



TERMS OF SERVICE AGREEMENT

Version 9 - Residential Prepaid

Thank you for choosing prepaid electricity service from Young Energy, LLC dba Payless Power! This Terms of Service Agreement (TOS) contains important information regarding your purchase of electricity. Your contract for service with Payless Power includes the following: these Terms of Service; the Electricity Facts Label (EFL); Your Rights as a Customer (YRAC); and the Prepaid Disclosure Statement (PDS), as they may be amended from time to time. Together, these documents represent the entire agreement between you and Payless Power and supersede any prior understandings, whether verbal or written.

DEFINITIONS. The definitions used in this document: "Customer Location" or "Service Location" means the address at which you are receiving power from Payless Power; "ERCOT" means the Electric Reliability Council of Texas, the grid operator in most parts of Texas; "PUCT" means the Public Utility Commission of Texas, an agency that regulates the state's electric industry; "SUP" means the Summary of Usage and Payment; "TDU" is the Transmission and Distribution Utility, an independent company (separate from Payless Power) that owns and maintains the poles and wires that deliver electricity to you.

NO DISCRIMINATION. Payless Power will not deny service or require a prepayment or deposit for service based on your race, creed, color, national origin, ancestry, sex, marital status, lawful source of income, level of income, disability, familial status, location of customer in an economically distressed geographic area, or qualification for low-income or energy-efficiency services. We do not use credit score, credit history, or utility payment data as the basis for determining your rate.

HOW TO CONTACT US.

- Toll-free: 1-888-963-9363
- Fax: 1-800-783-7685
- Mail: Payless Power PO Box 470457 Fort Worth, Texas 76147
- Website: www.PaylessPower.com
- E-Mail: inquiries@PaylessPower.com

Any questions about electric service can be directed to customer service at 1-888-963-9363. The hours of operation are from 8:30am to 5:30pm Central Prevailing Time Monday through Saturday.

SPANISH LANGUAGE (Idioma Español). Usted puede obtener el mismo documento impreso detallando los Términos de Servicio en español comunicandose con nosotros al 1-888-963-9363.

POWER OUTAGES AND EMERGENCIES. If you have an electrical emergency or a power outage, then please call the TDU in your service area. If you do not know which TDU services your area, then you may call customer service during business hours for assistance.

Outages and Emergencies (Contact the TDU in your area)	1-866-223-8508 AEP Texas 1-800-332-7143 CenterPoint 1-888-313-4747 Oncor 1-888-866-7456 Texas New Mexico Power 1-806-775-2509 Lubbock Power & Light
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RIGHT OF RESCISSION. For switch requests, until midnight on the third federal business day after you receive this Terms of Service, you have the unconditional right to rescind this Agreement without penalty or fee of any kind, other than the cost of any electricity you have used. The right of rescission does not apply if you are requesting a move-in. To rescind, contact us before the deadline with the following: (1) your name; (2) account number or ESI-ID; (3) the address of the service location; and (4) a statement that you are cancelling under the three-day right of rescission. You may contact us by toll-free telephone at 1-888-963-9363, by fax at 1-800-783-7685, or by email at inquiries@PaylessPower.com.

ELIGIBILITY. To be eligible for prepaid service, your location must have a provisioned Advanced Metering System (AMS Meter) provided by the TDU. Further, you must have access to an active email address and/or a text-enabled cell phone to receive important notifications about your account (see Preferred Method of Electronic Communications below).

PRICING. Your prepaid service will begin on the first meter reading date set by your TDU. The initial purchase price is detailed in the EFL. Please see the final page of this document for details regarding specific billing methodologies for Fixed Price and Variable Price products. Charges for the electricity you consume, as well as any other applicable charges, will be deducted daily from your account balance. Your electric service will continue until your account balance has been exhausted or until service is terminated.

NONRECURRING TDU CHARGES. We will charge your account for any nonrecurring fees and charges passed through from the TDU for services they provide at your service location. These service items are charged by the TDU for specific services they may provide to your service location and vary by TDU. Any non-recurring fees will be itemized separately on the Summary of Usage and Payment. The charges and fees include but are not limited to new service initiation fees; connection fees; out-of-cycle meter reading fees; meter testing fees; or any disconnect or reconnect fees or charges related to the disconnection or interruption of your service for failure to maintain a positive account balance, dispatch fees, and fees and charges related to tampering and denial of access. TDU charges associated with a switch or move-in event include, but are not limited to self-selected meter reading fees, service connection fees, and move-in fees. You agree to pay all service charges and fees that apply to you.

NONRECURRING REP CHARGES. Payless Power may charge various non-recurring fees as shown below. We reserve the right to charge court costs, legal fees, and other costs in collecting past due amounts; such costs vary on a case-by-case basis and cannot be quantified.

Move In / Standard Switch / Self Selected Switch—AEP Texas Central	\$0.00 / \$0.00 / \$0.00
Move In / Standard Switch / Self Selected Switch—AEP Texas North	\$0.00 / \$0.00 / \$0.00
Move In / Standard Switch / Self Selected Switch—Centerpoint	\$0.00 / \$0.00 / \$0.00
Move In / Standard Switch / Self Selected Switch—Oncor	\$0.00 / \$0.00 / \$0.00
Move In / Standard Switch / Self Selected Switch—Texas New Mexico Power	\$0.00 / \$0.00 / \$0.00
Returned Check or Non-Honored Debit/Credit Card Fee	\$29.00
Payment Processing fee for any payment of less than \$150. Fee is avoidable by enrolling in autopay.	\$4.95
Reconnection Fee assessed when service is restored after disconnection for non-payment	\$25.00

TIME-SENSITIVE NOTIFICATIONS. We will periodically send you electronic notifications about the balance remaining in your account, estimated days remaining until your account balance is exhausted, warnings about service interruptions, payment confirmation codes, and other general information about your electric service and consumption. We may also send you additional notifications through the United States Postal Service. On any day that your account shows less than an estimated five days of electric service remaining (as determined by your forecasted daily consumption and your account balance) we will notify you via your preferred method of electronic communication. Notifications will continue daily until your account balance is exhausted or you replenish your account balance by making a payment.

PREFERRED METHOD OF ELECTRONIC COMMUNICATIONS. Time-sensitive notifications will be sent to you by the electronic means you select at enrollment via a text-enabled cell phone, active e-mail address, or via push notifications via the Payless Power app (coming soon). You are solely responsible for all charges, fees, and taxes that may be imposed by the carrier of your cell phone, email, or internet service you use to receive our notifications.

Prepaid service is contingent on your commitment to ensuring that your designated electronic communications device is in working order and information related to such device (i.e., cellular number or e-mail address) is kept up to date with us. You are responsible for contacting our customer service to provide us with updated and/or corrected contact information if you have changed your cell phone device and number, and/or email address, or you wish to change your preferred method of electronic communications. We are not obligated to resend notifications to you, even if the message could not be delivered for any reason. Failure to comply may result in the disconnection of service if your account balance is exhausted.

REPLENISHING YOUR ACCOUNT BALANCE; SUMMARY OF USAGE AND PAYMENT; FLEX-PAYMENTS. You will not receive an invoice from us. To maintain electric service, you must make a payment before your account balance is exhausted. We accept cash and certified funds (such as money orders and cashiers' checks), or debit and credit cards by phone and via the internet. Other payment methods are not accepted and will not prevent a service disconnection. Payless Power will not accept a debit or credit card payment of less than \$75. In other words, all payments processed via the internet or by phone with a credit card must be \$75 or greater because our system will not accept a lesser amount.

All payments will be credited to your account and are applied to the oldest charges first.

Upon request, Payless Power will provide you with a SUP of your account to you or any energy assistance provider acting on your behalf. The SUP may cover activity from any specified period within the last 24 months, as requested by you or the energy assistance provider, and shall be delivered for a fee of up to \$2.95 via e-mail or the U.S. Postal Service.

LATE INVOICE PENALTY. Charges or invoices that are past due shall be assessed as a one-time 5% charge on all amounts that are past due at the time of the account holders next billing cycle occurrence.

BILLING AND PAYMENT TERMS. We charge a \$29 fee on all returned checks, electronic payments or rejected credit card payments that weren't processed because of: (1) insufficient funds; (2) a lack of available credit; or (3) any other reasons for bank returns. Any check or electronic transfer returned by a bank for insufficient or unavailable funds will be treated as if we received no payment at all. If you have two or more returned payments in 12 months, you must pay us by money order or in cash. We are not responsible for notifying you of bounced checks or returned electronic payments. We may use consumer reporting agencies to report and retrieve your credit information or that of any other responsible person. We may also use debt collection agencies to collect any outstanding balances on your account. **We, or anyone acting on our behalf, reserve the right to assess and collect from you, as a current or former customer, or other responsible persons, any and all costs, fees or charges related to the collection of delinquent balances, including but not limited to commissions, costs, fees, and attorney's fees incurred when recovering outstanding balances using any collection agency or an attorney.**

You agree, for us to service your account or to collect any amounts you may owe, we or a third-party operating on our behalf may contact you by telephone at any telephone number associated with your account, including wireless telephone numbers, which could result in charges to you. We may also contact you by sending text messages or emails, using any email address you provide us with. Methods of contact may include using pre-recorded or artificial voice messages and/or the use of an automatic dialing device, as applicable. We may charge you a Collection Recovery Fee of \$30 when your account is referred to a third-party collection agency.

UNDER BILLING. Payless Power reserves the right to correct any prior daily bills due to missing or erroneous customer charges that may arise because of: (1) meter errors; (2) miscalculations of taxes; (3) errors in collections at the authorized pay station; or (4) other errors and omissions. If the under billed amount is not paid according to the above, and your balance is equal to or less than \$0.00, Payless Power may request that your TDU interrupt your electricity service.

DISCONNECTION OF SERVICE. The available account balance must always remain above \$0 to avoid service interruption. The \$0.00 threshold is known as the Disconnection Balance. A daily balance alert shall be sent containing your account balance and the estimated number of days before the balance shall reach the Disconnection Balance. The days-remaining calculation is an estimate, and the balance shall be the sole factor determining if service may be interrupted for non-payment.

Disconnections will be delayed if your current account balance reaches zero on a weekday night, weekend or during any period in which the prepayment mechanisms are not available or our customer service is not open. During such times, we will continue to provide electricity to you, but your account will accumulate additional charges and accrue a negative current balance. Once normal business hours resume, we may request the TDU disconnect your service. You must make a payment great enough to raise the account balance to a positive level of up to \$75 to reconnect the service. We will authorize the TDU to disconnect your electric service if you fail to replenish your account balance before it is exhausted, fail to make alternative payment arrangements before the disconnection date, or fail to comply with the terms of an agreed payment plan. If you are disconnected, you still owe all charges.

REFUNDS. After termination of this Agreement, if your account balance is positive by more than \$5, we will either credit the funds back to the credit or debit card used to make the payment or mail a check in the account holder's name to the billing address identified by the customer. The normal timeline for refunds is 7 business days from the final meter reading. If you have a positive account balance of \$5 or less, we will notify you of the unexpended balance and advise that you may contact us to request a refund of the balance. If a positive account balance of \$5 or less remains unclaimed for more than 90 days after account termination, you agree to allow us to donate the amount to a bill payment assistance program of our choice. There will be no refund of any account balance unless you terminate electricity service with Payless Power.

ALTERNATE PAYMENT ARRANGEMENTS, PAYMENT ASSISTANCE, AND LOW-INCOME DISCOUNTS; LEVEL OR AVERAGE PAYMENT PLAN. Please contact us before your account balance is exhausted if you have difficulty making your payment. Together we may be able to work out an alternate payment plan, such as a deferred payment plan, or some other payment arrangement. We accept payment from a 3rd party on behalf of a customer. We will offer each customer the opportunity to contribute to a bill payment assistance program for qualified residential customers. We participate in state programs that offer rate reductions for low-income customers who qualify. Customers who switch to a post-paid electricity service plan may need to provide proof of a satisfactory good credit rating or report obtained through a consumer reporting agency, as defined by the Federal Trade Commission. If so, to obtain your credit rating or report, we will need your personal information, including but not limited to your legal name and social security number.

CONTRACT TERM & TERMINATION OF SERVICE. The actual length of time committed to shall be detailed in the Electricity Facts Label for the product selected. Service may be terminated at any time by calling into the call center and requesting services be permanently ended. Service may

be terminated without an early termination penalty if the account holder provides reasonable evidence that the account holder no longer occupies the location specified in the contract and provides a forwarding address.

RIGHTS AND OBLIGATIONS AT TERMINATION. Regardless of when or how this Agreement is terminated, you are still obligated to pay the full amount of all charges, fees and taxes based on the actual amount of electricity used. You agree to pay all amounts that are due at termination. If we cancel, our obligation to provide electric service to you will end either on the date specified in the notice we provide, or immediately if we are terminating service for misrepresentation or fraud. We reserve the right to pursue all other legal remedies in addition to cancellation.

CHANGES IN TERMS OF SERVICE. We may change the recurring charges for electricity, including ancillary services, in accordance with the EFL without notice. We can also change any other provision of this Agreement in any way as often as we may, but we must provide you written notice of the changed terms at least fourteen (14) days in advance of the date that the changes will take effect. We will send the written notice to you with an Invoice or in a separate mailing or email (our option) based upon the account preferences for written communication. If you decline to accept the changes, you may cancel this Agreement without termination fee or penalty. If you do not cancel this Agreement the changes will become part of your Agreement with us on the effective date.

CUSTOMER INFORMATION. We must obtain information about your daily use of electricity from a third-party service provider to provide service under any offered pre-paid plan. By agreeing to this TOS, you authorize your TDU and the third-party service provider to release certain information, including service address, telephone number, Electric Service Identifier number (ESIID), historical usage information and daily use tabulated via the AMS meter at the premises. In some cases, we may also use third-party agencies to collect, analyze and/or process information on our behalf. We require such third parties to handle proprietary customer information in a manner consistent with the confidentiality requirements applicable to us under the PUCT rules. (For the full text of this rule, see www.puc.state.tx.us/rules/subrules/electric/25.472/25.472.pdf.)

FORCE MAJEURE. Payless Power will make commercially reasonable efforts to supply electricity, but we do not guarantee a continuous supply of electricity. Customer acknowledges that certain causes and events outside of our control ("Force Majeure events") may result in interruptions in service, and we are not liable for any such interruptions. We do not generate electricity, nor do we transmit or distribute electricity. Therefore, you agree that we shall not be liable for damages caused by Force Majeure events including, but not limited to, acts of God, acts of war or terrorism, acts of any governmental authority or governmental agent, accidents, strikes, labor troubles, required maintenance work, interruption of the fuel supply, inability to access the TDU distribution system, non-performance by the TDU, or any cause beyond our control.

LIMITATIONS OF LIABILITY. All liabilities not excused by Force Majeure or otherwise shall be limited to direct actual damages. Neither you nor we shall be liable to the other for consequential, incidental, punitive, exemplary, or indirect damages. Claims of lost profits or penalties of any nature are hereby waived by both parties. These limitations apply regardless of the cause of any liability or damages.

REPRESENTATIONS AND WARRANTIES. Electricity sold under this Agreement will meet TDU standards and will be supplied from a variety of generation sources. We make no representations or warranties other than those expressly set forth in this Agreement. Payless Power expressly disclaims all other warranties, express or implied, including warranties of merchantability, conformity to models or samples and fitness for a purpose.

TAXES. Customer will be responsible for and will indemnify us for all taxes, including but not limited to all federal, state, local taxes, fees, governmental charges, assessments, and charges presently or hereafter imposed on you as a purchaser of electricity under this Agreement, or on electricity sales transactions, including gross receipts taxes, generation, utility, regulatory, BTU or electricity taxes and assessments. This provision shall survive termination of the Agreement.

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 Payless Power. We may, without your consent: a) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof about any financing or other financial arrangements; b) transfer or assign this Agreement to an affiliate; c) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of our assets; and/or d) transfer or assign this Agreement to a certified REP. In the case of (b), (c) or (d) any such assignee shall agree in writing to be bound by the terms and conditions hereof. Customer hereby acknowledges and consents to Payless Power's pledge and contingent assignment or subrogation of all rights and obligations hereunder. In the event, any other provision of this Agreement shall be deemed to prohibit or otherwise restrict Payless Power's assignment, subrogation, or pledge of its rights hereunder, this provision shall control. Upon any assignment, you agree that Payless Power shall have no further obligations hereunder.

TITLE; RISK OF LOSS; AND INDEMNITY. Customer acknowledges that we do not have care, control or custody of your property or premises, or of any electrical facility, including, but not limited to, lines, wires, or the meter located on or near your property or premises. Title to electricity and risk of loss related to electricity shall transfer from Payless Power to you at the meter which is measuring your usage of electricity under this Agreement. You further acknowledge that you are in exclusive control of electricity coming from such meter and that you have sole legal responsibility for any damages or injury caused by the electricity. You agree to indemnify, defend, save and protect us, and hold us harmless from any claims, including

claims for personal injury, death, property damage and attorney's fees, arising from any act or incident occurring when title to electricity is in your exclusive control despite our negligence or strict liability.

GOVERNING LAW. This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Texas, exclusive of any Texas conflict of laws provisions that would apply the laws of another jurisdiction. Except as otherwise provided in this Agreement, the Texas Uniform Commercial Code ("UCC") shall apply to this Agreement and electricity shall be a "good" for purposes of the UCC.

ENTIRE AGREEMENT. There are no documents that are a part of this Agreement other than the items identified in the first paragraph of this document. There are no prior or contemporaneous agreements or representations affecting this Agreement other than those expressed herein. The customer does not have the right to add, delete or change any of the terms of this Agreement. No employee or agent of Young Energy, LLC d/b/a Payless Power has the authority to orally add, delete, or change any terms. We can change the Agreement, but only as set forth above in the section called "Change in Terms of Service."

FIXED PRICE PRODUCTS. The EFL includes details about Payless Power's fixed price product which includes an Energy Charge per kWh and Daily Customer Fee. The average price for electric service reflects the Energy Charge, a Daily Customer Fee (for thirty (30) calendar days) and all existing recurring charges excluding state and local sales taxes, and the State Miscellaneous Gross Receipts Tax reimbursement. The Energy Charge may change if there are: changes to TDU Delivery Charges or regulatory charges; or changes in law that impose new or modified fees that are out of our control. Your actual price for electric service and your actual electricity usage will be shown on your account update. This will be used to calculate your daily usage amount. This Agreement will be effective as of the initial meter read date following completion of enrollment with us. Unless terminated as outlined in this Agreement, your service will continue for the term specified in the EFL. Upon expiry of the term, you can choose another product with us, or choose another electricity provider. After the rescission period described in the "Right to Rescission" section expires, we reserve the right to assess a cancellation or early termination fee specified in your EFL if you cancel your service under this Agreement prior to the expiration of your initial term, or if your service is cancelled by us due to your breach of the terms of this Agreement.

We will notify you at least thirty (30) calendar days (or one billing cycle) prior to the end of the initial term with a contract expiration notice. At the end of your initial term, unless a renewal term greater than one (1) month is established with your affirmative consent, your Agreement will expire. If you take no action your service will automatically continue under a variable priced, month-to-month plan with no cancellation penalty. If you are on the variable priced, month-to-month plan, the Energy charge and/or Daily Customer Fee may change at any time and from time-to-time at Payless Power's sole discretion. Your actual price for electric service and your actual electricity usage will be shown on your account update. This will be used to calculate your daily usage amount.

VARIABLE PRICE PRODUCTS. A month-to-month product with a contract term of less than 31 days. The EFL includes details about Payless Power's variable price product that includes an Energy Charge per kWh and Daily Customer Fee. The average price for electric service reflects the applicable Energy Charge, the applicable Daily Customer Fee (for thirty (30) calendar days) and all existing recurring charges excluding state and local sales taxes, and the State Miscellaneous Gross Receipts Tax reimbursement. The Energy Charge may change if there are: changes to TDU delivery charges or regulatory charges; or changes in law that impose new or modified fees that are out of our control. In addition, the Energy Charge and/or Daily Customer Fee may change at any time and from time-to-time at Payless Power's sole discretion, without prior notice. A change in Energy Charge and/or Daily Customer Fee does not constitute a material change to the delivery of electric service by Payless Power. Your actual price for electric service and your actual electricity usage will be shown on your Account Update. This will be used to calculate your daily usage amount.

PROMOTIONAL CREDITS & CHARGEBACK PERIOD. Any product whereby a Promotional Credit is applied shall be subject to the charge being reversed or charged back if service is not maintained for 180 days or more from the date of activation.