole and exclusive judgment, as defined in the Agreement; and

WHEREAS, Delaware Electric Cooperative, pursuant to the Agreement, has required that Customer, as a condition precedent to execution of the Agreement, make a cash deposit with Delaware Electric Cooperative of to guarantee all of present and future obligations and liabilities of all kinds to Delaware Electric Cooperative arising out of the Agreement; and



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WHEREAS, Customer, has requested that, in lieu of such deposit, Delaware Electric Cooperative accept a surety bond in an amount of _____ executed by Customer, as Principal, and Company, as Surety, and running to Delaware Electric Cooperative, as Obligee, guaranteeing all of the Obligations; and

WHEREAS, Delaware Electric Cooperative is willing, upon receipt of such a surety bond, to execute the Agreement.

The terms of the obligation are as follows:

- 1 If Customer shall establish satisfactory credit, as defined in the Agreement, then this obligation shall be void and of no effect; otherwise the obligation shall remain in full force and effect until and unless this bond is cancelled in accordance with Paragraph 6 hereof.
- 2 If Customer is terminated due to a default of the Agreement, Delaware Electric Cooperative will endeavor to give prompt notice thereof to Customer; provided, however, that (a) Delaware Electric Cooperative shall be under no obligation to give such notice to Customer or Company of such default and (b) Delaware Electric Cooperative's failure to give notice of such default shall not impair the obligation of this bond, nor shall such failure to give notice be raised as a defense against any action which may be brought by Delaware Electric Cooperative against Customer or Company on the bond.
- 3 Subject to the cancellation provisions of Paragraph 6, Delaware Electric Cooperative shall have the right at any time to make demand on Customer or Company on the bond for payment of any and all of Customer's unpaid Obligations.
- 4 Customer's filing of a bankruptcy, receivership or other debtor-relief petition, and/or Customer's discharge thereunder, shall in no way affect the liability of Company under this bond, but Company shall always remain liable to Delaware Electric Cooperative for the full amount of Customer's unpaid Obligations (up to the principal amount of this bond).
- 5 Within 60 days after Delaware Electric Cooperative has made such demand on Customer or on Company for payment of Customer's unpaid Obligations, Company will (up to the principal amount of this bond) pay in full any balance due on such unpaid Obligations to Delaware Electric Cooperative, including any applicable late payment charges.



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6. This bond may be cancelled by Company at any time by giving sixty (60) days written notice to Delaware Electric Cooperative, Attn: Energy Supply Coordinator, PO Box 600, Greenwood, DE 19950 in which event Company's liability at the expiration of said sixty (60) days shall cease and terminate, except as to such liability of Customer as may have accrued prior to the expiration of said sixty (60) days. Such cancellation by Company shall not relieve Customer from any liability under the Customer's Agreement with Delaware Electric Cooperative which accrue either prior to or subsequent to cancellation of this bond, it being the intent of the parties hereto that Customer shall always remain primarily liable for payment of all obligations due to Delaware Electric Cooperative.

SIGNED, SEALED AND DATED this. ATTEST
AS TO CUSTOMER/PRINCIPAL: (Secretary)
President

day of 20

By:

WITNESS AS TO COMPANY/SURETY: Title:

By: