

Subject: Proposed Modifications to Base Contract for Short-Term Sale and
Purchase of Natural Gas
Date: April 18, 2000
From: Scott McGough
To: GISB@AOL.com

Southern Company Energy Marketing L.P. submits the following proposed modifications to the Base Contract for Short-Term Sale and Purchase of Natural Gas:

1. *Appended to the end of the Base Contract's Oral Transaction Procedure §1.2:*

Failure by either party to send or return an executed Confirmation shall not invalidate any transaction agreed to by the parties. In the event of a disagreement regarding the terms reflected on a Transaction Confirmation, the parties agree to examine and, absent manifest error or apparent mutual mistake therein, rely on the terms of the conversation in which the transaction was originally agreed upon as the definitive statement of their intent and applicable contractual terms. Each party consents to the recording of its representatives' telephone conversations regarding this Base Contract or any transaction without any further notice. All such recordings may be introduced into evidence and used to prove oral agreements between the parties. The parties agree not to contest, challenge or assert any defense to the validity or enforceability of telephonic transactions entered into in accordance with the requirements of this Base Contract.

2. *Appended to the end of the Base Contract's §7.2:*

Buyer may retain only the disputed portion pending resolution of the dispute without breach of the Contract. If retention of the disputed portion increases the total amount unpaid by the party withholding the sum claimed owed by the other party beyond any credit limits approved by the other party, then the other party may require additional collateral in a form acceptable to that other party in the amount of the credit overage. Upon resolution of such billing dispute, any underpayments or overpayments shall be paid or refunded with accrued interest at the above-designated rate for the period in which held by the other party.

Submitted by Scott McGough
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