

Penstar Power, L.L.C. (REP No. 10087)

Texas Residential Terms of Service Agreement

Thank you for choosing Penstar Power, L.L.C. as your Retail Electric Provider (REP). We recognize you have a choice, and we appreciate you trusting us to meet your needs. At Penstar Power, we work hard to provide straightforward terms of service that clearly define our commitment to you. Our success depends on your desire to tell others about us! We are committed to building strong and lasting relationships one customer at a time. This Terms of Service Agreement ("TOSA") explains the terms and conditions that govern your electric service with Penstar Power. This TOSA together with your Electricity Facts Label ("EFL") and the Your Rights as a Customer ("YRAC") document comprise your Contract for electric service with Penstar Power. At Penstar Power, we work hard to provide straightforward terms of service that clearly define our commitment to you. By enrolling for service with Penstar Power, you agree to be bound by the terms of your Contract. For details of the particular electric product you have purchased, please see your EFL, and for your general rights as an electric customer, please consult your YRAC. If you would like to receive this information in Spanish, please call us at (800) 427-4663. Please retain a copy of the TOSA for your records.

Contact Information:

Internet Address: www.penstarpower.com
Mailing Address: P. O. Box 720997, Dallas, Texas 75372
Email Address: customerservice@penstarpower.com
Customer Service: (800) 427-4663
Customer Complaint Line: (866)254-5632
Fax Number: (866) 343-3445
Hours/Days of Operations: 8:00 am-6:00 pm, CST, Mon-Fri & Sat 9:00 am-2:00 pm

Penstar Power sets the charges you pay for retail electric service. The electricity that Penstar Power sells to you must be transported to your service location over transmission and distribution systems which will continue to be regulated by the Public Utility Commission of Texas ("PUCT") and owned by a Transmission and Distribution Service Provider ("TDSP"). The PUCT reviews and approves the rates that the TDSP can charge to transport and distribute electricity to your location. These charges are passed on by Penstar Power to you, the Customer, along with certain charges and fees assessed by the Electricity Reliability Council of Texas ("ERCOT").

Outage Reporting: For outages, downed wires, damage to your electric meter and any other emergency, call 24 hours a day, 7 days a week your local transmission and distribution utility. Contact the appropriate number which corresponds to the TDSP in your area in which you live:

Oncor	(888) 313-4747
CenterPoint Energy	(800) 332-7143 or (713) 207-2222
AEP	(866) 223-8508
TNMP	(888) 866-7456
Sharyland Utilities	(956) 668-9551

Penstar Power is not liable for service interruptions or outages. Any questions relating to your electric distribution lines or meters should be directed to your TDSP listed above.

Type of Products:

We provide electricity under three different product types; fixed rate, indexed and variable price. Your EFL specifies the product type and the term that applies to your contract. Please note that only those parts of this "Product Types" section that describes your specific product type will apply to your contract.

Fixed Rate Products. Fixed Rate Products have a contract term of at least three months for which the price including recurring charges for each billing period of the contract term is the same throughout the contract term, except that the price may vary from the disclosed amount solely to reflect actual changes in the TDSP charges, changes to the Electric Reliability Council of Texas (ERCOT) or Texas Regional Entity administrative fees charged to loads or changes resulting from federal, state or local laws that impose new or modified fees or costs on Penstar Power and that are beyond our control. Price changes resulting from these limited circumstances do not require us to provide you with advance notice however each bill issued for your remaining contract term will notify you that a price change has been made.

Term Indexed Products. Term indexed products have a contract term of at least three months and a price that changes according to a pre-defined pricing formula that is based on publicly available indices or information. The price for term indexed products may also change without advance notice to reflect actual changes in TDSP charges, changes to the ERCOT or Texas Regional Entity administrative fees charged to loads or changes resulting from federal, state or local laws or regulatory actions that impose new or modified fees or costs on Penstar Power that are beyond our control. An indexed product may be for a term of three months or more, or may be a month-to-month contract.

Variable Price Products. The price of a variable product can change without notice to you, after your first billing cycle at the sole discretion of Penstar Power. Variable price products have a contract term of thirty-one (31) days or less and a price that varies according to the method disclosed on your EFL. A month to month contract may not contain a termination fee or penalty.

Length of Service

The minimum term, if any, for the product you elected to enroll is stated in the EFL. If you are a new Customer, your selected product will become effective on the day your service begins with Penstar Power, L.L.C., which coincides with the date your meter is read by your TDSP. Since this date is determined by your TDSP we are not able to commit to a specific date for the commencement of service.

For term products, a contract expiration notice will be sent at least 14 days prior to the end of the initial contract term. If you fail to renew your contract with Penstar Power or switch to another REP, your service will automatically continue on a month-to-month basis after the expiration of your initial contract under a variable price product whose price will be determined by current market conditions until cancelled by either you or Penstar Power.

Pricing and Fees

Your EFL will provide you examples of the average price per kWh for your product based on different usage levels. The average prices disclosed on your EFL including recurring charges, which are charges that we expect to bill you on a regular basis. These prices do not include taxes, reimbursement for gross receipts taxes, municipal administrative fees, TDSP non-recurring fees and other non recurring fees that Penstar Power may charge, if applicable or services other than electric service that may appear on your bill if you purchase them. You agree to pay the price as defined in the Contract and all amounts shown on your bill that are charged by Penstar Power consistent with this Contract.

If you are enrolled in a Variable Price Product, prices may change or vary without notice. Our rates for service are variable but will be no greater than the amount charged by the Provider of Last Resort ("POLR"). The POLR rate changes from time to time. This rate is also subject to change for reasons including, but not limited to, a change in the TDSP charges or a change in the cost of fuel used to produce energy during the term on this Agreement.

You may also be charged fees for services that Penstar Power provides. These include TDSP non recurring fees which will be listed separately on your invoice. Please refer to your EFL for fees which apply to your electric service plan. Below please find a list of fees which may apply:

Late Fee For late payments or past due or delinquent balances we may charge a one-time penalty of 5% of the past due balance.

Insufficient Funds Fee We may charge a \$25 fee for each payment that is not processed due to insufficient funds or other type of bank return or payment rejection.

Agent Assist Fee We may charge a \$3.95 fee when you use a Penstar Power customer care representative to help you make a payment by credit card or debit card. To avoid this fee, you can use our automated phone service, send your payment in the mail or pay at one of our authorized payment locations.

Disconnect Recovery Charge If you receive a disconnection notice we may also charge you a Disconnect Recovery Charge of \$35 if you do not make payment before the date your service is subject to disconnection. This charge would be in addition to any TDSP charges related to disconnection/reconnections.

Early Cancellation Fee We may charge a fee for early cancellation of your Contract; check your EFL for more information.

Other fees If additional electric service fees apply to your product, they will be described in your EFL.

RIGHT OF RESCISSION IF your are switching to Penstar Power from another REP, you have the right to rescind your switch request without fees or penalties of any kind by contacting us before midnight of the 3rd federal business day (includes Saturdays) after the date you first receive your TOSA. You may rescind this switch by calling 1-800-427-4663 (toll free), faxing 1-866-343-3445 (toll free) or email customerservice@penstarpower.com. Please provide your name, address, phone number, ESI ID or account number, and a statement that you are rescinding your switch under the 3 day right of rescission period.

Cancellation Rights You have the right to terminate a variable month to month Contract and choose another Penstar Power product or another REP without having to pay an early cancellation fee. Generally, you will be charged an early termination fee on a term product. However, you will have the right to terminate your Contract without penalty, if: (1) you move to another location, (2) we notify you of a change to the terms and conditions of your Contract and you terminate within 14 days from the date the notice is sent; or (3) you terminate your Contract within 14 days of its expiration date. If you move, we may require evidence of your move and a forwarding address. The amount of the early cancellation fee applicable to your Contract is shown on the EFL. We may terminate your Contract, after providing proper notice, if your service is disconnected. In this event, you may apply to re-enroll for electric service on another product or you may contact another REP to reestablish your electric service. However, please note that if we terminate your Contract after a disconnection, we may charge you an early cancellation fee consistent with your EFL.

Payments

We will bill you monthly, unless service is provided for a period of less than one month or you and Penstar Power agree to an alternative billing arrangement that provides for less frequent bills. We will issue a bill within 30 days of when the TSP provides us with your usage information, unless it takes us longer than 30 days to validate this information. All bills rendered are due and payable 16 days after issuance ("Due Date"), which is defined as the statement date on your invoice or the postmark date on the envelope, whichever is later. Bills shall be deemed past due and delinquent if payment is not received by Penstar power at the close of business on the Due Date. Late payments, delinquent or past due balances may result in a penalty equal to 5% of the invoiced past due amount. Penstar Power will charge \$25 for each transaction not processed due to insufficient funds including returned checks, and returned electronic fund transfers and rejected credit card transactions. You may incur an agent assist fee of \$3.95 for any payment processed by a Penstar Power customer service representative.

Payment Arrangements

If you are unable to pay your bill on time call (800) 427-4663 and one of our service representatives will be able to assist you. In certain circumstances for which you must qualify, you may have the right to establish a payment arrangement or deferred payment plan with Penstar Power. A payment plan allows you to pay your bill after the due date, but before the next bill is due. A deferred payment plan is an arrangement between Penstar Power and you which will permit you to pay an outstanding bill in installments that extend beyond the due date of the next bill. All deferred payment plans will be confirmed in writing.

Level and average payment plans is a billing program which will generate bills that are as level as possible to smooth out the seasonal highs and lows of electricity for customers. A baseline amount is calculated based on the average of your last twelve (12) months of electricity usage. In cases where your residence was previously unoccupied, or inaccurate readings exist in the information we receive from the TDSP, your usage will be normalized. Normalized usage will be based upon seasonally adjusted information from our database of meter readings that match your type of residence. We will "levelize," or adjust your baseline amount every month when we calculate your bill by comparing your current month's usage with your meter's historical usage for the same month the prior year. Your levelized bill amount will vary from month to month, but it will give you a more predictable monthly bill. Penstar Power will reconcile your account on your final bill or if you choose to convert your levelized plan to a non-levelized rate plan.

Rate discounts through the LITE-UP Texas discount Program were reinstated by the Texas Legislature to provide discounts to eligible customers during the summer months. To apply for eligibility directly with the program administrator, LIDA, please call 1-800-241-7011. Penstar Power offers the benefits of this program as required by applicable rule. Additionally, if you need help paying your bill, you may qualify for additional low income energy assistance programs in your community.

Penstar Power offers each Customer the opportunity to voluntarily contribute to a bill payment assistance program for qualified residential Customers. You may find more information about Penstar Power's bill payment assistance program on your billing statement.

Additional information regarding any of the aforementioned programs may be obtained by contacting Penstar Power customer service representatives at (800) 427-4663.

Disconnects Without Notice

Penstar Power may disconnect service immediately for the following reasons: (1) where a known dangerous condition exists for as long as the condition exists. Where reasonable, given the nature of the hazardous condition, Penstar Power or our agent shall post a notice of disconnection and the reason for the disconnection at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected; (2) Where service is connected without authority by a person who has not made application for service; (3) Where service is reconnected without authority after disconnection for nonpayment; (4) Where there has been tampering with the equipment of the transmission and distribution utility, municipally owned utility, or electric cooperative; or (5) Where there is evidence of theft of service. If service was disconnected due to a dangerous situation, Customer must correct the situation and notify Penstar Power before service will be reconnected. Customer is responsible for any and all charges/fees related to the disconnection/reconnection of the service.

Disconnection with Notice

Penstar Power may order disconnection of service for non-payment if amounts remain unpaid ten (10) after a Disconnection Notice has been sent. Fraud and non-payment shall be considered breaches of this Agreement, issuance of a disconnect order to the TDSP will generate a \$35 Disconnect Recovery Fee regardless of whether your service was disconnected by the TDSP. Disconnection of service will not excuse you from paying any outstanding amounts owed. Penstar Power reserves the right to assess an additional deposit in the event we issue a disconnect order to the TDSP for non-payment. If service is not reconnected within ten (10) days of disconnection for non-payment, Penstar Power may cancel this Agreement and require a new deposit and move in fee for service initiation.

We may authorize the disconnection your electric service, after proper notice, at any time after the disconnection date stated in the notice for any of the following reasons: (1) your failure to pay any required deposit; (2) your failure to pay any bill for electric service owed to us or to make deferred payment arrangements by the date of disconnection stated on a disconnection notice; (3) your failure to comply with the terms of a deferred payment agreement; (4) using service in a manner that interferes with the service of others; (5) the operation of nonstandard equipment; or (6) failure of a guarantor to comply with the terms of an agreement to pay any guaranteed payment amount.

In addition, we may authorize the disconnection of your service immediately and without prior notice for any of the following reasons: (1) a dangerous condition exists at your service address; (2) there is evidence of theft of service; (3) service is connected without authority by a person who has not made application for service; (4) service is reconnected without authority after disconnection for non-payment; or (5) there has been tampering with the equipment of the TDSP.

Collections

We reserve the right to pursue all legal remedies available to us 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's fees and third party collection fees) we incur as a result of our attempt to collect any amounts you owe.

In the event that you have more than one agreement with Penstar Power for service to ESI IDs not receiving service under this Agreement, any failure to pay under another agreement with Penstar Power will constitute a default under this Agreement and shall give Penstar Power the right to terminate this Agreement and seek any other remedy available to Penstar power at law or in equity.

Credit Eligibility & Deposits

This Agreement is conditioned upon you demonstrating to us your creditworthiness and is subject to your meeting the credit requirements of Penstar Power. By applying for service, you agree that Penstar Power may check your personal credit. Failure to demonstrate satisfactory credit, will allow Penstar Power to require a deposit prior to receiving service.

Deposits

Penstar Power will not deny service based on your creditworthiness; however, you may be required to provide an initial deposit if you do not meet Penstar Power's credit standards, you are a new move in customer or you cannot demonstrate satisfactory credit as defined in 25.478 of the PUCT rules <http://www.puc.state.tx.us/agency/rulesnlaws/subrules/electric/25.478/25.478.pdf>. If a deposit is required, the amount of your deposit will not be more than the greater of ; (1) one-fifth of the total amount we expect to bill you for a year of service; or (2) the amount we expect to bill your for the next two months. For new customers your expected billing amount will be based on our reasonable estimate of the average usage for a residential customer. After you have been our customer for over a year, you can ask us to recalculate the amount of your deposit based on your actual usage. For existing customer, your deposit will be based on your actual historical usage to the extent it is available. Customers who qualify for the low income electric rate reduction program may pay in two equal installments if the required deposit exceeds \$50.

If we hold your deposit for 30 days or longer, your deposit will accrue interest at an annual rate established by the PUCT. We will credit any accrued interest to your bill each January or at the time the deposit is credited to your account.

In lieu of a deposit, you may provide a Guarantee Agreement signed by an active Penstar Power customer will a good payment history who agrees to be responsible for the amount of your deposit.

If you are a returning Penstar Power customer and owes any past due amounts, you will be required to pay these past due amounts in addition to any required deposit before we will be able to accept you for service.

If you are an existing customer, we may require you to pay an additional deposit if your average use of electricity over the last year was at least twice as much as our original estimate and if we have issued you a termination or disconnection notice or have disconnected your account in the last 12 months.

You will not be required to pay a deposit if you are 65 years of age and you do not have a current delinquent balance with your current REP, or if you have been a victim of family violence and can provide a certification letter pursuant to PUCT Substantive Rule 25.478 (a) (3) (D) <http://www.puc.state.tx.us/agency/rulesnlaws/subrules/electric/25.478/25.478.pdf>.

If Penstar Power requires you to pay an additional or initial deposit, then we may disconnect your service or decline to connect your service if it has not yet been connected and terminate your Contract if you do not pay your deposit as requested. If we intent to disconnect you for not paying your deposit, we will provide you with prior written notice of disconnection, which may be combined with or sent at the same time as written request for a deposit.

After you have paid your electric bills in full for 12 consecutive months with no late payments, we will refund your deposit and ay accrued interest through a bill credit or cancel your Guarantee Agreement, if applicable. Also, if you close your account with us we will refund your deposit and any accrued interest after deducting any outstanding balance you owe for electric service.

Refusal of Service

Penstar Power may refuse to provide electric service to a Customer for one or more of the reasons specified in PUCT Substantive Rules

<http://www.puc.state.tx.us/agency/rulesnlaws/subrules/electric/25.477/25.477.pdf>.

Antidiscrimination

Penstar Power cannot 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 of customer in a economically-stressed geographic area or qualification for low-income or energy efficiency services. Further, Penstar Power cannot use a credit score, credit history or utility payment data as the basis for determining the price for residential electric service for a product with a term of 12 months or less.

Dispute Procedures

If you have any questions, concerns, complaints or a dispute regarding your Penstar Power service or this Agreement, please call our Customer Service number at (800) 427-4663. If we are unable to respond to your question or dispute we will investigate the matter promptly and report our findings to you. You will be required to pay the undisputed portion of your charges while we investigate. See "Your Rights as a Customer" for further information on customer disputes. If you are not satisfied with our response you may contact the Public Utility Commission of Texas (PUCT) or the Office of the Attorney General, consumer Protection Division.

Material Change

Penstar Power will provide you with at least 14 calendar days' advance written notice either in your bill or in a separate mailing to your billing address of any material or significant change in the Terms of Service. The change(s) will become effective on the date state in the notice. In the event of an unfavorable change to this Agreement, you will have the option to cancel this Agreement without penalty or fee for 14 days from the date of the notice. Your option to cancel will not be provided if the change favors you or is mandated by any applicable law or by and applicable rule or regulation of a regulatory agency or body, including the PUCT. Pricing changes made due a change in the law or regulation may be made without granting any right to cancel this Agreement without penalty. Notice will not be sent of contractual changes that benefit the Customer.

Assignment

You may not assign this Contract, in whole or in part, or any of the rights or obligations hereunder without the prior written consent of Penstar Power, which consent may be withheld or granted at the discretion of Penstar Power. We reserve the right to, without your consent but with notice to you, assign your contract to another retail electric provider in the even to an acquisition, merger, bankruptcy or other similar event.

Limitations of Liability

YOU AGREE THAT FORCE MAJEURE EVENTS, INCLUDING ACTS OF GOD, ACTS OF ANY GOVERNMENTAL AUTHORITY ACTS OF TERRORISTS OR ENEMIES OF THE STATE, ACCIDENTS, STRIKES, LABOR TROUBLES, EVENTS OF FORCE MAJEURE OCCURING WITH RESPECT TO THE TDSP, ERCOT, OR OTHER THIRD PARTY SYSTEMS OR ASSETS OR ANY OTHER CAUSES AND EVENTS BEYOND OUR CONTROL MAY RESULT IN INTERRUPTIONS IN SERVICE AND THAT WE WILL NOT BE LIABLE FOR THOSE INTERRUPTIONS. YOU ALSO AGREE THAT WE ARE NOT RESPONSIBLE FOR GENERATING, TRANSMITTING OR DISTRIBUTING ELECTRICITY TO YOUR SERVICE ADDRESS AND THAT WE WILL NOT BE LIABLE WITH RESPECT TO ANY THIRD PARTY

SERVICES. FURTHERMORE YOU AGREE THAT PENSTAR POWER L.L.C.'S LIABILITIES NOT EXCUSED BY REASON OF FORCE MAJEURE OR OTHERWISE SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES, AND THAT NEITHER PENSTAR POWER NOR THE CUSTOMER SHALL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES. YOU WAIVE ALL OTHER REMEDIES AT LAW OR IN EQUITY, THESE LIMITATIONS APPLY WITHOUT REGARD TO THE CAUSE OF ANY LIABILITY OR DAMAGE, INCLUDING IF THE DAMAGES RESULT FROM SOLE, JOINT, CONCURRENT, OR ACTIVE OR PASSIVE NEGLIGENCE, THERE ARE NOT THIRD PARTY BENEFICIARIES TO THIS CONTRACT.

REPRESENTATIONS AND WARRANTIES:

THE ELECTRICITY SOLD UNDER THIS CONTRACT WILL BE SUPPLIED FROM A VARIETY OF GENERATING SOURCES, IF YOU PURCHASE A RENEWABLE ENERGY PRODUCT FROM US, YOU ARE FINANCIALLY SUPPORTING RENEWABLE ENERGY GENERATION SOURCES, AND THE REQUIRED AMOUNT OF RENEWABLE ENERGY CREDITS (RECs) WILL BE RETIRED TO AUTHENTICATE THE RENEWABLE ENERGY COMPONENT OF THE PRODUCT, YOUR TDSP DOES NOT NECESSARILY DELIVER, AND YOU WILL NOT NECESSARILY RECEIVE, THE SPECIFIC ELECTRICITY GENERATED FROM THAT SOURCE AT YOUR SERVICE ADDRESS. PENSTAR POWER, L.L.C. MAKES NO REPRESENTATIONS OR WARRANTIES OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS CONTRACT AND EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY CONFORMITY TO MODELS OR SAMPLES AND FITNESS FOR A PARTICULAR PURPOSE.

MISCELLANEOUS:

Your contract constitutes the entire agreement between you and Penstar Power L.L.C. concerning your agreement to purchase electricity for the covered ESI ID(s) and supersedes any prior agreements. There are no prior or contemporaneous agreements or representations affecting this Contract other than those expressed in these documents. No amendment, modifications or change to this Contract shall be enforceable unless reduced to writing. Notwithstanding anything to the contrary, if any provision of this Contract is deemed to be invalid, illegal or otherwise unenforceable, you and Penstar Power L. L. C. agree that it shall be modified to the minimum extent necessary to render it valid, legal and enforceable. If any such provision cannot be modified in a manner that would make it valid, legal and enforceable such provision shall be severed from this Contract, and all other provisions hereof shall remain in full force and effect. Any failure on Penstar Power, L. L. C.'s part at any time to enforce any term or condition of our service or to exercise any right under this Contract shall not be considered a waiver of our right thereafter to enforce each and every such term and condition or to exercise such right or any other right under this Contract. Obligations regarding indemnity, payment of taxes, limitations of liability and waivers will survive the termination of the contract indefinitely. THIS CONTRACT IS GOVERNED BY THE LAWS OF THE STATE OF TEXAS. THE TEXAS UNIFORM COMMERCIAL CODE (which can be viewed at <http://tlo2.tlc.state.tx.us/statutes.bc.to.htm>) APPLIES TO THIS CONTRACT AND ELECTRICITY IS DEEMED A "GOOD."