

Discount Power® PUCT License #10161

RESIDENTIAL TERMS OF SERVICE

The following are the Terms of Service for your Agreement with Discount Power®, for the purchase of residential electric service under a month-month variable rate plan (VRP). These terms are conditioned upon acceptance of you by Discount Power® and may change without further notice. You may print the Terms of Service at www.DiscountPower.biz or you may request a printed version. Please retain this document for your records. Discount Power® is certified as a Retail Electric Provider (REP) by the Public Utility Commission of Texas (PUCT), license number 10128. Esta información esta disponible en Español. Por favor llame a Discount Power® al 281-207-1284 en Houston o 1-877-909-Power (7693) fuera de Houston, o por internet www.DiscountPower.biz

Contact Information: Mailing address:

Discount Power 19901 Southwest Freeway, Suite # 212 Sugar Land, TX 77479

Tel # 281-207-1284

Toll Free # 1-877-909-Power (7693)

Fax # 281-781-2299

Info@DiscountPower.biz;

24 Hour Outage Reporting and emergency service:
CENTERPOINT ENERGY (CPE); 1(800) 332-7143;
TEXAS NEW MEXICO POWER (TNMP); 1(888) 866-7456;
TXU ELECTRIC DELIVERY (TXUED); 1(888) 313-4747;
AEP TEXAS NORTH (ATN); 1(866) 223-8508;
AEP TEXAS CENTRAL (ACT); 1(866) 223-8508;
SHARYLAND UTILITIES, L.P.; 1(956) 668-9551;

As your REP, Discount Power® will arrange for the delivery of electricity from your Local Energy Delivery Company, also known as the Transmission and Distribution Service Provider (TDSP), to your service location pursuant to the Terms of Service Agreement.

Cancellation Rights: You have the right to cancel your switch request with Discount Power® without any fee or penalty within 3 federal business days of receiving this Terms of Service document. To cancel this Agreement, you may call or fax us at the contact numbers provided above. If your cancellation requires an early meter read you will be charged a fee set by the TDSP. Regardless of the method or reason for cancellation of the Agreement, you are responsible for payment of all outstanding charges incurred through the date on which the cancellation is effected by the TDSP.

Eligibility: This Terms of Service is for residential customers only. If you receive service under this Agreement and are not a residential customer, you will be charged the prevailing month-to-month commercial rate and sent the commercial terms of service to be effective upon receipt. Discount Power® reserves the right to refuse service to anyone according to §25.477 of the PUCT rules and regulations, except for reasons otherwise excluded by law. Discount Power® may deny residential electric service based on credit history or credit score, it's eligibility for the price quoted may be determined by credit history or credit score.

Terms & Renewal: Your service under this Agreement will begin on your meter read date set by your TDSP. Your service is provided as per the terms of the Residential Pricing Agreement with Discount Power until terminated either by you or Discount Power®. Discount Power® is not liable nor is it able to commit to a specific date for the commencement of service with Discount Power®.

Pricing: Current pricing for service is indicated in the Electricity Facts Label and the conditions of this plan are specified in this Terms of Service. This pricing includes all recurring TDSP charges for the delivery of electricity; your price will increase if the TDSP increases its charges for the delivery of your electricity. Some Discount Power® price plans are available only to new customers or customers who have not had service at their service address from Discount Power® for at least 6 months. See your Electricity Facts Label for more details. Discount Power® may also bill you certain other fees which include but are not limited to customer and metering charges and other non-recurring fees assessed by the TDSP or Discount Power®. These charges may be listed separately on your bill. The Discount Power® commodity price may be adjusted by Discount Power® on a monthly basis to reflect changes in the cost of fuel used to generate electricity. Your average price per kWh may change, but not more than once per month and not more than 25% per month from the average price per kWh stated on your Electricity Facts Label. Increases in the TDSP charges are not controlled by Discount Power® and are not included in the 25% price adjustment. Discount Power® reserves the right to assess a surcharge to recover costs (e.g. fuel) associated with the generation and procurement of electricity. Any surcharge assessed would be in addition to changes in the commodity price and are not included in the 25% price adjustment. The electricity price excludes any non-recurring TDSP charges, base charge, taxes (including gross receipts tax and PUCT charges and fees.) If you are tax exempt, it is your

responsibility to provide us with the necessary tax exemption certificate. Sales tax exempt customers will still be charged applicable Discount Power® Gross Receipts Tax and PUCT Assessment fees and taxes. There are no charges for electronically formatted bills, recurring bank drafts or recurring credit/debit card transactions. Upon request, Discount Power® will provide you with additional bill copies, duplicate bills, credit reference letters or summary billing, for which a \$5.00 service charge may be applied as a separate line item on your bill. Discount Power® reserves the right to include in any subsequent bill, adjustments related to previous billings, previous billing errors, meter read errors, miscalculation of taxes or other errors or omissions. Upon termination of service, you shall be assessed a \$15.00 deactivation fee.

Payments: You will receive a bill monthly from Discount Power®. All bills are due and payable 16 days after issuance, which is defined as the billing date on your invoice or the postmark date on the envelope, whichever is later. Bills shall be deemed past due and delinquent at the close of business on the day the bill is due. Late payments, delinquent or past due balances may result in a penalty equal to 5% of the previous month's past due balance. A \$29.00 insufficient funds fee per transaction will be assessed against any transaction not processed due to insufficient funds or credit availability for any method of payment including checks, bank drafts or credit/debit card transactions. Acceptance by us of any partial payments from you will not relieve you of your obligation to pay the full amount owed. We reserve the right to pursue all legal methods to collect any amounts lawfully owed. In the event you fail to pay your bill in accordance with this Agreement, you agree to pay reasonable collection costs and expenses (including attorney fees and third party collection fees) we incur as a result of our attempt to collect any amounts you owe. If you use a 3rd-party payment provider to pay your Discount Power® electricity bill, you may be assessed a fee for payment transactions by that 3rd-party payment provider. If you select our automatic bank draft option, please continue to remit payment until you receive written notification that your request has been accepted and it is scheduled to begin. If you select our Automatic Bill Pay programs using bank draft or credit/debit card draft, and if funds are not available in your account when we attempt to process your draft, or if the payment is returned or dishonored, you will be responsible for forwarding a payment to us. If a payment is not received by your due date, a late fee of 5% may be assessed to your account. Discount Power® will not notify you if your funds were unavailable and are not responsible for any fees, charges or costs incurred by you in connection therewith. Please notify Discount Power® in writing to discontinue your participation in Automatic Bill Pay programs or if there are any changes affecting your bank account, credit/debit card account or to charge the bank account, credit card or debit card from which your Discount Power® account is paid. Please include a voided check with your letter, if changing the bank account. The written notice must be received by Discount Power® at least 45 days before your payment due date, or the change may not be implemented until your next payment due date. Send written notices to the address noted above. Discount Power® reserves the right to cancel your participation in our Automatic Bill Pay program if your payment is returned or dishonored.

Service Suspension, Disconnection for Non-Payment and Deactivation: We may cancel this Agreement if we are no longer a REP in your areas or for any other lawful reason. In event of cancellation (i) you will have to contact another REP directly to have your electric service reconnected and (ii) all amounts owed to Discount Power shall become immediately due and payable. Discount Power will provide you with written notice at least 10-days prior notice.

Furthermore Non-Payment of your Discount Power® bill may result in the late fees set forth above and termination of your service. Discount Power® will notify you 10 calendar days prior to termination of your electric service and this Agreement for non-payment. You shall be charged \$15.00 for each event: disconnect notice; termination notice; disconnect for non-payment (NCP) and/or account deactivation. If you fail to pay for electric service, Discount Power® will have the right to authorize the disconnection of your electric service, with proper notice, in lieu of terminating your Terms of Service Agreement. Disconnection of your electric service from Discount Power® will not excuse you from paying any outstanding amounts owed to Discount Power®. Upon a customer's satisfactory correction of the reasons for disconnection, customers may reinstate electric service with Discount Power® and will be charged a \$15.00 reconnect fee by Discount Power® in addition to any reconnect fees charged by the TDSP. If you do not reconnect your service within 10 days of disconnection for non-payment, Discount Power® reserves the right to deactivate your account and require you to re-enroll for service with Discount Power® and/or pay a new deposit on your account, subject to the maximum deposit rules of the PUCT.

Dispute or Complaints: Please contact us if you have specific comments, questions, complaints, bill questions, or if you feel your bill is incorrect, by calling an Discount Power® Customer Care Representative or emailing Sales@DiscountPower.biz. Our friendly, knowledgeable Customer Care Representatives are trained to research and resolve your customer inquiries. We will do everything we can to make sure your problem is handled and you are pleased with our service. If you are not satisfied with our attempt to resolve the problem, you may file a complaint with our company and request a supervisor to conduct a full review. If we fail to resolve your dispute, it is your right to file a complaint with the PUCT: Public Utility Commission of Texas, Customer

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Protection Division, P.O. Box 13326, Austin, Texas, 78711-3326; Phone Number (512) 936-7120 or (512) 782-8477; Fax (512) 936-7003; Email: Customer@puc.state.tx.us; Website: www.puc.state.tx.us; TTY (512) 936-7136. Please see "Your Rights as a Customer" at www.DiscountPower.biz for more information.

Credit Requirement and Deposits: Discount Power® may use credit reporting agencies to document and evaluate your credit and/or payment history. If you do not meet the Company's credit standards or cannot demonstrate satisfactory credit as defined in 25.478 of the PUCT rules, Discount Power® may require a deposit from you. If a deposit is required, the sum shall not exceed an amount greater of either the sum of the estimated billings for the next 2 months; or 1/6 of the estimated annual billing. This assessment may be based on your credit history. Customers who qualify for rate reduction programs who are required to pay a deposit over \$50 may pay the deposit in 2 equal installments. Qualified customers or applicants 65 years or older or victims of domestic family violence may be entitled to waive the deposit requirement. Please call us for additional information. Discount Power® may require an additional deposit from an existing customer if a termination or disconnection notice has been issued or the customer's electric service has been terminated or disconnected in the previous 12 months. Service may be disconnected or terminated if a deposit is not paid within 10 days of the request for deposit. Discount Power® will apply any deposit held plus accrued interest calculated at the PUCT stated rate to the outstanding balance on the customer's final bill, or to the customer's current balance when all of the following are satisfied: (a) the customer has paid bills for service for 12 consecutive residential billings without having service disconnected for non-payment of a bill; (b) the customer has paid bills for service for 12 consecutive residential billings without having more than 2 occasions in which a bill was delinquent; and (c) when the customer is not delinquent in the payment of the current bill. Discount Power® may disconnect or cancel service with or without prior written notice for any of the reasons stated in § 25.483 of the PUCT rules and regulations and terminate this Agreement without penalty in response to changing market conditions.

Bill Payment or Other Assistance: Energy assistance and rate reduction programs are available to customers who have severe financial hardships and temporarily may be unable to pay their bills. The energy assistance program is funded in part by contributions from Discount Power® customers. If you have special needs that require you to be dependent on electrical equipment or powered medical equipment, it is your responsibility to obtain a Critical Care Eligibility Determination Form from our customer care department that will be forwarded to the TDSP for eligibility determination. Customers may direct questions concerning any assistance programs to the Discount Power® Customer Care Department.

Balanced Billing Program: Discount Power® offers a Balanced Billing Program to residential and small commercial customers as defined by the Public Utility Commission of Texas (PUCT) which allows qualified customers to pay the same amount each month with a true-up after 6 months. To qualify for the program, a customer must have at least 12 months usage history on the service address to be enrolled and not be currently delinquent in payments to Discount Power®. The Balanced Bill amount is calculated using your last 12 month's usage multiplied by your current rate, added to the calculated pass-through charges from your TDSP for 12 months, plus the Discount Power® Customer Base Charge for 12 months, divided by 12 months, plus any applicable taxes or fees. You will pay this Balanced Bill amount each month for the next 6 months. You are also responsible for paying any non-recurring charges from your TDSP. You will receive a statement with your Balanced Bill amount after acceptance into the program. You are responsible for paying the Balanced Bill amount each billing cycle by your bill due date, even if your bill shows a credit balance. The Balanced Bill payments will be reflected on your invoice; the balance on your invoice is the total amount you owe Discount Power® and must be paid in full if you opt out of the Balanced Billing Program or if you fail to remit your full Balanced Bill payment by the bill's due date. If you fail to remit your Balanced Bill amount by your due date, you will be subject to our delinquency policy. After 6 months on the program, Discount Power® may issue you a new Balanced Bill amount or send you an invoice for the full outstanding amount to bring your account balance to zero, before beginning your next 6 months on the program. You may opt out of the program at any time by paying your full balance due as shown on your invoice and providing written or email notification of your desire to be removed from the program to the following address: Written Notice: Discount Power 19901 Southwest Freeway, Suite # 212 Sugar Land, TX 77479; Attn: Balanced Billing or by email: Info@DiscountPower.biz.

Discrimination: Discount Power® does not discriminate, deny service, or require a prepayment or deposit for service based on a customer's race, creed, color, national origin, ancestry, sex, marital status, lawful source of income, level of income, disability, familial status, location in an economically distressed geographic area, or qualification for low income or energy efficiency services.

Material Change: Discount Power® will provide you with 45 calendar days advance written notice of any material change in these Terms of Service, either in your bill or in a separate mailing. The changes will become effective on the date stated in the notice unless you cancel your Agreement. You may cancel your Agreement no later than 10 calendar days before the effective date of the material change. This is a variable price agreement; a change in price is not deemed a material change for purposes of this Agreement.

Program Change: Discount Power® reserves the right to change or cancel at any time without notice any benefits, rewards, or bonuses provided to customers that may be provided by a 3rd party.

Customer Information: By entering into this Agreement, your TDSP may release to us certain information that we need to provide you with service, including your address, phone number, account numbers, and historical usage information.

Force Majeure: We will endeavor in a commercially reasonable manner to provide service, but we do not guarantee a continuous supply of electrical energy. Events that are out of our control ("Force Majeure" Events) may result in interruptions in service. We will not be liable for any such interrupts. We do not generate your electricity, nor do we transmit or distribute electricity to you. Therefore, you agree that we are not liable for damages caused by events of force majeure, including acts of God, acts of any governmental authority, including the PUCT or the Electric Reliability Counsel of Texas (ERCOT), accidents, strikes, labor trouble, required maintenance work, inability to access the TDSP system, nonperformance of the TDSP, delay of deregulation or changes in laws, rules, regulations, practices or procedures of any governmental authority or ERCOT, or any cause beyond our control.

Limitations of Liability: Liabilities not excused by reason of force majeure, or otherwise shall be limited to direct actual damages and amounts billed for energy. Neither party will be liable to the other for consequential, incidental, punitive, exemplary or indirect damages. Lost profits or penalties of any nature are hereby waived; these limitations apply without regard to the cause of any liability or damage. There are no 3rd party beneficiaries to this Agreement. In the event that any provision of this Agreement is held unenforceable, the remaining provisions shall still remain valid.

Representations and Warranties: The electricity sold under this Agreement will meet the applicable TDSP's quality standards and will be supplied from a variety of sources. Discount Power® makes no representations or warranties other than those expressly set forth in this Agreement, and Discount Power® expressly disclaims all other warranties, expressed or implied, including warranties of merchantability and fitness for a particular purpose.

Assignment: You may not assign this Agreement, in whole or in part, or any of its rights or obligations hereunder without the prior written consent of Discount Power®. Discount Power® may, without your consent; (a) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial agreement; (b) transfer all or substantially all of the assets of Discount Power; and/or (c) transfer or assign this Agreement to a certified REP. In the case of (a), (b) or (c) any such assignee shall agree in writing to be bound by the terms and conditions hereof. Upon any such assignment, Customer agrees that Discount Power® shall have no further obligations hereunder.

Excuse: If event occurs which makes it impossible for Discount Power® to perform under this Agreement, such as act of God, extraordinary weather occurrence, war, civil disturbance or national emergency, our performance under this Agreement shall be excused for the duration of such event.

Governing Law: This Agreement shall be governed by and construed, enforced and performed in accordance with the laws of the State of Texas and venue shall be proper in Harris County, Texas. The provisions of the Uniform Commercial Code ("UCC") shall apply to this Agreement and electricity shall apply to this Agreement and electricity shall be a "good" for purposes for the UCC.

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