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ATTORNEYS FOR THE DEBTORS AND DEBTORS-IN-POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

_____)	
In re)	Chapter 11 Case
MIRANT CORPORATION, <u>et al.</u> ,)	Case No. 03-46590 (DML)
)	Jointly Administered
Debtors.)	
)	Date and Time: April 21, 2004 at 12:00
_____)	p.m.

**DEBTORS' MOTION TO REJECT VARIOUS EXECUTORY CONTRACTS
BETWEEN MIRANT AMERICAS ENERGY MARKETING, LP AND
PG&E GAS TRANSMISSION, NORTHWEST CORPORATION**

TO THE HONORABLE D. MICHAEL LYNN, UNITED STATES BANKRUPTCY JUDGE:

Mirant Corporation ("Mirant") and its affiliated debtors (collectively, the "Debtors"), as debtors and debtors-in-possession, file this Motion (the "Motion") pursuant to section 365(a) of title 11, United States Code (11 U.S.C. §§ 101 et seq., as amended) (the "Bankruptcy Code") for authority to reject certain executory contracts entered into between Mirant Americas Energy Marketing, LP ("MAEM") and PG&E Gas Transmission, Northwest Corporation ("PGT"), which are described below in greater detail (collectively, the "Contracts").

In support thereof the Debtors represent as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This Court has jurisdiction to grant the relief requested herein. Specifically, PGT has blanket certificate authority to enter into, and terminate, the Contracts pursuant to 18 C.F.R. Part 284, Subpart G of the regulations of the Federal Energy Regulatory Commission (“FERC”), without FERC approval. These jurisdictional matters will be discussed more fully below.

II. PROCEDURAL BACKGROUND

2. The Cases. On July 14, 2003 and various dates thereafter (collectively, the “Petition Date”), Mirant Corporation and 82 of its direct and indirect subsidiaries filed voluntary chapter 11 petitions. The Debtors continue to manage and operate their businesses as debtors-in-possession pursuant to sections 1107 and 1108 of title 11 of the United States Code (the “Bankruptcy Code”).

3. The Cases are Jointly Administered. This Court has entered orders approving the joint administration of the Debtors’ chapter 11 cases.

4. The Committees. Three official committees (collectively, the “Committees”) have been appointed by the Office of the United States Trustee for the Northern District of Texas in these administratively consolidated cases.

III. FACTUAL BACKGROUND

5. Each of the Contracts¹ is a transportation agreement for pipeline transport capacity on the PGT Transportation System. The Debtors entered into the Contracts for the express purpose of providing a natural gas fuel supply to the Debtors' existing power plants in California and to a planned expansion of the California power plants. Collectively, the Contracts provide pipeline transport capacity from the United States-Canadian border to the Oregon-California border. PGT is currently holding approximately \$3.1 million in cash collateral² as security for MAEM's obligations under the Contracts.³ Mirant has guaranteed MAEM's obligations under the Contracts in the amount of approximately \$30 million.

6. The "Firm Transportation Service Agreement, F-7266" between MAEM and PGT ("FTS Agreement No. F-7266") is a transportation agreement for pipeline transportation capacity of 35,000 MMBtu per day on a portion of the PGT Transportation System. This contract expires on October 31, 2009. The transportation capacity received under FTS Agreement No. F-7266 has been assigned by MAEM to a third party until October 31, 2006.

7. The "Firm Transportation Service Agreement, F-7325" between MAEM

¹ The Contracts are attached hereto as Exhibits A-F. The Debtors have not served parties on the Limited Service List with copies of Exhibits A-F as indicated in the Certificate of Service attached hereto. Parties in interest may request a copy of the Contracts by making a written request to the Debtors' counsel.

² The initial collateral for the Contracts was a \$3,725,202 million letter of credit with Wachovia Bank. PGT drew down on the entire letter of credit prior to its expiration, net of various credits and applications by PGT. PGT is currently holding \$3,107,790 as cash collateral for the Contracts.

³ This cash collateral secures MAEM's obligations for all transport contracts between MAEM and PGT, including the "Firm Transportation Service Agreement, F-8217" ("FTS Agreement No. F-8217"), which the Debtors are not seeking to reject or assume at this time.

and PGT (“FTS Agreement No. F-7325”) is a transportation agreement for pipeline transportation capacity of 78,000 MMBtu per day on a portion of the PGT Transportation System. This contract expires on October 31, 2009. The transportation capacity received under FTS Agreement No. F-7325 has been assigned by MAEM to a third party until October 31, 2006.

8. The “Firm Transportation Service Agreement, F-7327” between MAEM and PGT (“FTS Agreement No. F-7327”) is a transportation agreement for pipeline transportation capacity of 46,931 MMBtu per day on a portion of the PGT Transportation System. This contract expires on October 31, 2009. The transportation capacity received under FTS Agreement No. F-7327 has been assigned by MAEM to a third party until October 31, 2006.

9. The “Firm Transportation Service Agreement, F-8400” between MAEM and PGT (“FTS Agreement No. F-8400”) is a transportation agreement for pipeline transportation capacity of 15,708 MMBtu per day on a portion of the PGT Transportation System. This contract expires on October 31, 2009. The transportation capacity received under FTS Agreement No. F-8400 has been assigned by MAEM to a third party until October 31, 2006.

10. The “Firm Transportation Service Agreement, F-8420” between MAEM and PGT (“FTS Agreement No. F-8420”) is a transportation agreement for pipeline transportation capacity of 16,500 MMBtu per day on a portion of the PGT Transportation System. This contract expires on October 31, 2028.

11. The “Firm Transportation Service Agreement, F-8551” between MAEM and PGT (“FTS Agreement No. F-8551”) is a transportation agreement for pipeline

transportation capacity of 13,000 MMBtu per day on a portion of the PGT Transportation System. This contract expires on October 31, 2009. The transportation capacity received under FTS Agreement No. F-8551 has been assigned by MAEM to a third party until October 31, 2006.⁴

IV. RELIEF REQUESTED

12. By this Motion, the Debtors hereby seek approval of the rejection of the Contracts under section 365 of the Bankruptcy Code. The Debtors specifically direct this Court's attention to the fact that the Contracts are contracts over which FERC has certain jurisdictional authority. However, the Debtors submit that there is no jurisdictional impediment to this Court granting the Motion.

13. The Debtors submit that the rejection of the Contracts may, and should, be approved by this Court. PGT has blanket certificate authority to enter into the Contracts pursuant to 18 C.F. R. Part 284, Subpart G of FERC's regulations, and, as such, the agreements did not require specific FERC approval to Debtors and PGT entering into such agreements. This blanket certificate authority granted to PGT contains pre-granted automatic abandonment authority, and so FERC approval is also not required to "abandon" the service and terminate the Contracts. 18 C.F. R. § 84.221(d). Certainly, if the parties have the authority to enter into and terminate the Contracts without seeking individual FERC approval due to PGT's blanket certificate authorization, the Debtors should be permitted to reject these Contracts under the

⁴ The entire transportation capacity under the FTS Agreement No. F-7266, FTS Agreement No. F-7325, FTS Agreement No. F-7327, FTS Agreement No. F-8400, and FTS Agreement No. F-8551 has been assigned by MAEM to a third party until October 31, 2006. The residual volume of these contracts is 188,639 MMBtu per day from November, 1, 2006 through October 31, 2009.

unique facts and circumstances presented here.⁵

V. BASIS FOR RELIEF

14. Section 365(a) of the Bankruptcy Code provides that a debtor-in-possession, “subject to the court’s approval, may assume or reject an executory contract of the debtor.” 11 U.S.C. § 365(a). An executory contract is defined as one where material performance is due on both sides such that the failure of either party to complete performance would constitute a material breach of the contract excusing performance of the non-breaching party. *See In re Liljeberg Enterprises, Inc.*, 304 F.3d 410, 436 (5th Cir. 2002); *In re Murexco Petroleum, Inc.*, 15 F.3d 60, 62-63 (5th Cir. 1994).

15. The Contracts are executory contracts because they require (i) PGT to provide the on-going right to use the PGT Transportation System and (ii) MAEM to pay for these rights. Moreover, PGT’s failure to continue to provide these rights would constitute a material breach of the Contracts, excusing the performance of the other party. Therefore, the Contracts are undoubtedly executory contracts that may be rejected under section 365 of the Bankruptcy Code. *See, e.g., In re El Paso Refinery, L.P.*, 220 B.R. 37, 39 n.1 (Bankr. W.D. Tex. 1998) (contract requiring debtor to provide jet fuel to government held to be executory); *In re Cajun Power Cooperative, Inc.*, 230 B.R. 693, 702 (Bankr. D. La. 1999) (supply contracts entered into by debtor electric cooperative held executory).

Rejection Of the Contracts Is Within the Debtors’ Business Judgment.

16. As noted previously, rejection of an executory contract requires court

⁵ Although PGT has not specifically requested termination of the Contracts pursuant to this Motion, conduct of a party (or lack thereof) may constitute consent. *See, e.g., Futuresource LLC v. Reuters Ltd.*, 312 F.3d 281, 285 (7th Cir. 2002), *cert. denied*, 123 S. Ct. 1769 (2003) (failure to object to a § 363 sale “counts as consent”).

approval. A debtor's decision to assume or reject will be approved, provided that it meets the "business judgment" test, pursuant to which rejection of an executory contract is appropriate if such rejection would benefit the estate. *See Richmond Leasing v. Capital Bank, N.A.*, 762 F.2d 1303, 1309 (5th Cir. 1985); *In re G.I. Indus., Inc.*, 204 F.3d 1276, 1282 (9th Cir. 2000) ("[A] bankruptcy court applies the business judgment rule to evaluate a trustee's rejection decision..."); *In re Food Barn Stores, Inc.*, 107 F.3d 558, 567 n. 16 (8th Cir. 1997) (debtor's request to assume or reject contract should be approved where not manifestly unreasonable or made in bad faith).

17. The "business judgment" test is satisfied where the assumption or rejection of an executory contract enhances the value of the estate. *See Richmond Leasing*, 762 F.2d at 1309. Upon a finding that a debtor has exercised sound business judgment in determining whether to assume or reject an executory contract, a court should approve the decision pursuant to section 365(a) of the Bankruptcy Code. *See NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 523 (1984). "The fundamental purpose of reorganization is to prevent a debtor from going into liquidation, with an attendant loss of jobs and possible misuse of economic resources." *Bildisco*, 465 U.S. at 528 (citing H.R.Rep. No. 95-595, p. 220 (1977)).

18. At the time the Debtors entered into the Contracts, they intended to use the PGT Transportation System to provide a supply of natural gas to the Debtors' existing power plants in California and a planned expansion of the California power plants. Due to changes in the market and the Debtors' business operations (including the cancellation of previously planned expansion of the California plants), the fuel supply reserved by the Contracts exceeds

the maximum fuel that is needed or can be used by the Debtors' California power plants.⁶

Therefore, the Debtors have temporarily assigned the pipeline capacity reserved by the Contracts to a third party through October, 2006. The Debtors' reasonable business judgment is that rejection of the Contracts is necessary because the Debtors have no need of the pipeline capacity reserved by the Contracts at any price.

19. The Debtors have determined, in their reasonable business judgment, that the Contracts should be rejected as an impediment to the Debtors' ongoing business operations. As discussed above, the Debtors entered into the Contracts, in part, to secure a supply of natural gas for a planned expansion of the California power plants. As the planned expansion has been cancelled, the Debtors do not need and cannot use the supply of natural gas provided by the Contracts. The Debtors have alternative supplies of fuel sufficient to meet the needs of the existing California power plants and the Debtors' operations.

20. By rejecting the Contracts now, the Debtors avoid future losses associated with the Contracts. Therefore, the Debtors have determined that it is in their best interest to reject the Contracts at this time.

⁶ This fuel supply cannot be sent to alternative power plants because the Contracts specifically reserve a section of the PGT Transportation Pipeline that stretches from the United States-Canadian border to the Oregon-California border.

VI. CONCLUSION

WHEREFORE, based upon the foregoing, the Debtors request that the Court grant the relief requested herein, and any other relief that is necessary and proper.

Dated: March 29, 2004

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By /s/ Ian Peck
Robin Phelan
State Bar No. 15903000
Judith Elkin
State Bar No. 06522200
Ian T. Peck
State Bar No. 24013306

-and-

Thomas E Lauria
TX State Bar No. 11998025
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Miami, Florida 33131
(305) 371-2700

**ATTORNEYS FOR THE DEBTORS AND
DEBTORS-IN-POSSESSION**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 29th day of March, 2004, he authorized Bankruptcy Services LLC (BSI) as service agent to serve a true and correct copy of the foregoing upon all persons on the Limited Service List (without exhibits) via U.S. mail, and the addressees set forth below via overnight mail (with exhibits).

Eric J. Taube
Mark C. Taylor
Hohmann, Taube & Summers, L.L.P.
100 Congress Avenue
Suite 1600
Austin, TX 78701

Deborah D. Williamson
Thomas Rice
Cox & Smith Incorporated
112 East Pecan Street
Suite 1800
San Antonio, TX 78205-1505

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Brown Rudnick Berlack Israels LLP
City Place I, 185 Asylum Street
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Edward S. Weisfelner
Leslie H. Scharf
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120 West 45th Street
New York, NY 10036

PG&E Gas Transmission, Northwest
Corporation
Attn: Peter Lund, Pipeline Marketing &
Development
1400 SW 5th Avenue, Suite 900
Portland, OR 97201

Paul N. Silverstein
Andrews & Kurth, L.L.P.
805 Third Avenue
New York, NY 10022

Federal Energy Regulatory Commission
Attn: Dennis Lane
888 First Street, NE
Washington, DC 20426

Jason S. Brookner
Andrews & Kurth, L.L.P.
1717 Main Street
Suite 3700
Dallas, TX 75201

/s/ Ian Peck

EXHIBIT A

FIRM TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT is made and entered into this 28th day of June, 2002, by and between

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION, a California corporation (hereinafter referred to as "PG&E GT-NW"),

and

MIRANT AMERICAS ENERGY MARKETING, L.P., a limited partnership existing under the laws of the State of Delaware (hereinafter referred to as "Shipper").

WHEREAS, PG&E GT-NW owns and operates a natural gas pipeline transmission system which extends from a point of interconnection with the pipeline facilities of Alberta Natural Gas Company Ltd (ANG) at the International Boundary near Kingsgate, British Columbia, through the states of Idaho, Washington and Oregon to a point of interconnection with Pacific Gas and Electric Company at the Oregon-California border near Malin, Oregon; and

WHEREAS, Shipper desires PG&E GT-NW, on a firm basis, to transport certain quantities of natural gas from Stanfield, Oregon to Malin, Oregon as specified in Exhibit A of this agreement; and

WHEREAS, PG&E GT-NW is willing to transport certain quantities of natural gas for Shipper, on a firm basis,

NOW, THEREFORE, the parties agree as follows:

I Governmental Authority

1.1 This Firm Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission (FERC) contained in 18 CFR Part 284, as amended from time to time.

1.2 This Agreement is subject to all valid legislation with respect to the subject matters hereof, either state or federal, and to all valid present and future decisions, orders, rules, regulations and ordinances of all duly constituted governmental authorities having jurisdiction.

PG&E Gas Transmission, Northwest Corporation is not the same company as Pacific Gas and Electric Company, the California utility. PG&E Gas Transmission, Northwest Corporation is not regulated by the California Public Utilities Commission, and customers of Pacific Gas and Electric Company do not have to buy PG&E Gas Transmission, Northwest Corporation's products in order to continue to receive quality regulated services from the utility.

1.3 Shipper shall reimburse PG&E GT-NW for any and all filing fees incurred by PG&E GT-NW in seeking governmental authorization for the initiation, extension, or termination of service under this Agreement and Rate Schedule FTS-1. Shipper shall reimburse PG&E GT-NW for such fees at PG&E GT-NW's designated office within ten (10) days of receipt of notice from PG&E GT-NW that such fees are due and payable. Additionally, Shipper shall reimburse PG&E GT-NW for any and all penalty fees or fines assessed PG&E GT-NW caused by the negligence of Shipper in not obtaining all proper Canadian and domestic import/export licenses, surety bonds or any other documents and approvals related to the Canadian exportation and subsequent domestic importation of natural gas transported by PG&E GT-NW hereunder.

II

Quantity of Gas and Priority of Service

2.1 Subject to the terms and provisions of this Agreement and PG&E GT-NW's Transportation General Terms and Conditions applicable to Rate Schedule FTS-1, daily receipts of gas by PG&E GT-NW from Shipper at the point(s) of receipt shall be equal to daily deliveries of gas by PG&E GT-NW to Shipper at the point(s) of delivery; provided, however, Shipper shall deliver to PG&E GT-NW an additional quantity of natural gas at the point(s) of receipt as compressor station fuel, line loss and unaccounted for gas as specified in the Statement of Effective Rates and Charges applicable to Rate Schedule FTS-1. Any limitations of the quantities to be received from each point of receipt and/or delivered to each point of delivery shall be as specified on the Exhibit A attached hereto.

2.2 The maximum quantities of gas to be delivered by PG&E GT-NW for Shipper's account at the point(s) of delivery are set forth in Exhibit A.

2.3 In providing service to its existing or new customers, PG&E GT-NW will use the priorities of service specified in Paragraph 19 of PG&E GT-NW's Transportation General Terms and Conditions on file with the FERC.

2.4 Prior to initiation of service, Shipper shall provide PG&E GT-NW with any information required by the FERC, as well as all information identified in PG&E GT-NW's Transportation General Terms and Conditions applicable to Rate Schedule FTS-1.

III

Term of Agreement

3.1 This Agreement shall become effective November 1, 2000, and shall continue in full force and effect through October 31, 2009.

**IV
Points of Receipt and Delivery**

4.1 The point(s) of receipt of gas deliveries to PG&E GT-NW is as designated in Exhibit A, attached hereto.

4.2 The point(s) of delivery of gas to Shipper is as designated in Exhibit A, attached hereto.

4.3 Shipper shall deliver or cause to be delivered to PG&E GT-NW the gas to be transported hereunder at pressures sufficient to deliver such gas into PG&E GT-NW's system at the point(s) of receipt. PG&E GT-NW shall deliver the gas to be transported hereunder to or for the account of Shipper at the pressures existing in PG&E GT-NW's system at the point(s) of delivery.

**V
Operating Procedure**

5.1 Shipper shall conform to the operating procedures set forth in PG&E GT-NW's Transportation General Terms and Conditions.

5.2 Nothing in Section 5.1 shall compel PG&E GT-NW to transport gas pursuant to Shipper's request on any given day. PG&E GT-NW shall have the right to interrupt or curtail the transport of gas for the account of Shipper pursuant to PG&E GT-NW's Transportation General Terms and Conditions applicable to Rate schedule FTS-1.

**VI
Rate(s), Rate Schedules,
and General Terms and Conditions of Service**

6.1 Shipper shall pay PG&E GT-NW each month for services rendered pursuant to this Agreement in accordance with PG&E GT-NW's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC. In the event PG&E GT-NW and shipper agree on a Negotiated Rate, that rate, and any provisions governing such Negotiated Rate, shall be set forth in Exhibit B attached hereto.

6.2 Shipper shall compensate PG&E GT-NW each month for compressor station fuel, line loss and other unaccounted for gas associated with this transportation service provided herein in accordance with PG&E GT-NW's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

6.3 This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule FTS-1, or superseding rate schedule(s) and of the applicable Transportation General Terms and Conditions of PG&E GT-NW's FERC Gas Tariff First

Revised Volume No. 1-A on file with the FERC, all of which are by this reference made a part hereof.

6.4 PG&E GT-NW shall have the unilateral right from time to time to propose and file with FERC such changes in the rates and charges applicable to transportation services pursuant to this Agreement, the rate schedule(s) under which this service is hereunder provided, or any provisions of PG&E GT-NW's Transportation General Terms and Conditions applicable to such services. Shipper shall have the right to protest any such changes proposed by PG&E GT-NW and to exercise any other rights that Shipper may have with respect thereto.

VII Miscellaneous

7.1 This Agreement shall be interpreted according to the laws of the State of California.

7.2 Shipper warrants that upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Agreement and any quantity limitations for each point as specified on Exhibit A attached hereto.

7.3 Shipper agrees to indemnify and hold PG&E GT-NW harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.

7.4 Unless herein provided to the contrary, any notice called for in this Agreement shall be in writing and shall be considered as having been given if delivered by registered mail or telex with all postage or charges prepaid, to either PG&E GT-NW or Shipper at the place designated below. Routine communications, including monthly statements and payment, shall be considered as duly delivered when received by ordinary mail. Unless changed, the addresses of the parties are as follows:

"PG&E GT-NW"	PG&E GAS TRANSMISSION, NORTHWEST CORPORATION 1400 SW 5 th Avenue, Suite 900 Portland, Oregon 97201 Attention: Peter G. Lund, Vice President
"Shipper" (Notices)	Mirant Americas Energy Marketing, L.P. 600, 707 8th Ave. SW Calgary, Alberta T2P 3V3 Attention: Ron Youell

"Shipper"
(Invoices) Mirant Americas Energy Marketing, L.P.
600, 707 8th Ave. SW
Calgary, Alberta T2P 3V3
Attention: Ron Youell

7.5 A waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.

7.6 This Agreement may only be amended by an instrument in writing executed by both parties hereto.


7.7 Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to PG&E GT-NW.

7.8 This Agreement shall terminate upon the expiration of any transportation authority which is not superseded, for whatever reason, by permanent transportation authority.

7.9 Exhibits A and C, attached hereto are incorporated herein by reference and made a part hereof for all purposes.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION

By: 
Name: Peter G. Lund
Title: VP, Pipeline Marketing & Development

MIRANT AMERICAS ENERGY MARKETING, L.P.

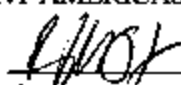
By: 
Name: Rob Schaefer
Title: VP Marketing & Development

EXHIBIT A

TO THE TRANSPORTATION AGREEMENT
Dated 28th day of June, 2002
Between

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION
And
MIRANT AMERICAS ENERGY MARKETING, L.P.

Receipt Point ⁽¹⁾	Delivery Point ⁽¹⁾	Maximum Daily Quantity (MDQ) (Dth/day) ⁽²⁾
Stanfield, OR	Malin, OR	35,000

- ⁽¹⁾ Pursuant to paragraph 29 of PG&E GT-NW's Transportation General Terms and Conditions, Shipper may designate other receipt and delivery points as "secondary receipt" and "secondary delivery" points.
- ⁽²⁾ Shipper's Maximum Daily Quantity or MDQ for service under this Agreement, shall be based on the quantity of gas delivered at Shipper's point(s) of delivery as stated in this Exhibit A.
- ⁽³⁾ The term for such capacity is from November 1, 2000 through October 31, 2009.

EXHIBIT C

**TO THE FIRM TRANSPORTATION SERVICE AGREEMENT
Dated 28th day of June, 2002
Between**

**PG&E GAS TRANSMISSION, NORTHWEST CORPORATION
and
MIRANT AMERICAS ENERGY MARKETING, L.P.**

Type of Replacement Service:

Replacement Shipper:

Receipt Point:

Delivery Point:

Maximum Daily Quantity:

Commencement of Credit:

Termination of Credit:

Level of Credit: ___ percent of the maximum rate defined as: _____
applicable for service under Rate Schedule FTS-1.

Other Terms and Conditions:

1. _____

2. _____

3. _____

Effective _____

EXHIBIT B

FIRM TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT is made and entered into this 12th day of December, 2000, by and between

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION, a California corporation (hereinafter referred to as "PG&E GTN"),

and

Southern Company Energy Marketing, L.P., a corporation existing under the laws of the state of Delaware (hereinafter referred to as "Shipper").

WHEREAS, PG&E GTN owns and operates a natural gas pipeline transmission system which extends from a point of interconnection with the pipeline facilities of Alberta Natural Gas Company Ltd (ANG) at the International Boundary near Kingsgate, British Columbia, through the states of Idaho, Washington and Oregon to a point of interconnection with Pacific Gas and Electric Company at the Oregon-California border near Malin, Oregon; and

WHEREAS, Shipper desires PG&E GTN, on a firm basis, to transport certain quantities of natural gas from Stanfield, Oregon to Malin, Oregon as specified in Exhibit A of this agreement; and

WHEREAS, PG&E GTN is willing to transport certain quantities of natural gas for Shipper, on a firm basis,

NOW, THEREFORE, the parties agree as follows:

I

Governmental Authority

1.1 This Firm Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission (FERC) contained in 18 CFR Part 284, as amended from time to time.

1.2 This Agreement is subject to all valid legislation with respect to the subject matters hereof, either state or federal, and to all valid present and future decisions, orders, rules, regulations and ordinances of all duly constituted governmental authorities having jurisdiction.

PG&E Gas Transmission, Northwest Corporation is not the same company as Pacific Gas and Electric Company, the California utility. PG&E Gas Transmission, Northwest Corporation is not regulated by the California Public Utilities Commission, and customers of Pacific Gas and Electric Company do not have to buy PG&E Gas Transmission, Northwest Corporation's products in order to continue to receive quality regulated services from the utility.

1.3 Shipper shall reimburse PG&E GTN for any and all filing fees incurred by PG&E GTN in seeking governmental authorization for the initiation, extension, or termination of service under this Agreement and Rate Schedule FTS-1. Shipper shall reimburse PG&E GTN for such fees at PG&E GTN's designated office within ten (10) days of receipt of notice from PG&E GTN that such fees are due and payable. Additionally, Shipper shall reimburse PG&E GTN for any and all penalty fees or fines assessed PG&E GTN caused by the negligence of Shipper in not obtaining all proper Canadian and domestic import/export licenses, surety bonds or any other documents and approvals related to the Canadian exportation and subsequent domestic importation of natural gas transported by PG&E GTN hereunder.

II

Quantity of Gas and Priority of Service

2.1 Subject to the terms and provisions of this Agreement and PG&E GTN's Transportation General Terms and Conditions applicable to Rate Schedule FTS-1, daily receipts of gas by PG&E GTN from Shipper at the point(s) of receipt shall be equal to daily deliveries of gas by PG&E GTN to Shipper at the point(s) of delivery; provided, however, Shipper shall deliver to PG&E GTN an additional quantity of natural gas at the point(s) of receipt as compressor station fuel, line loss and unaccounted for gas as specified in the Exhibit A attached hereto. Any limitations of the quantities to be received from each point of receipt and/or delivered to each point of delivery shall be as specified on the Exhibit A attached hereto.

2.2 The maximum quantities of gas to be delivered by PG&E GTN for Shipper's account at the point(s) of delivery are set forth in Exhibit A.

2.3 In providing service to its existing or new customers, PG&E GTN will use the priorities of service specified in Paragraph 19 of PG&E GTN's Transportation General Terms and Conditions on file with the FERC.

2.4 Prior to initiation of service, Shipper shall provide PG&E GTN with any information required by the FERC, as well as all information identified in PG&E GTN's Transportation General Terms and Conditions applicable to Rate Schedule FTS-1.

III

Term of Agreement

3.1 This Agreement shall become effective November 1, 2001, and shall continue in full force and effect through October 31, 2009.

**IV
Points of Receipt and Delivery**

4.1 The point(s) of receipt of gas deliveries to PG&E GTN is as designated in Exhibit A, attached hereto.

4.2 The point(s) of delivery of gas to Shipper is as designated in Exhibit A, attached hereto.

4.3 Shipper shall deliver or cause to be delivered to PG&E GTN the gas to be transported hereunder at pressures sufficient to deliver such gas into PG&E GTN's system at the point(s) of receipt. PG&E GTN shall deliver the gas to be transported hereunder to or for the account of Shipper at the pressures existing in PG&E GTN's system at the point(s) of delivery.

**V
Operating Procedure**

5.1 Shipper shall conform to the operating procedures set forth in PG&E GTN's Transportation General Terms and Conditions.

5.2 Nothing in Section 5.1 shall compel PG&E GTN to transport gas pursuant to Shipper's request on any given day. PG&E GTN shall have the right to interrupt or curtail the transport of gas for the account of Shipper pursuant to PG&E GTN's Transportation General Terms and Conditions applicable to Rate schedule FTS-1.

**VI
Rate(s), Rate Schedules,
and General Terms and Conditions of Service**

6.1 Shipper shall pay PG&E GTN each month for services rendered pursuant to this Agreement in accordance with PG&E GTN's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC. In the event PG&E GTN and shipper agree on a Negotiated Rate, that rate, and any provisions governing such Negotiated Rate, shall be set forth in Exhibit B attached hereto.

6.2 Shipper shall compensate PG&E GTN each month for compressor station fuel, line loss and other unaccounted for gas associated with this transportation service provided herein in accordance with PG&E GTN's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

6.3 This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule FTS-1, or superseding rate schedule(s) and of the applicable Transportation General Terms and Conditions of PG&E GTN's FERC Gas Tariff First Revised Volume No. 1-A on file with the FERC, all of which are by this reference made a part hereof.

6.4 PG&E GTN shall have the unilateral right from time to time to propose and file with FERC such changes in the rates and charges applicable to transportation services pursuant to this Agreement, the rate schedule(s) under which this service is hereunder provided, or any provisions of PG&E GTN's Transportation General Terms and Conditions applicable to such services. Shipper shall have the right to protest any such changes proposed by PG&E GTN and to exercise any other rights that Shipper may have with respect thereto.

VII Miscellaneous

7.1 This Agreement shall be interpreted according to the laws of the State of California.

7.2 Shipper warrants that upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Agreement and any quantity limitations for each point as specified on Exhibit A attached hereto.

7.3 Shipper agrees to indemnify and hold PG&E GTN harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.

7.4 Unless herein provided to the contrary, any notice called for in this Agreement shall be in writing and shall be considered as having been given if delivered by registered mail or telex with all postage or charges prepaid, to either PG&E GTN or Shipper at the place designated below. Routine communications, including monthly statements and payment, shall be considered as duly delivered when received by ordinary mail. Unless changed, the addresses of the parties are as follows:

"PG&E GTN"	PG&E GAS TRANSMISSION, NORTHWEST CORPORATION 1400 SW 5 th Avenue, Suite 900 Portland, Oregon 97201 Attention: James R. Robbins
"Shipper" (Notices)	SOUTHERN COMPANY ENERGY MARKETING, L.P. 1155 Perimeter Center W., Suite 130 Atlanta, GA 30338-5416 Attention: Rob Schaefer

"Shipper"
(Invoices) SOUTHERN COMPANY ENERGY MARKETING,
L.P.
1155 Perimeter Center W., Suite 130
Atlanta, GA 30338-5416
Attention: _____

7.5 A waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.

7.6 This Agreement may only be amended by an instrument in writing executed by both parties hereto.

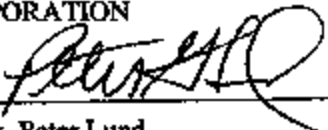
7.7 Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to PG&E GTN.

7.8 This Agreement shall terminate upon the expiration of any transportation authority which is not superseded, for whatever reason, by permanent transportation authority.


7.9 Exhibits A and C, attached hereto are incorporated herein by reference and made a part hereof for all purposes.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION

By: 
Name: Peter Lund
Title: VP, Pipeline Marketing & Development

SOUTHERN COMPANY ENERGY MARKETING, L.P.

By: 
Name: Randy Harrison
Title: CEO - West Region

Contract electronically signed on Pacific Trail®

By: «signature»

Date: «signature»

EXHIBIT A**TO THE TRANSPORTATION AGREEMENT****Dated 12th day of December, 2000****Between****PG&E GAS TRANSMISSION, NORTHWEST CORPORATION****And****SOUTHERN COMPANY ENERGY MARKETING, L.P.**

Receipt Point⁽¹⁾	Delivery Point⁽²⁾	Maximum Daily Quantity (MDQ) (Dth/day)⁽³⁾
Stanfield, OR	Malin, OR	91,000

- (1) Primary Receipt Point rights limited to nominations sourced from within PG&E GTN's system only.
- (2) Shipper's Maximum Daily Quantity or MDQ for service under this Agreement, shall be based on the quantity of gas delivered at Shipper's point(s) of delivery as stated in this Exhibit A.
- (3) The term for such capacity is from November 1, 2001 through October 31, 2009.

EXHIBIT C

TO THE FIRM TRANSPORTATION SERVICE AGREEMENT
Dated 12th day of December, 2000
Between

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION
and
SOUTHERN COMPANY ENERGY MARKETING, L.P.

Type of Replacement Service:

Replacement Shipper:

Receipt Point:

Delivery Point:

Maximum Daily Quantity:

Commencement of Credit:

Termination of Credit:

Level of Credit: ___ percent of the maximum rate defined as: _____
applicable for service under Rate Schedule FTS-1.

Other Terms and Conditions:

1. _____
2. _____
3. _____

Effective _____

EXHIBIT C

FIRM TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT is made and entered into this 12th day of December, 2000, by and between

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION, a California corporation (hereinafter referred to as "PG&E GTN"),

and

Southern Company Energy Marketing, L.P., a corporation existing under the laws of the state of Delaware (hereinafter referred to as "Shipper").

WHEREAS, PG&E GTN owns and operates a natural gas pipeline transmission system which extends from a point of interconnection with the pipeline facilities of Alberta Natural Gas Company Ltd (ANG) at the International Boundary near Kingsgate, British Columbia, through the states of Idaho, Washington and Oregon to a point of interconnection with Pacific Gas and Electric Company at the Oregon-California border near Malin, Oregon; and

WHEREAS, Shipper desires PG&E GTN, on a firm basis, to transport certain quantities of natural gas from Kingsgate, British Columbia to Stanfield, Oregon as specified in Exhibit A of this agreement; and

WHEREAS, PG&E GTN is willing to transport certain quantities of natural gas for Shipper, on a firm basis,

WHEREAS, this agreement shall cancel and supersede Exhibit R-07321 effective November 1, 2001 to October 31, 2006, between PG&E GT-NW and Shipper.

NOW, THEREFORE, the parties agree as follows:

I

Governmental Authority

1.1 This Firm Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission (FERC) contained in 18 CFR Part 284, as amended from time to time.

1.2 This Agreement is subject to all valid legislation with respect to the subject matters hereof, either state or federal, and to all valid present and future decisions, orders, rules, regulations and ordinances of all duly constituted governmental authorities having jurisdiction.

PG&E Gas Transmission, Northwest Corporation is not the same company as Pacific Gas and Electric Company, the California utility. PG&E Gas Transmission, Northwest Corporation is not regulated by the California Public Utilities Commission, and customers of Pacific Gas and Electric Company do not have to buy PG&E Gas Transmission, Northwest Corporation's products in order to continue to receive quality regulated services from the utility.

1.3 Shipper shall reimburse PG&E GTN for any and all filing fees incurred by PG&E GTN in seeking governmental authorization for the initiation, extension, or termination of service under this Agreement and Rate Schedule FTS-1. Shipper shall reimburse PG&E GTN for such fees at PG&E GTN's designated office within ten (10) days of receipt of notice from PG&E GTN that such fees are due and payable. Additionally, Shipper shall reimburse PG&E GTN for any and all penalty fees or fines assessed PG&E GTN caused by the negligence of Shipper in not obtaining all proper Canadian and domestic import/export licenses, surety bonds or any other documents and approvals related to the Canadian exportation and subsequent domestic importation of natural gas transported by PG&E GTN hereunder.

II

Quantity of Gas and Priority of Service

2.1 Subject to the terms and provisions of this Agreement and PG&E GTN's Transportation General Terms and Conditions applicable to Rate Schedule FTS-1, daily receipts of gas by PG&E GTN from Shipper at the point(s) of receipt shall be equal to daily deliveries of gas by PG&E GTN to Shipper at the point(s) of delivery; provided, however, Shipper shall deliver to PG&E GTN an additional quantity of natural gas at the point(s) of receipt as compressor station fuel, line loss and unaccounted for gas as specified in the Exhibit A attached hereto. Any limitations of the quantities to be received from each point of receipt and/or delivered to each point of delivery shall be as specified on the Exhibit A attached hereto.

2.2 The maximum quantities of gas to be delivered by PG&E GTN for Shipper's account at the point(s) of delivery are set forth in Exhibit A.

2.3 In providing service to its existing or new customers, PG&E GTN will use the priorities of service specified in Paragraph 19 of PG&E GTN's Transportation General Terms and Conditions on file with the FERC.

2.4 Prior to initiation of service, Shipper shall provide PG&E GTN with any information required by the FERC, as well as all information identified in PG&E GTN's Transportation General Terms and Conditions applicable to Rate Schedule FTS-1.

III

Term of Agreement

3.1 This Agreement shall become effective November 1, 2001, and shall continue in full force and effect through October 31, 2006.

**IV
Points of Receipt and Delivery**

4.1 The point(s) of receipt of gas deliveries to PG&E GTN is as designated in Exhibit A, attached hereto.

4.2 The point(s) of delivery of gas to Shipper is as designated in Exhibit A, attached hereto.

4.3 Shipper shall deliver or cause to be delivered to PG&E GTN the gas to be transported hereunder at pressures sufficient to deliver such gas into PG&E GTN's system at the point(s) of receipt. PG&E GTN shall deliver the gas to be transported hereunder to or for the account of Shipper at the pressures existing in PG&E GTN's system at the point(s) of delivery.

**V
Operating Procedure**

5.1 Shipper shall conform to the operating procedures set forth in PG&E GTN's Transportation General Terms and Conditions.

5.2 Nothing in Section 5.1 shall compel PG&E GTN to transport gas pursuant to Shipper's request on any given day. PG&E GTN shall have the right to interrupt or curtail the transport of gas for the account of Shipper pursuant to PG&E GTN's Transportation General Terms and Conditions applicable to Rate schedule FTS-1.

**VI
Rate(s), Rate Schedules,
and General Terms and Conditions of Service**

6.1 Shipper shall pay PG&E GTN each month for services rendered pursuant to this Agreement in accordance with PG&E GTN's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC. In the event PG&E GTN and shipper agree on a Negotiated Rate, that rate, and any provisions governing such Negotiated Rate, shall be set forth in Exhibit B attached hereto.

6.2 Shipper shall compensate PG&E GTN each month for compressor station fuel, line loss and other unaccounted for gas associated with this transportation service provided herein in accordance with PG&E GTN's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

6.3 This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule FTS-1, or superseding rate schedule(s) and of the applicable Transportation General Terms and Conditions of PG&E GTN's FERC Gas Tariff First Revised Volume No. 1-A on file with the FERC, all of which are by this reference made a part hereof.

6.4 PG&E GTN shall have the unilateral right from time to time to propose and file with FERC such changes in the rates and charges applicable to transportation services pursuant to this Agreement, the rate schedule(s) under which this service is hereunder provided, or any provisions of PG&E GTN's Transportation General Terms and Conditions applicable to such services. Shipper shall have the right to protest any such changes proposed by PG&E GTN and to exercise any other rights that Shipper may have with respect thereto.

VII Miscellaneous

7.1 This Agreement shall be interpreted according to the laws of the State of California.

7.2 Shipper warrants that upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Agreement and any quantity limitations for each point as specified on Exhibit A attached hereto.

7.3 Shipper agrees to indemnify and hold PG&E GTN harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.

7.4 Unless herein provided to the contrary, any notice called for in this Agreement shall be in writing and shall be considered as having been given if delivered by registered mail or telex with all postage or charges prepaid, to either PG&E GTN or Shipper at the place designated below. Routine communications, including monthly statements and payment, shall be considered as duly delivered when received by ordinary mail. Unless changed, the addresses of the parties are as follows:

"PG&E GTN"	PG&E GAS TRANSMISSION, NORTHWEST CORPORATION 1400 SW 5 th Avenue, Suite 900 Portland, Oregon 97201 Attention: James R. Robbins
"Shipper" (Notices)	SOUTHERN COMPANY ENERGY MARKETING, L.P. 1155 Perimeter Center W., Suite 130 Atlanta, GA 30338-5416 Attention: Rob Schaefer

"Shipper"
(Invoices) SOUTHERN COMPANY ENERGY MARKETING,
L.P.
1155 Perimeter Center W., Suite 130
Atlanta, GA 30338-5416
Attention: _____

7.5 A waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.

7.6 This Agreement may only be amended by an instrument in writing executed by both parties hereto.

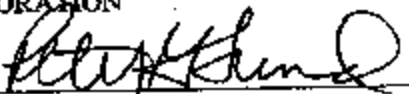
7.7 Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to PG&E GTN.

7.8 This Agreement shall terminate upon the expiration of any transportation authority which is not superseded, for whatever reason, by permanent transportation authority.

7.9 Exhibits A and C, attached hereto are incorporated herein by reference and made a part hereof for all purposes.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

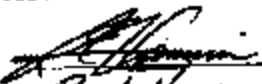
PG&E GAS TRANSMISSION, NORTHWEST
CORPORATION

By: 

Name: Peter Lund

Title: VP, Pipeline Marketing & Development

SOUTHERN COMPANY ENERGY MARKETING, L.P.

By: 

Name: Randy Hays

Title: CEO - West Region

Contract electronically signed on Pacific Trail®

By: «signname»

Date: «signdate»

EXHIBIT A

**TO THE TRANSPORTATION AGREEMENT
Dated 12th day of December, 2000
Between**

**PG&E GAS TRANSMISSION, NORTHWEST CORPORATION
And
SOUTHERN COMPANY ENERGY MARKETING, L.P.**

Receipt Point⁽¹⁾	Delivery Point⁽²⁾	Maximum Daily Quantity (MDQ) (Dth/day)⁽³⁾
Kingsgate, BC	Stanfield, OR	92,931

- (1) Pursuant to paragraph 29 of PG&E GT-NW's Transportation General Terms and Conditions, Shipper may designate other receipt and delivery points as "secondary receipt" and "secondary delivery" points.
- (2) Shipper's Maximum Daily Quantity or MDQ for service under this Agreement, shall be based on the quantity of gas delivered at Shipper's point(s) of delivery as stated in this Exhibit A.
- (3) The term for such capacity is from November 1, 2001 through October 31, 2006.



**PG&E National
Energy Group**

Peter G. Lund
Vice President,
Pipeline Marketing &
Development

1400 SW Fifth Avenue
Suite 900
Portland, OR 97201

503.833.4114
Fax: 503.833.4813
peter.lund@nag.pge.com
www.nag.pge.com

Exhibit B

December 12, 2000

Rob Schaefer
Southern Company Energy Marketing, L.P.
1155 Perimeter Center West
Atlanta, GA 30338

Subject: Firm Transportation Service Agreement No. F-07327

Dear Mr. Schaefer:

This letter confirms Southern Company Energy Marketing, L.P.'s (SCEM) and PG&E Gas Transmission, Northwest's (GTN) Agreement pursuant to which GTN will provide firm transportation service for SCEM under the terms and conditions of GTN's Rate Schedule FTS-1 at a negotiated rate as set forth below:

Maximum Delivered Quantity: 92,931 Dth/d
Contract Term: November 1, 2001 through October 31, 2009
Primary Receipt Point: Kingsgate, B.C.
Primary Delivery Point: Stanfield, OR
Effective Rate Schedule: GTN's FTS-1

Transportation Rate: From November 1, 2001 through October 31, 2006, the transportation rate for service under this contract shall be the maximum applicable rate in effect for service under GTN's Rate Schedule FTS-1, including the mileage and non-mileage reservation components of the FTS-1 Rate Schedule and applicable surcharges.

Beginning November 1, 2006, the transportation rate for service under this contract shall be equal to the difference between the maximum applicable rates in effect for the Kingsgate to Malin capacity (including the mileage and non-mileage reservation components of the FTS-1 Rate Schedule and applicable surcharges) less the rate paid by SCEM for capacity under Contract No. 07325.

Fuel shall be reimbursed in kind at the applicable monthly percentage as posted on GTN's EBB.

To acknowledge this discount, please execute below and return it to me. This letter will be Exhibit B to the Transportation Service Agreement No. F-07327.

Sincerely,

Peter G. Lund
Vice President,
PG&E Gas Transmission, Northwest Corporation

Page 1 of 1

As of the Effective Date of this Agreement, the undersigned represents and warrants to GTN that he/she has the authority to execute and deliver this Agreement on behalf of SCEM and that upon execution, this Agreement shall constitute a legal, valid and binding obligation enforceable against SCEM in accordance with its terms.

Southern Company Energy Marketing, L.P.

By: [Signature]

Title: CEO & VP Reg. Aff.

Date: 12/12/00

FIRST REVISED EXHIBIT A
TO THE TRANSPORTATION AGREEMENT
Dated 12th day of December, 2000
Between

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION
And
MIRANT AMERICAS ENERGY MARKETING L.P.

Receipt Point ⁽¹⁾	Delivery Point ⁽²⁾	Maximum Daily Quantity (MDQ) (Dth/day) ⁽³⁾
Kingsgate, B.C.	Stanfield, OR	76,431

- (1) Pursuant to paragraph 29 of PG&E GTN's Transportation General Terms and Conditions, Shipper may designate other receipt and delivery points as "secondary receipt" and "secondary delivery" points.
- (2) Shipper's Maximum Daily Quantity or MDQ for service under this Agreement, shall be based on the quantity of gas delivered at Shipper's point(s) of delivery as stated in this Exhibit A.
- (3) The term for such capacity is from November 1, 2003 through October 31, 2009.

Acknowledged:

Mirant Americas Energy Marketing L.P.

By: [Signature]
 Name: ROB SCHAEFER
 Title: VICE PRESIDENT
 Date: 8/5/02

EXHIBIT D

FIRM TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT is made and entered into this 28th day of June, 2002, by and between

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION, a California corporation (hereinafter referred to as "PG&E GT-NW"),

and

MIRANT AMERICAS ENERGY MARKETNG, L.P., a limited partnership existing under the laws of the State of Delaware (hereinafter referred to as "Shipper").

WHEREAS, PG&E GT-NW owns and operates a natural gas pipeline transmission system which extends from a point of interconnection with the pipeline facilities of Alberta Natural Gas Company Ltd (ANG) at the International Boundary near Kingsgate, British Columbia, through the states of Idaho, Washington and Oregon to a point of interconnection with Pacific Gas and Electric Company at the Oregon-California border near Malin, Oregon; and

WHEREAS, Shipper desires PG&E GT-NW, on a firm basis, to transport certain quantities of natural gas from Stanfield, Oregon to Malin, Oregon as specified in Exhibit A of this agreement; and

WHEREAS, PG&E GT-NW is willing to transport certain quantities of natural gas for Shipper, on a firm basis,

NOW, THEREFORE, the parties agree as follows:

I Governmental Authority

1.1 This Firm Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission (FERC) contained in 18 CFR Part 284, as amended from time to time.

1.2 This Agreement is subject to all valid legislation with respect to the subject matters hereof, either state or federal, and to all valid present and future decisions, orders, rules, regulations and ordinances of all duly constituted governmental authorities having jurisdiction.

PG&E Gas Transmission, Northwest Corporation is not the same company as Pacific Gas and Electric Company, the California utility. PG&E Gas Transmission, Northwest Corporation is not regulated by the California Public Utilities Commission, and customers of Pacific Gas and Electric Company do not have to buy PG&E Gas Transmission, Northwest Corporation's products in order to continue to receive quality regulated services from the utility.

1.3 Shipper shall reimburse PG&E GT-NW for any and all filing fees incurred by PG&E GT-NW in seeking governmental authorization for the initiation, extension, or termination of service under this Agreement and Rate Schedule FTS-1. Shipper shall reimburse PG&E GT-NW for such fees at PG&E GT-NW's designated office within ten (10) days of receipt of notice from PG&E GT-NW that such fees are due and payable. Additionally, Shipper shall reimburse PG&E GT-NW for any and all penalty fees or fines assessed PG&E GT-NW caused by the negligence of Shipper in not obtaining all proper Canadian and domestic import/export licenses, surety bonds or any other documents and approvals related to the Canadian exportation and subsequent domestic importation of natural gas transported by PG&E GT-NW hereunder.

II

Quantity of Gas and Priority of Service

2.1 Subject to the terms and provisions of this Agreement and PG&E GT-NW's Transportation General Terms and Conditions applicable to Rate Schedule FTS-1, daily receipts of gas by PG&E GT-NW from Shipper at the point(s) of receipt shall be equal to daily deliveries of gas by PG&E GT-NW to Shipper at the point(s) of delivery; provided, however, Shipper shall deliver to PG&E GT-NW an additional quantity of natural gas at the point(s) of receipt as compressor station fuel, line loss and unaccounted for gas as specified in the Statement of Effective Rates and Charges applicable to Rate Schedule FTS-1. Any limitations of the quantities to be received from each point of receipt and/or delivered to each point of delivery shall be as specified on the Exhibit A attached hereto.

2.2 The maximum quantities of gas to be delivered by PG&E GT-NW for Shipper's account at the point(s) of delivery are set forth in Exhibit A.

2.3 In providing service to its existing or new customers, PG&E GT-NW will use the priorities of service specified in Paragraph 19 of PG&E GT-NW's Transportation General Terms and Conditions on file with the FERC.

2.4 Prior to initiation of service, Shipper shall provide PG&E GT-NW with any information required by the FERC, as well as all information identified in PG&E GT-NW's Transportation General Terms and Conditions applicable to Rate Schedule FTS-1.

III

Term of Agreement

3.1 This Agreement shall become effective November 1, 2002, and shall continue in full force and effect through October 31, 2009.

**IV
Points of Receipt and Delivery**

4.1 The point(s) of receipt of gas deliveries to PG&E GT-NW is as designated in Exhibit A, attached hereto.

4.2 The point(s) of delivery of gas to Shipper is as designated in Exhibit A, attached hereto.

4.3 Shipper shall deliver or cause to be delivered to PG&E GT-NW the gas to be transported hereunder at pressures sufficient to deliver such gas into PG&E GT-NW's system at the point(s) of receipt. PG&E GT-NW shall deliver the gas to be transported hereunder to or for the account of Shipper at the pressures existing in PG&E GT-NW's system at the point(s) of delivery.

**V
Operating Procedure**

5.1 Shipper shall conform to the operating procedures set forth in PG&E GT-NW's Transportation General Terms and Conditions.

5.2 Nothing in Section 5.1 shall compel PG&E GT-NW to transport gas pursuant to Shipper's request on any given day. PG&E GT-NW shall have the right to interrupt or curtail the transport of gas for the account of Shipper pursuant to PG&E GT-NW's Transportation General Terms and Conditions applicable to Rate schedule FTS-1.

**VI
Rate(s), Rate Schedules,
and General Terms and Conditions of Service**

6.1 Shipper shall pay PG&E GT-NW each month for services rendered pursuant to this Agreement in accordance with PG&E GT-NW's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC. In the event PG&E GT-NW and shipper agree on a Negotiated Rate, that rate, and any provisions governing such Negotiated Rate, shall be set forth in Exhibit B attached hereto.

6.2 Shipper shall compensate PG&E GT-NW each month for compressor station fuel, line loss and other unaccounted for gas associated with this transportation service provided herein in accordance with PG&E GT-NW's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

6.3 This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule FTS-1, or superseding rate schedule(s) and of the applicable Transportation General Terms and Conditions of PG&E GT-NW's FERC Gas Tariff First

Revised Volume No. 1-A on file with the FERC, all of which are by this reference made a part hereof.

6.4 PG&E GT-NW shall have the unilateral right from time to time to propose and file with FERC such changes in the rates and charges applicable to transportation services pursuant to this Agreement, the rate schedule(s) under which this service is hereunder provided, or any provisions of PG&E GT-NW's Transportation General Terms and Conditions applicable to such services. Shipper shall have the right to protest any such changes proposed by PG&E GT-NW and to exercise any other rights that Shipper may have with respect thereto.

VII Miscellaneous

7.1 This Agreement shall be interpreted according to the laws of the State of California.

7.2 Shipper warrants that upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Agreement and any quantity limitations for each point as specified on Exhibit A attached hereto.

7.3 Shipper agrees to indemnify and hold PG&E GT-NW harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.

7.4 Unless herein provided to the contrary, any notice called for in this Agreement shall be in writing and shall be considered as having been given if delivered by registered mail or telex with all postage or charges prepaid, to either PG&E GT-NW or Shipper at the place designated below. Routine communications, including monthly statements and payment, shall be considered as duly delivered when received by ordinary mail. Unless changed, the addresses of the parties are as follows:

"PG&E GT-NW"	PG&E GAS TRANSMISSION, NORTHWEST CORPORATION 1400 SW 5 th Avenue, Suite 900 Portland, Oregon 97201 Attention: Peter G. Lund, Vice President
"Shipper" (Notices)	Mirant Americas Energy Marketing, L.P. 600, 707 8th Ave. SW Calgary, Alberta T2P 3V3 Attention: Ron Youell

"Shipper"
(Invoices) Mirant Americas Energy Marketing, L.P.
600, 707 8th Ave. SW
Calgary, Alberta T2P 3V3
Attention: Ron Youell

7.5 A waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.

7.6 This Agreement may only be amended by an instrument in writing executed by both parties hereto.

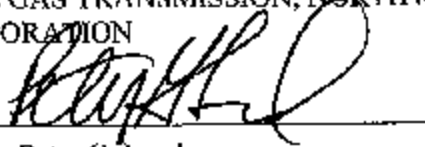
7.7 Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to PG&E GT-NW.

7.8 This Agreement shall terminate upon the expiration of any transportation authority which is not superseded, for whatever reason, by permanent transportation authority.

7.9 Exhibits A and C, attached hereto are incorporated herein by reference and made a part hereof for all purposes.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.


PG&E GAS TRANSMISSION, NORTHWEST CORPORATION

By: 

Name: Peter G. Lund

Title: V.P., Pipeline Marketing & Development

MIRANT AMERICAS ENERGY MARKETING, L.P.

By: 

Name: Bob Schaefer

Title: VP Marketing + Development

Contract electronically signed on E-trans[®]

By: Ron Youell

Date: June 28, 2002

EXHIBIT A

**TO THE TRANSPORTATION AGREEMENT
Dated 28th day of June, 2002
Between**

**PG&E GAS TRANSMISSION, NORTHWEST CORPORATION
And
MIRANT AMERICAS ENERGY MARKETING, L.P.**

Receipt Point⁽¹⁾	Delivery Point⁽¹⁾	Maximum Daily Quantity (MDQ) (Dth/day)⁽²⁾
Stanfield, OK	Malin, OR	15,708

- (1) Pursuant to paragraph 29 of PG&E GT-NW's Transportation General Terms and Conditions, Shipper may designate other receipt and delivery points as "secondary receipt" and "secondary delivery" points.
- (2) Shipper's Maximum Daily Quantity or MDQ for service under this Agreement, shall be based on the quantity of gas delivered at Shipper's point(s) of delivery as stated in this Exhibit A.
- (3) The term for such capacity is from November 1, 2002 through October 31, 2009.

EXHIBIT E

FIRM TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT is made and entered into this 9th day of August, 2002,
by and between

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION, a California corporation (hereinafter referred to as "PG&E GT-NW"),

and

MIRANT AMERICAS ENERGY MARKETING, L.P., a limited partnership existing under the laws of the State of Delaware (hereinafter referred to as "Shipper").

WHEREAS, PG&E GT-NW owns and operates a natural gas pipeline transmission system which extends from a point of interconnection with the pipeline facilities of Alberta Natural Gas Company Ltd (ANG) at the International Boundary near Kingsgate, British Columbia, through the states of Idaho, Washington and Oregon to a point of interconnection with Pacific Gas and Electric Company at the Oregon-California border near Malin, Oregon; and

WHEREAS, Shipper desires PG&E GT-NW, on a firm basis, to transport certain quantities of natural gas from Kingsgate, British Columbia to Coyote Springs, Oregon as specified in Exhibit A of this agreement; and

WHEREAS, PG&E GT-NW is willing to transport certain quantities of natural gas for Shipper, on a firm basis,

NOW, THEREFORE, the parties agree as follows:

I

Governmental Authority

1.1 This Firm Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission (FERC) contained in 18 CFR Part 284, as amended from time to time.

1.2 This Agreement is subject to all valid legislation with respect to the subject matters hereof, either state or federal, and to all valid present and future decisions, orders, rules, regulations and ordinances of all duly constituted governmental authorities having jurisdiction.

PG&E Gas Transmission, Northwest Corporation is not the same company as Pacific Gas and Electric Company, the California utility. PG&E Gas Transmission, Northwest Corporation is not regulated by the California Public Utilities Commission, and customers of Pacific Gas and Electric Company do not have to buy PG&E Gas Transmission, Northwest Corporation's products in order to continue to receive quality regulated services from the utility.

1.3 Shipper shall reimburse PG&E GT-NW for any and all filing fees incurred by PG&E GT-NW in seeking governmental authorization for the initiation, extension, or termination of service under this Agreement and Rate Schedule FTS-1. Shipper shall reimburse PG&E GT-NW for such fees at PG&E GT-NW's designated office within ten (10) days of receipt of notice from PG&E GT-NW that such fees are due and payable. Additionally, Shipper shall reimburse PG&E GT-NW for any and all penalty fees or fines assessed PG&E GT-NW caused by the negligence of Shipper in not obtaining all proper Canadian and domestic import/export licenses, surety bonds or any other documents and approvals related to the Canadian exportation and subsequent domestic importation of natural gas transported by PG&E GT-NW hereunder.

II

Quantity of Gas and Priority of Service

2.1 Subject to the terms and provisions of this Agreement and PG&E GT-NW's Transportation General Terms and Conditions applicable to Rate Schedule FTS-1, daily receipts of gas by PG&E GT-NW from Shipper at the point(s) of receipt shall be equal to daily deliveries of gas by PG&E GT-NW to Shipper at the point(s) of delivery; provided, however, Shipper shall deliver to PG&E GT-NW an additional quantity of natural gas at the point(s) of receipt as compressor station fuel, line loss and unaccounted for gas as specified in the Statement of Effective Rates and Charges applicable to Rate Schedule FTS-1. Any limitations of the quantities to be received from each point of receipt and/or delivered to each point of delivery shall be as specified on the Exhibit A attached hereto.

2.2 The maximum quantities of gas to be delivered by PG&E GT-NW for Shipper's account at the point(s) of delivery are set forth in Exhibit A.

2.3 In providing service to its existing or new customers, PG&E GT-NW will use the priorities of service specified in Paragraph 19 of PG&E GT-NW's Transportation General Terms and Conditions on file with the FERC.

2.4 Prior to initiation of service, Shipper shall provide PG&E GT-NW with any information required by the FERC, as well as all information identified in PG&E GT-NW's Transportation General Terms and Conditions applicable to Rate Schedule FTS-1.

III

Term of Agreement

3.1 This Agreement shall become effective November 1, 2003, and shall continue in full force and effect through October 31, 2028.

IV
Points of Receipt and Delivery

4.1 The point(s) of receipt of gas deliveries to PG&E GT-NW is as designated in Exhibit A, attached hereto.

4.2 The point(s) of delivery of gas to Shipper is as designated in Exhibit A, attached hereto.

4.3 Shipper shall deliver or cause to be delivered to PG&E GT-NW the gas to be transported hereunder at pressures sufficient to deliver such gas into PG&E GT-NW's system at the point(s) of receipt. PG&E GT-NW shall deliver the gas to be transported hereunder to or for the account of Shipper at the pressures existing in PG&E GT-NW's system at the point(s) of delivery.

V
Operating Procedure

5.1 Shipper shall conform to the operating procedures set forth in PG&E GT-NW's Transportation General Terms and Conditions.

5.2 Nothing in Section 5.1 shall compel PG&E GT-NW to transport gas pursuant to Shipper's request on any given day. PG&E GT-NW shall have the right to interrupt or curtail the transport of gas for the account of Shipper pursuant to PG&E GT-NW's Transportation General Terms and Conditions applicable to Rate schedule FTS-1.

VI
**Rate(s), Rate Schedules,
and General Terms and Conditions of Service**

6.1 Shipper shall pay PG&E GT-NW each month for services rendered pursuant to this Agreement in accordance with PG&E GT-NW's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC. In the event PG&E GT-NW and shipper agree on a Negotiated Rate, that rate, and any provisions governing such Negotiated Rate, shall be set forth in Exhibit B attached hereto.

6.2 Shipper shall compensate PG&E GT-NW each month for compressor station fuel, line loss and other unaccounted for gas associated with this transportation service provided herein in accordance with PG&E GT-NW's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

6.3 This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule FTS-1, or superseding rate schedule(s) and of the applicable Transportation General Terms and Conditions of PG&E GT-NW's FERC Gas Tariff First

Revised Volume No. 1-A on file with the FERC, all of which are by this reference made a part hereof.

6.4 PG&E GT-NW shall have the unilateral right from time to time to propose and file with FERC such changes in the rates and charges applicable to transportation services pursuant to this Agreement, the rate schedule(s) under which this service is hereunder provided, or any provisions of PG&E GT-NW's Transportation General Terms and Conditions applicable to such services. Shipper shall have the right to protest any such changes proposed by PG&E GT-NW and to exercise any other rights that Shipper may have with respect thereto.

VII Miscellaneous

7.1 This Agreement shall be interpreted according to the laws of the State of California.

7.2 Shipper warrants that upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Agreement and any quantity limitations for each point as specified on Exhibit A attached hereto.

7.3 Shipper agrees to indemnify and hold PG&E GT-NW harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.

7.4 Unless herein provided to the contrary, any notice called for in this Agreement shall be in writing and shall be considered as having been given if delivered by registered mail or telex with all postage or charges prepaid, to either PG&E GT-NW or Shipper at the place designated below. Routine communications, including monthly statements and payment, shall be considered as duly delivered when received by ordinary mail. Unless changed, the addresses of the parties are as follows:

"PG&E GT-NW"	PG&E GAS TRANSMISSION, NORTHWEST CORPORATION 1400 SW 5 th Avenue, Suite 900 Portland, Oregon 97201 Attention: Peter G. Lund, Vice President
"Shipper" (Notices)	Mirant Americas Energy Marketing, L.P. 600, 707 8th Avenue SW Calgary, Alberta T2P 3V3 Attention: Ron Youell

"Shipper"
(Invoices) Mirant Americas Energy Marketing, L.P.
600, 707 8th Avenue SW
Calgary, Alberta T2P 3V3
Attention: Ron Youell

7.5 A waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.

7.6 This Agreement may only be amended by an instrument in writing executed by both parties hereto.

7.7 Nothing in this Agreement shall be deemed to create any rights or obligations between the parties herein after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to PG&E GT-NW.

7.8 This Agreement shall terminate upon the expiration of any transportation authority which is not superseded, for whatever reason, by permanent transportation authority.

7.9 Exhibits A and C attached hereto are incorporated herein by reference and made a part hereof for all purposes.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

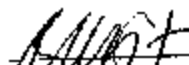
PG&E GAS TRANSMISSION, NORTHWEST CORPORATION

By: 

Name: Peter G. Lund

Title: VP, Pipeline Marketing & Development

MIRANT AMERICAS ENERGY MARKETING, L.P.

By: 

Name: Bob Scherer

Title: 8/5/02

EXHIBIT A

TO THE TRANSPORTATION AGREEMENT

Dated 9th day of August, 2002

Between

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION

And

MIRANT AMERICAS ENERGY MARKETING, L.P.

Receipt Point ⁽¹⁾	Delivery Point ⁽¹⁾	Maximum Daily Quantity (MDQ) (Dth/day) ⁽²⁾
Kingsgate, B.C.	Coyote Springs, OR	16,500

(1) Pursuant to paragraph 29 of PG&E GT-NW's Transportation General Terms and Conditions, Shipper may designate other receipt and delivery points as "secondary receipt" and "secondary delivery" points.

(2) Shipper's Maximum Daily Quantity or MDQ for service under this Agreement, shall be based on the quantity of gas delivered at Shipper's point(s) of delivery as stated in this Exhibit A.

(3) The term for such capacity is from November 1, 2003 through October 31, 2028.

EXHIBIT C

TO THE FIRM TRANSPORTATION SERVICE AGREEMENT

Dated 9th day of August, 2002

Between

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION
and

MIRANT AMERICAS ENERGY MARKETING, L.P.

Type of Replacement Service:

Replacement Shipper:

Receipt Point:

Delivery Point:

Maximum Daily Quantity:

Commencement of Credit:

Termination of Credit:

Level of Credit: percent of the maximum rate defined as: _____
applicable for service under Rate Schedule FTS-1.

Other Terms and Conditions:

1. _____

2. _____

3. _____

Effective _____

EXHIBIT F

FIRM TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT is made and entered into this 16th day of December, 2002, by and between

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION, a California corporation (hereinafter referred to as "PG&E GT-NW"),

and

MIRANT AMERICAS ENERGY MARKETING, L.P., a corporation existing under the laws of the State of Delaware (hereinafter referred to as "Shipper").

WHEREAS, PG&E GT-NW owns and operates a natural gas pipeline transmission system which extends from a point of interconnection with the pipeline facilities of Alberta Natural Gas Company Ltd (ANG) at the International Boundary near Kinggate, British Columbia, through the states of Idaho, Washington and Oregon to a point of interconnection with Pacific Gas and Electric Company at the Oregon-California border near Malin, Oregon; and

WHEREAS, Shipper desires PG&E GT-NW, on a firm basis, to transport certain quantities of natural gas from Stanfield, Oregon to Malin, Oregon as specified in Exhibit A of this agreement; and

WHEREAS, PG&E GT-NW is willing to transport certain quantities of natural gas for Shipper, on a firm basis,

NOW, THEREFORE, the parties agree as follows:

I

Governmental Authority

1.1 This Firm Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission (FERC) contained in 18 CFR Part 284, as amended from time to time.

1.2 This Agreement is subject to all valid legislation with respect to the subject matters hereof, either state or federal, and to all valid present and future decisions, orders, rules, regulations and ordinances of all duly constituted governmental authorities having jurisdiction.

PG&E Gas Transmission, Northwest Corporation is not the same company as Pacific Gas and Electric Company, the California utility. PG&E Gas Transmission, Northwest Corporation is not regulated by the California Public Utilities Commission, and customers of Pacific Gas and Electric Company do not have to buy PG&E Gas Transmission, Northwest Corporation's products in order to continue to receive quality regulated services from the utility.

1.3 Shipper shall reimburse PG&E GT-NW for any and all filing fees incurred by PG&E GT-NW in seeking governmental authorization for the initiation, extension, or termination of service under this Agreement and Rate Schedule FTS-1. Shipper shall reimburse PG&E GT-NW for such fees at PG&E GT-NW's designated office within ten (10) days of receipt of notice from PG&E GT-NW that such fees are due and payable. Additionally, Shipper shall reimburse PG&E GT-NW for any and all penalty fees or fines assessed PG&E GT-NW caused by the negligence of Shipper in not obtaining all proper Canadian and domestic import/export licenses, surety bonds or any other documents and approvals related to the Canadian exportation and subsequent domestic importation of natural gas transported by PG&E GT-NW hereunder.

II

Quantity of Gas and Priority of Service

2.1 Subject to the terms and provisions of this Agreement and PG&E GT-NW's Transportation General Terms and Conditions applicable to Rate Schedule FTS-1, daily receipts of gas by PG&E GT-NW from Shipper at the point(s) of receipt shall be equal to daily deliveries of gas by PG&E GT-NW to Shipper at the point(s) of delivery; provided, however, Shipper shall deliver to PG&E GT-NW an additional quantity of natural gas at the point(s) of receipt as compressor station fuel, line loss and unaccounted for gas as specified in the Statement of Effective Rates and Charges applicable to Rate Schedule FTS-1. Any limitations of the quantities to be received from each point of receipt and/or delivered to each point of delivery shall be as specified on the Exhibit A attached hereto.

2.2 The maximum quantities of gas to be delivered by PG&E GT-NW for Shipper's account at the point(s) of delivery are set forth in Exhibit A.

2.3 In providing service to its existing or new customers, PG&E GT-NW will use the priorities of service specified in Paragraph 19 of PG&E GT-NW's Transportation General Terms and Conditions on file with the FERC.

2.4 Prior to initiation of service, Shipper shall provide PG&E GT-NW with any information required by the FERC, as well as all information identified in PG&E GT-NW's Transportation General Terms and Conditions applicable to Rate Schedule FTS-1.

III

Term of Agreement

3.1 This Agreement shall become effective November 1, 2003 and shall continue in full force and effect through October 31, 2009.

IV
Points of Receipt and Delivery

4.1 The point(s) of receipt of gas deliveries to PG&E GT-NW is as designated in Exhibit A, attached hereto.

4.2 The point(s) of delivery of gas to Shipper is as designated in Exhibit A, attached hereto

4.3 Shipper shall deliver or cause to be delivered to PG&E GT-NW the gas to be transported hereunder at pressures sufficient to deliver such gas into PG&E GT-NW's system at the point(s) of receipt. PG&E GT-NW shall deliver the gas to be transported hereunder to or for the account of Shipper at the pressures existing in PG&E GT-NW's system at the point(s) of delivery.

V
Operating Procedure

5.1 Shipper shall conform to the operating procedures set forth in PG&E GT-NW's Transportation General Terms and Conditions.

5.2 Nothing in Section 5.1 shall compel PG&E GT-NW to transport gas pursuant to Shipper's request on any given day. PG&E GT-NW shall have the right to interrupt or curtail the transport of gas for the account of Shipper pursuant to PG&E GT-NW's Transportation General Terms and Conditions applicable to Rate schedule FTS-1.

VI
**Rate(s), Rate Schedules,
and General Terms and Conditions of Service**

6.1 Shipper shall pay PG&E GT-NW each month for services rendered pursuant to this Agreement in accordance with PG&E GT-NW's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC. In the event PG&E GT-NW and shipper agree on a Negotiated Rate, that rate, and any provisions governing such Negotiated Rate, shall be set forth in Exhibit B attached hereto.

6.2 Shipper shall compensate PG&E GT-NW each month for compressor station fuel, line loss and other unaccounted for gas associated with this transportation service provided herein in accordance with PG&E GT-NW's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

6.3 This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule FTS-1, or superseding rate schedule(s) and of the applicable Transportation General Terms and Conditions of PG&E GT-NW's FERC Gas Tariff First Revised Volume No. 1-A on file with the FERC, all of which are by this reference made a part hereof.

6.4 PG&E GT-NW shall have the unilateral right from time to time to propose and file with FERC such changes in the rates and charges applicable to transportation services pursuant to this Agreement, the rate schedule(s) under which this service is hereunder provided, or any provisions of PG&E GT-NW's Transportation General Terms and Conditions applicable to such services. Shipper shall have the right to protest any such changes proposed by PG&E GT-NW and to exercise any other rights that Shipper may have with respect thereto.

VII Miscellaneous

7.1 This Agreement shall be interpreted according to the laws of the State of California.

7.2 Shipper warrants that upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Agreement and any quantity limitations for each point as specified on Exhibit A attached hereto.

7.3 Shipper agrees to indemnify and hold PG&E GT-NW harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.

7.4 Unless herein provided to the contrary, any notice called for in this Agreement shall be in writing and shall be considered as having been given if delivered by registered mail or telex with all postage or charges prepaid, to either PG&E GT-NW or Shipper at the place designated below. Routine communications, including monthly statements and payment, shall be considered as duly delivered when received by ordinary mail. Unless changed, the addresses of the parties are as follows:

"PG&E GT-NW"	PG&E GAS TRANSMISSION, NORTHWEST CORPORATION 1400 SW 5 th Avenue, Suite 900 Portland, Oregon 97201 Attention: Peter G. Lund, Vice President
"Shipper" (Notices)	Mirant Americas Energy Marketing, L.P. 600, 707 8th Avenue SW Calgary, Alberta T2P 3V3 Attention: Ron Youell
"Shipper" (Invoices)	Mirant Americas Energy Marketing, L.P. 600, 707 8th Avenue SW Calgary, Alberta T2P 3V3 Attention: Ron Youell

7.5 A waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.

7.6 This Agreement may only be amended by an instrument in writing executed by both parties hereto.

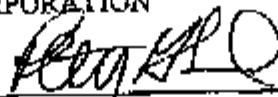
7.7 Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to PG&E GT-NW.

7.8 This Agreement shall terminate upon the expiration of any transportation authority which is not superseded, for whatever reason, by permanent transportation authority.

7.9 Exhibits A and C, attached hereto are incorporated herein by reference and made a part hereof for all purposes.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

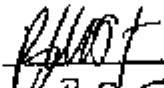
PG&E GAS TRANSMISSION, NORTHWEST CORPORATION

By: 

Name: Peter G. Lund

Title: VP, Pipeline Marketing & Development

MIRANT AMERICAS ENERGY MARKETING, L.P.

By: 

Name: RON SCHAFFEL

Title: VICE PRESIDENT

Contract electronically signed on E-transSM

By: Ron Youell

Date: December 16, 2002

EXHIBIT A

TO THE TRANSPORTATION AGREEMENT
Dated 16th day of December, 2002
Between

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION
And
MIRANT AMERICAS ENERGY MARKETING, L.P.

Receipt Point⁽¹⁾⁽⁴⁾	Delivery Point⁽¹⁾	Maximum Daily Quantity (MDQ) (Dth/day)⁽²⁾
Stanfield, OR	Malin, OR	13,000

- (1) Pursuant to paragraph 29 of PG&E GTN's Transportation General Terms and Conditions, Shipper may designate other receipt and delivery points as "secondary receipt" and "secondary delivery" points.
- (2) Shipper's Maximum Daily Quantity or MDQ for service under this Agreement, shall be based on the quantity of gas delivered at Shipper's point(s) of delivery as stated in this Exhibit A.
- (3) The term for such capacity is from November 1, 2003 through October 31, 2009.
- (4) Primary Receipt Point rights limited to nominations sourced from within PG&E GTN's system only.

EXHIBIT C

TO THE FIRM TRANSPORTATION SERVICE AGREEMENT
Dated 16th day of December, 2002
Between

PG&E GAS TRANSMISSION, NORTHWEST CORPORATION
and
MIRANT AMERICAS ENERGY MARKETING, L.P.

Type of Replacement Service:

Replacement Shipper:

Receipt Point:

Delivery Point:

Maximum Daily Quantity:

Commencement of Credit:

Termination of Credit:

Level of Credit: ___ percent of the maximum rate defined as: _____
applicable for service under Rate Schedule FTS-1.

Other Terms and Conditions:

1. _____

2. _____

3. _____

Effective _____

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re)	
)	Chapter 11 Case
MIRANT CORPORATION, <u>et al.</u> ,)	
)	Case No. 03-46590 (DML)
Debtors.)	Jointly Administered
)	
)	Date and Time:
)	

**ORDER GRANTING DEBTORS' MOTION TO REJECT VARIOUS EXECUTORY
CONTRACTS BETWEEN MIRANT AMERICAS ENERGY MARKETING LP AND
PG&E GAS TRANSMISSION, NORTHWEST CORPORATION**

Upon the motion,¹ dated March 29, 2004 (the "Motion") of Mirant Corporation ("Mirant") and its affiliated debtors, as debtors and debtors-in-possession (collectively, the "Debtors"), for authority reject certain executory contracts (the "Contracts") entered into between Mirant Americas Energy Marketing, LP ("MAEM") and PG&E Gas Transmission, Northwest Corporation ("PGT"), pursuant to section 365 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended (the "Bankruptcy Code"); and it appearing that the Court has jurisdiction over this matter; and it appearing that due notice of the Motion has been provided, and that no other or further notice need be provided; upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED:

ORDERED, that the Motion is hereby GRANTED; it is further

ORDERED, that the Contracts are rejected effective as of the date this Order is entered;

it is further

¹ Unless otherwise defined herein, capitalized terms have the same meaning ascribed to them in the Motion.

ORDERED that, pursuant to the *Order Pursuant To Bankruptcy Rule 3003(c) For Entry Of An Order (I) Establishing A Bar Date For Filing Certain Proofs Of Claim; (II) Establishing Ramifications For Failure To Comply Therewith; (III) Approving Proof Of Claim Form And Consolidated Notice Of (A) Case Commencement, (B) Bar Date, and (C) Meeting Of Creditors Under Section 341(a) of the Bankruptcy Code; And (IV) Approving Notice And Publication Procedures*, entered on August 21, 2003, the last date to file a timely proof of claim against the Debtors arising from the rejection of the Contracts is the first business day that is at least thirty (30) calendar days after the mailing of the notice of entry of this Order.

IT IS SO ORDERED.

Dated: April __, 2004

D. Michael Lynn,
United States Bankruptcy Judge