



TERMS OF SERVICE AGREEMENT

Version 2 - Residential Postpaid

Thank you for choosing postpaid electricity service from Young Energy, LLC d/b/a 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); and Your Rights as a Customer (YRAC), 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. By accepting service from Payless Power pursuant to your Agreement, you're giving us the right to supply electricity to all the electric service accounts under your name or address, which will be transferred to Payless Power.

DEFINITIONS. The definitions used in this document: "Customer Location" or "Service Location" means the address at which you are receiving power from Payless Power; "EFL" means the Electricity Facts Label; "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; "ESI-ID" means electric service identifier; "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 for a product with a contract term of 12 months or less.

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 comunicándose 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.

OUR RIGHT TO CANCEL: By signing up with us, you are affirming to us that you have provided us with your correct and complete name, address and contact information and you do not have any outstanding balance with us or our affiliated providers. If there is any evidence that any of these statements are or become untrue or you otherwise provide fraudulent or misrepresented information, we may terminate this Agreement and your service. Cancellation of your Agreement doesn't excuse you from paying for all outstanding balances on your account.

OUR RIGHT TO REFUSE SERVICE: We may refuse to give you electric service for the reasons specified in §25.477 ("Refusal of Electric Service" at <http://www.puc.state.tx.us/agency/rulesnlaws/subrules/electric/25.477/25.477.pdf>) of the PUCT Substantive Rules and the Texas Utility Code §17.008 ("Protection of Residential Electric Service Applicants and Customers" at <http://www.legis.state.tx.us/tlodocs/79R/billtext/html/HB00412F.HTM>).

OUR RIGHT TO DISCONNECT YOUR ELECTRIC SERVICE: WE MAY DISCONNECT YOUR ELECTRIC SERVICE IF YOU DO NOT PAY YOUR DEPOSIT OR BILL IN FULL BY THE DUE DATE. We will notify you at least 10 calendar days before we disconnect your electric service. We may disconnect your electric service without prior notice immediately if: (1) there is an existence of a known dangerous condition; (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 equipment; or (5) where there is evidence of theft of service.

PRICING: Residential Customers: The price you will pay us for electricity is as provided in the EFL. You agree to pay the price shown in the EFL and all amounts shown on your bill. Some products may require an advanced meter (also known as a smart meter) that records your usage frequently; to be eligible for these products and pricing you must have the appropriate meter and any necessary equipment installed at your location. The total average price per kilowatt-hour ("kWh") includes the costs for electricity generation, monthly kWh usage, a monthly base charge (if one is shown on your EFL), and costs of delivery of electricity to your premise, and is exclusive of state and local taxes and the state gross receipts assessment on electricity. To learn more about specific pricing information, see the EFL and the product specific provisions provided at the end of these TOS.

Regardless of usage, you will be assessed a base charge (if one is shown on your EFL), for each billing cycle, which is defined as a period bounded by a start date and stop date that the TDU uses to determine when a customer used electric service. A billing cycle may be less than 30 days, but the base charge will not be prorated. In no event will more than one base charge be assessed per ESI-ID per billing cycle. This base charge will be listed as a separate line item on your bill. If more than one ESI-ID is included in your Agreement, you will be charged a separate base charge for each included ESI-ID per billing cycle.

You will also be billed the Minimum Usage Charge (if one is shown on your EFL) for any consumption less than the threshold set forth on your EFL in any given billing cycle. A billing cycle may be less than 30 days but the Minimum Usage Charge (if one is shown on your EFL) will not be prorated if assessed. All applicable governmental taxes and non-recurring TDU fees, such as, but not limited to, connection charges, move-in charges, meter installation charges and reconnection charges will also be listed separately on your bill. Please visit the Public Utility Commission of Texas ("PUCT") website at: <http://www.puc.state.tx.us/industry/electric/rates/TDR.aspx> to view the rates for your TDSP. All applicable non-recurring fees for Payless Power will be listed separately on your bill and are described in the "Billing and Payment Terms" section within these TOS. If more than one meter identified by an ESI-ID is included as a part of your Agreement, you will be charged for all the usage at all of the included ESI-IDs.

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 your bill. 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
Reconnection Fee assessed when service is restored after disconnection for non-payment.	\$25.00

CREDIT REQUIREMENTS AND SECURITY DEPOSITS:

If you don't meet one or more of our credit requirements, we have the right to collect security deposits. Our credit requirements are: 1) You have a satisfactory credit rating or report obtained through a consumer reporting agency, as defined by the Federal Trade Commission, and such proof can be provided to us; 2) You or your spouse are over the age of 65 and can provide proof of age via a driver's license or state ID and you are not currently delinquent in payment of any electric service account; 3) You are a victim of family violence and can send us a certification letter developed by the Texas Council on Family Violence as evidence and you may send this directly to us at the following toll-free fax number, 1-800-783-7685. In order 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. For customers who enroll more than one premise/ESI-ID with us, we may require a security deposit for each premise/ESI-ID. If service to one or more of the premises/ESI-IDs is disconnected for any reason, once we are no longer your provider of record, we may apply any deposit amount you've paid, plus any accrued interest, to any outstanding balances on your account.

If you don't meet the credit requirements listed above, we may ask you to pay a security deposit before receiving service. For residential applicants, any required deposit won't be more than the greater of the sum of the estimated billings for the next two months' billings or one-fifth of your estimated annual billing. After 12 months of continuous service with us, you can ask us to recalculate the security deposit amount based on your actual historical usage.

We may ask you to pay a security deposit if one was not required when you first enrolled, if you were late paying your bill more than once during the last year of service or if you had service disconnected for non-payment during the last year of service. We may also ask you to pay an additional security deposit if your average bill over the last year is at least twice as much as the original estimated annual billing and you got a disconnection notice from us within the last year or your account has been disconnected within the previous 12 months. Also, we may send you a disconnection notice, along with the request for an additional security deposit, which you will have 10 days to pay after we issue the request.

Residential customers who are low-income customers identified by the Low-Income List Administrator (LILA) may pay a security deposit exceeding \$50 in two equal installments. Please note that the first installment is due no sooner than ten days and the second installment is due no sooner than forty days from the date we give you on the written notice of your security deposit requirement.

We will refund your security deposit when you've paid your bills on time for 12 consecutive months. This refund will be shown as a credit on your bill. If we are no longer your provider of record for any reason, we'll apply any security deposit amount, plus interest, first to your electric account, and then to any past due amount owed by you to us. If the result is a credit balance, you'll receive a final bill showing the credit balance. Any remaining credit balance will be either refunded to you or transferred to your new energy company if agreed to by you, us, and your new energy company. We will send you a final bill if there is still an outstanding balance on your account. If you pay us a security deposit, you'll receive interest on it once a year, if requested by you, or at the time the deposit is returned or credited to your account. The interest rate is set by the PUCT in December of the preceding year. If we hold the interest for less than a year, we'll prorate the interest and pay it based on the number of months we held the security deposit. No interest will be paid on security deposits held for less than 30 days.

BILLING AND PAYMENT TERMS: You will receive one bill from us per billing cycle. Your payment on all bills is due within 16 days of the bill issuance date. Your bill will include the recurring charges as specified on your EFL and as outlined in this document. From time to time, your bill could include nonrecurring charges or other fees from your TDU and us. Please refer to the "Pricing" section within the Terms of Service, for more detailed information.

If you've signed up for any of our other products or services, including any non-commodity products or services, those charges will appear as separate items on your bill. We may transfer any outstanding balance from your previous accounts with us to your current account. We will identify the delinquent balance and specific account or address on the bill. If you decide to keep a single electric service account for more than one service address, you'll be responsible for full payment on the entire account within 16 days of the billing issuance date. If you want to reapply for electric

service from us and you still owe us money, or have an outstanding balance from a previous account, you must pay that amount in full, plus a security deposit, before continuing service with us. We have the right to include on your monthly bills any charges or credits necessary to correct: (1) previous estimated bills; (2) billing errors; (3) meter read errors; (4) miscalculations of taxes; and (5) any other errors or omissions, to the extent permitted by PUCT rules or applicable law.

We charge a 5% penalty on each late payment, unless you're an eligible low-income customer identified by the LILA. 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 person responsible for your account. 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 person responsible for your account, 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 through the use of 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.

ALTERNATE PAYMENT ARRANGEMENTS, PAYMENT ASSISTANCE, AND LOW-INCOME DISCOUNTS. If you are having trouble paying your charges on time, then please contact us before your service is disconnected. Together we may be able to work out an alternate payment plan, such as the Average Billing Plan described below, 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.

AVERAGE BILLING PLAN. The Average Billing Plan is designed to even out the highs and lows in your electric bill and is based on your current price plan and usage history at your service location. To calculate the amount that you will pay each month, we add your current bill amount to your previous 11 bill amounts for your service address, if available. We then take the total and divide the amount by 12 or by the total months available for your service address. If you do not have previous bills in your name at the service address or if you do not have 11 monthly bills at the service address, we take the previous usage that is available for the service address and apply your current price to calculate your average monthly payment amount. Finally, we add or subtract 1/12th of any Deferred Balance that you have accumulated. The Deferred Balance is any difference between your average monthly payment amount and your actual monthly charges. You may elect to have your account returned to regular billing; however, any variance in actual charges and average monthly payments will be immediately applied to your account and become due with your next regular bill. An account may be removed from the Average Billing Plan if, within the most recent 12 months, 2 or more service disconnection notices are issued, service is disconnected for non-payment, or two or more checks or other forms of payment are returned to Payless Power as unpaid by your financial institution. If your account is removed from the Average Billing Plan and returned to regular billing, any variance in actual charges and average monthly payments will be immediately applied to your account and become due with your next regular bill.

CONTRACT TERM AND EXPIRATION. The actual length of your service commitment shall be detailed in the Electricity Facts Label for the product selected. For a term contract, a contract expiration notice will be sent at least 14 calendar days prior to the end of the initial contract term. If you have failed to take action to ensure continued receipt of service upon the contract's expiration, you will continue to be served automatically pursuant to a month-to-month default renewal product. 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. If you are moving from your home to another home and can provide evidence of the move, then the early termination fee shall not be assessed where applicable.

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(s) of changes.

NOTICE. Payless Power will send all notifications under this Agreement to you to the contact information you provide. Payless Power is not responsible for any notifications that you do not receive that Payless Power directs to the contact information provided by you. This includes if: (1) the information for your chosen method of Account Updates contact has changed; (2) your chosen method of Account Updates is not functioning properly; or (3) your chosen method of Account Updates is no longer valid. After multiple repeated failures to send you an account update, we may cease to send account updates until you contact Customer Service and provide updated and working contact information.

CUSTOMER INFORMATION. We must obtain information about your daily use of electricity from a third-party service provider to provide service under any offered 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 assessments or 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 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 of Rescission” section herein 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 or equal to 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 of 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.