



South Bay Energy Corp.
 700 Veterans Memorial Highway, Suite 210
 Hauppauge, NY 11788

Toll Free: 877-724-9010
 Fax: 631-724-9011

Variable Price Sales Agreement

Customer: _____ Date: _____
 Address: _____ Gas Utility (LDC): _____
 _____ Electric Utility (EDU): _____
 Contact: _____ Telephone: _____
 Last 4 SS#: _____ Security Question: _____
 Gas Account #: _____ Sales Representative: _____
 Electric Account #: _____ Signature: _____

Term of Agreement: Month to Month until terminated by either party.

CUSTOMER ENROLLMENT DETAILS

Product You Wish To Enroll	Natural Gas <input type="checkbox"/> Electricity <input type="checkbox"/> Both <input type="checkbox"/>
Price Structure:	Variable
Process a Residential or Small Commercial Customer May Use to Rescind Agreement Without Penalty	You will receive a confirmation notice of your selection of South Bay as your Competitive Supplier, and residential and small commercial customers will have seven (7) calendar days (electric) and seven (7) business days (gas) from the date of your confirmation notice to contact your EDU/LDC and rescind your selection of South Bay Energy. Further, this Agreement shall not be legally binding upon you until the 7-day confirmation period has expired and you have not, directly or indirectly, rescinded your selection within this period.
Amount of Early Termination Fee and Method of Calculation	There is no early termination fee for this variable price contract.
Late Payment Fee/ Calculation	South Bay Energy Corp. does not charge any late payment fees. You are billed by your utility.
Renewal	This Agreement will continue on a month to month basis unless terminated by either party.

IN WITNESS WHEREOF, Customer and South Bay have caused this Agreement to be executed as of the date first set forth above.

For: South Bay Energy

Customer's Printed Name

By: _____
Signature

Customer's Signature

Agreement to Sell and Purchase Energy: This is an agreement between South Bay Energy Corp. (“South Bay”) and the undersigned customer (Customer) under which Customer shall initiate energy service (natural gas and/or electricity) and begin enrollment with South Bay (the “Agreement”). South Bay Energy is certified by the Public Utilities Commission of Ohio (“PUCO”) as a Competitive Retail Electricity Supplier (“CRES”) and a Competitive Retail Natural Gas Supplier (“CRNGS”) to offer and supply electric generation services and natural gas supply in Ohio. South Bay Energy’s Ohio license numbers are 17-1240E (1) and 17-611G (1).

Term: The services provided by South Bay Energy to Customer are governed by the terms and conditions of this Agreement, including the above stated enrollment details and attached Contract Summary. You will receive a confirmation notice from your Local Distribution Company (“LDC”)/Electric Distribution Utility (“EDU”) to confirm your choice of South Bay Energy as your CRNGS and/or CRES. This Agreement shall commence as of the next available meter reading after the change of Customer’s supplier to South Bay Energy is deemed effective by the LDC/EDU, and shall continue until terminated by either party. Your LDC/EDU(s) will send you a confirmation for your transfer of service to South Bay. South Bay may terminate this Agreement by providing 14 days’ written notice to the Customer. Customer may voluntarily return to the incumbent natural gas utility after choosing a retail natural gas supplier or opt-in governmental aggregator, but may be charged a price other than the incumbent natural gas company’s applicable tariff rate.

Pricing and Billing: Unless otherwise agreed to in writing, the price for all energy sold under this Agreement shall be a variable price established each month by South Bay based upon market conditions. The Variable Price for Natural Gas shall reflect South Bay Energy’s wholesale cost of natural gas from the NYMEX exchange (including capacity, settlement, ancillaries, related transmission and distribution charges and other market-related factors); plus all applicable, fees, charges, costs, and South Bay Energy’s expenses and margins. The Variable Price for Electricity shall reflect South Bay Energy’s wholesale cost of electricity from PJM Interconnection (including the cost of energy, capacity, settlement, ancillaries, related transmission and distribution charges and other market-related factors); plus all applicable, fees, charges, costs, and South Bay Energy’s expenses and margins. Customer will incur additional service and delivery charges from the electric utility. A switching fee may apply under the incumbent natural gas company’s tariff.

Customer will be invoiced by its LDC/EDU(s) monthly for natural gas and/or electricity delivered under this Agreement, as measured by the LDC/EDU, and Customer will pay each invoice in full to the LDC/EDU. The failure to pay electric or natural gas utility charges may result in the customer being disconnected in accordance with the electric utility or natural gas utility’s tariff. South Bay does not require any deposit from customers. South Bay does not offer budget billing for the electricity generation or natural gas supply portion of the bill. Customer’s electric utility may charge switching fees. Customer has the right to request from South Bay, twice within a twelve-month period, up to twenty four months of the customer’s payment history without charge. Subject to the terms and conditions of this Agreement, South Bay agrees to sell and deliver, and Customer agrees to purchase and accept the quantity of energy, as estimated by South Bay, necessary to meet Customer’s requirements based upon consumption data obtained by South Bay or the delivery schedule of the LDC/EDU.

If, due to a change in market conditions, South Bay Energy Corp. wishes to lower the price per CCF or MCF charged to the customer under an existing contract, it may do so without consent provided there are no other changes to the terms and conditions to the contract.

Assignment: Customer may not assign its interests in and delegate its obligations under this Agreement without the express written consent of South Bay. South Bay may sell, transfer, pledge, or assign the accounts receivable, revenues, or proceeds hereof, in connection with any financing agreement, purchase of accounts receivables program or billing services agreement, and may assign this Agreement and the rights and obligations there under, to another energy supplier, energy services company or other entity as authorized by the PUCO

Information Release Authorization: Customer authorizes South Bay to obtain and review information regarding

Customer's credit history from credit reporting agencies and the following information from the LDC/EDU: consumption history; billing determinants; utility account number; credit information; public assistance status; existence of medical emergencies, status as to whether Customer has a medical emergency. This information may be used by South Bay to determine whether it will commence and/or continue to provide energy supply service to Customer and will not be disclosed to a third party unless required by law. Customer's execution of this Agreement shall constitute authorization for the release of this information to South Bay. This authorization will remain in effect during the Initial Term and any Renewal Term. Customer may rescind this authorization at any time by providing written notice thereof to South Bay or by calling South Bay at 1-877-724-9010. South Bay reserves the right to cancel this Agreement in the event Customer rescinds the authorization. South Bay will not disclose a customer's Social Security number and/or account number without the customer's consent except for South Bay's own collections and credit reporting, participation in programs funded by the universal service fund pursuant to Section 4928.52 of the Ohio Revised Code, or assigning a customer contract to another CRES provider.

Consumer Protections: South Bay will provide at least 30 days' notice prior to the cancellation of service to Customer. Customer may obtain additional information by contacting South Bay at 1-877-724-9010 or 1-631-724-9010 or the PUCO at 1-800-686-7826. Your LDC/EDU's transmission and distribution functions will continue to be regulated by the PUCO. Natural gas and/or electricity service may be disconnected only by your LDC/EDU and only in compliance rules set by the PUCO.

Right of Rescission: If you are a residential or small commercial customer you may rescind your selection of South Bay Energy by contacting your LDC/EDU or by calling South Bay Energy at 877-724-9010 within seven calendar days (electric) or within seven business days (gas) of the date of the EDU/LDC's confirmation notice.

Cancellation: Customer is liable for all South Bay charges until Customer returns to the LDC/EDU or goes to another supplier. If there is a material adverse change in the business or financial condition of Customer (as determined by South Bay Energy at its discretion) or if Customer fails to meet its obligations under this Agreement or pay or fail to pay the bill or meet any agreed upon payment arrangements, then, in addition to any other remedies that it may have, South Bay Energy may terminate this Agreement upon 14 days' notice to Customer. Note that it may take several billing cycles for your LDC/EDU to process the cancellation of service. If Customer moves outside of South Bay's service area or into an area where South Bay charges a different price, the Customer may cancel this contract. If a customer switches back to the electric and/or natural gas utility, they may or may not be served under the same rates, terms and conditions that apply to other customers served by the electric utility and/or natural gas utility.

Title: All energy sold under this Agreement shall be delivered to a location considered the "Point of Delivery", which for electricity shall be at the PJM South Bay load bus (located outside of the municipality where Customer resides), and for the natural gas transported by interstate pipelines will be the city gate stations of the LDC and shall constitute the point at which title transfers and the sale occurs.

Warranty: This Agreement, including applicable attachments, constitutes the entire Agreement between Customer and South Bay. South Bay makes no representations or warranties other than those expressly set forth in this Agreement, and South Bay expressly disclaims all other warranties, express or implied, including merchantability and fitness for a particular use.

Force Majeure: South Bay will make commercially reasonable efforts to provide energy hereunder but South Bay does not guarantee a continuous supply of energy to Customer. Certain causes and events out of the control of South Bay ("Force Majeure Events") may result in interruptions in service. South Bay will not be liable for any such interruptions caused by a Force Majeure Event, and South Bay is not and shall not be liable for damages caused by Force Majeure Events. Force Majeure Events shall include acts of God, fire, flood, storm, terrorism, war, civil disturbance, acts of any governmental authority, accidents, strikes, labor disputes or problems, required maintenance work, inability to access the local distribution utility system, non-performance by the LDC/EDU (including, but not limited to, a facility outage on its energy distribution lines), changes in laws, rules, or regulations of any

governmental authority or any other cause beyond South Bay's control.

Liability: The remedy in any claim or suit by Customer against South Bay will be solely limited to direct actual damages. By entering into this Agreement, Customer waives any right to any other remedy in law or equity. In no event will either South Bay or Customer be liable for consequential, incidental, indirect, special or punitive damages. These limitations apply without regard to the cause of any liability or damages. There are no third-party beneficiaries to this Agreement.

Contact Information: Customer may contact South Bay Energy's Customer Service Center at 1-877-724-9010, Monday through Friday 8:00 a.m. - 5:30 p.m. EST (contact center hours subject to change). Customer may write to South Bay Energy at: South Bay Energy Corp. 700 Veterans Memorial Highway, Suite 210 Hauppauge, NY 11788.

Dispute Resolution: In the event of a residential billing dispute or a disagreement involving South Bay's service hereunder, the parties will use their best efforts to resolve the dispute. Customer should contact South Bay by telephone or in writing as provided above. If your complaint is not resolved after you have called South Bay and/or your electric utility or gas utility, or for general utility information, residential and business customers may contact the Public Utilities Commission of Ohio (PUCO) for assistance at 1-800-686-7826 (toll free) from eight a.m. to five p.m. weekdays, or at <http://www.puco.ohio.gov>. Hearing or speech impaired customers may contact PUC via 7-1-1 (Ohio Relay Service). The Ohio consumers' counsel (OCC) represents residential utility customers in matters before the PUCO. The OCC can be contacted at 1-877-742-5622 (toll free) from eight a.m. to five p.m. weekdays, or at <http://www.pickocc.org>.

Choice of Laws: Venue for any lawsuit brought to enforce any term or condition of this Agreement or to construe the terms hereof shall lie exclusively in the State of Ohio. This Agreement shall be construed under and shall be governed by the laws of the State of Ohio without regard to the application of its conflicts of law principles.

Taxes and Laws: Except as otherwise provided in the Agreement or provided by law, all taxes of whatsoever kind, nature and description due and payable with respect to service provided under this Agreement, other than taxes based on South Bay's net income, shall be paid by Customer, and Customer agrees to indemnify South Bay and hold South Bay harmless from and against any and all such taxes. This Agreement is subject to present and future legislation, orders, rules, regulations or decisions of a duly constituted governmental authority having jurisdiction over this Agreement or the services to be provided hereunder.

Environmental Characteristics and Electric Generation Mix: Information regarding the generation sources and environmental characteristics of the electricity supplied by South Bay is available at www.southbayenergy.com.

Renewable Energy: Under South Bay's Renewable Electricity Product, a percentage of the electricity sold is matched with renewable energy certificates ("RECS") generated from renewable or alternative energy sources in the United States which have been qualified as such by a regional or state RPS administrator. This renewable percentage is over and above the minimum renewable energy requirements for this state. To view the historical percentage of electricity that is matched with RECs, please visit our website at www.southbayenergy.com

Emergency Service Contacts: In the event of a gas leak, electric power outage or other emergency, you should immediately contact your electric or natural gas utility. They will continue to respond to leaks and emergencies.