

**IBERDROLA TEXAS TERMS OF SERVICE FOR RESIDENTIAL AND
SMALL COMMERCIAL CUSTOMERS**

REP Certificate Number 10267

1. Residential Terms of Service. Thank you for choosing Iberdrola Solutions, LLC, DBA Iberdrola Texas (“Iberdrola Texas”, “we” or “us”), PUCT# 10267, 10343 Sam Houston Park Dr, Suite 230, Houston, TX 77064, Monday to Friday 8:00 AM to 5:00 PM, CST, contactus@iberdrolatexas.com, Iberdrolatexas.com to be your retail electric provider (“REP”). This document explains the terms and conditions of your agreement to purchase electricity service from Iberdrola Texas. Your agreement with us (“Agreement” or “Contract”) includes the Terms of Service, your enrollment authorization (in writing, by telephone, or the internet), the Electricity Facts Label (“EFL”), and the Your Rights as a Customer disclosure document (“YRAC”), as they may be amended from time to time. By accepting electric service from Iberdrola Solutions, you are entering into a contract with us and you will be bound by the terms of our Agreement. All of your electricity generation requirements at the electricity delivery point you enrolled with us will be served under this Agreement. Each point of delivery is identified by an Electric Service Identifier (“ESI ID”) assigned by the Electric Reliability Council of Texas (“ERCOT”). Please keep this Agreement for future reference.

2. Spanish Language (Idioma Español).

Your contract documents are available in Spanish by contacting us at 844-956-0456 or visit www.iberdrolatexas.com/espanol

Usted puede obtener los documentos de su contrato comunicándose con nosotros al 844-956-0456 o www.iberdrolatexas.com/espanol

3. Term of Agreement. Your contract term is stated in the Contract Term section of your EFL (“Term”). You will receive additional information about your contract expiration date in a contract expiration notice. Upon the expiration of your Term, this Agreement shall continue indefinitely on a month-to-month basis, until you switch to another provider, select another Iberdrola Texas electricity product, or we terminate or disconnect your service. The regular monthly billing period for each ESI ID is established by your transmission and distribution service provider (“TDSP”) based on their meter read schedule. If the Contract Term stated in the EFL is “0”, “month-to-month” or “None”, your term is month-to-month.

4. Right of Rescission. If you are switching service to Iberdrola Texas at the ESI ID (s) enrolled, you may rescind this Agreement without penalty by contacting us before midnight of the third federal business day after the date of your enrollment authorization and receipt of the contract documents. If you enroll online you will have the opportunity to print and/or save copies of your contract documents and the rescission period begins on the date of your enrollment authorization. To cancel you may call us at 844-956-0456, or e-mail us at contactus@iberdrolatexas.com Please include the following: 1) request to cancel contract; 2) name, address, phone number; 3) Account Number or ESI ID Number. If you notify us of your desire to cancel after the expiration of the three business day period described above, we are not required to cancel your enrollment, but you have the right to select another REP and may do so by contacting that REP. If you do select another REP in these circumstances, you will still be responsible for charges assessed by Iberdrola Texas for our service until your switch to another REP is made, as well as any applicable early termination fee. This right of rescission does not apply if you are moving into a new premises.

5. Billing, Payment and Payment Arrangements.

Your TDSP measures your Usage for each billing cycle. Your Usage will be based on either an actual TDSP meter read or a TDSP estimate. The TDSP shares Your Usage with Iberdrola Texas. We will provide a monthly bill that will be due and payable 16 calendar days from the due date shown on the bill. You agree that we may issue bills less frequently in certain circumstances, including when we do not receive meter read usage data and/or an invoice for delivery charges from your TDSP or when you have more than one premises or meter served on your account.

We will generally issue a bill no later than 30 days after we receive the usage data and any related invoices for TDSP charges from your TDSP, unless validation of the usage data and invoice received from the TDSP or other efforts to determine the accuracy of usage data or invoices delays billing past 30 days. You also agree that the number of days to issue a bill may be extended beyond 30 days to the extent necessary to support consolidated billing of more than one premises or meter on your account.

If you do not pay your bill by the due date, we may charge you a late fee of up to 5% of the amount for the previous month’s past- due electric service. Late fees will not exceed the maximum amount permitted by Law. "Law" means any law, statute, regulation, rule, ERCOT protocol, exchange rule, decision, writ, order, decree or judgment, or any interpretations by any court, agency or instrumentality that has jurisdiction, including ERCOT.

Timely payments can be made by setting up recurring payments ("Auto-pay") via a bank account or credit card at no charge by visiting www.IberdrolaTexas.com. Other payment options are: one-time payments via www.iberdrolatexas.com, calling Iberdrola Texas at (844) 956-0456, or mailing a payment to Iberdrola Texas, PO Box 208273 Dallas, TX 75320-8273. Please make sure to include the remittance slip from your bill to ensure proper and timely posting of your mailed payment.

Email us at Contactus@iberdrolatexas.com for other options to pay your bill. To avoid disconnection, you should not pay by mail if you have received a termination or disconnection notice. Iberdrola Texas will not be responsible for postal or other delays and your payment

may not post to your account for several days. Any check or electronic transfer returned by a bank for insufficient funds or unavailable funds will be treated as if we received no payment at all. We may require you to pay us via secured funds if either (a) you have been issued one or more Disconnection Notices in the past 12 months (b) you have one or more returned payments in the past 12 months, or (c) there has been tampering with the TDSP's meter or other equipment or evidence of theft of service or fraud.

We reserve the right, to the extent allowed by PUCT rules, to adjust your bill and include any charges or credits necessary to correct or true-up any previous estimated bills, meter read errors, miscalculations of taxes, fees or other charges, billing errors, and other errors or omissions. We may calculate a bill based on estimated usage-related information absent actual meter readings from the TDSP or ERCOT. We will make adjustments on a subsequent bill based on actual meter readings and any adjustments received from your TDSP. Any estimated meter read performed in connection with a switch may not be subject to adjustment under applicable PUCT rules. A customer is obligated to pay a bill based upon an estimated meter read for the purpose of a switch. If you wish to dispute an estimated meter read made in connection with a switch, you may contact either of the REPs involved and request a review of the estimate by the TDSP. Any decision or adjustment by the TDSP is considered final. If you agree to purchase other products or services from us or you purchase products or services from third parties ("Third Party Services"), you acknowledge that the bill we provide you may include the charges for those products and services. We will apply all payments you make on your bill first to the amounts you owe us for electric service.

An energy assistance program is available to customers who have severe financial hardships and temporarily may be unable to pay their bills. Please call us if you anticipate having difficulty paying your bill by the due date. You may be eligible for payment assistance or a deferred payment plan. The energy assistance program is funded in part by contributions from Iberdrola Texas customers. You may contribute to our bill payment assistance program when you pay your bill each month. In certain circumstances for which you must qualify, you may have the right to establish a payment arrangement or deferred payment plan with Iberdrola Texas. 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 Iberdrola Texas and the customer that permits the customer to pay an outstanding bill in installments that extend beyond the due date of the next bill. Iberdrola Texas will confirm all deferred payment plans in writing. Please call for additional information.

If you fail to timely pay the amounts due and we refer your outstanding balance to an attorney or collection agent for collection, or file a lawsuit, or collect your outstanding balance through probate, bankruptcy or other judicial proceedings, then you agree to pay all reasonable fees and expenses (including attorney fees) that we incur in the collection process.

6. Average Billing.

You may select an average payment plan. If you choose this plan, your monthly payment will be based on the historical average usage associated with your account and the then-current price for your Iberdrola Texas electricity product. 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. Your account balance will be true'd up and the deferred credit or debit balance will be added to each third bill to reduce the risk of incurring a large balance at the end of 12 months. Each month we track your Deferred Balance which is any difference between your average monthly payment amount and your actual monthly charges. This amount will be shown on a line item on your bill. In the event this Agreement is canceled or terminated or your electric service is disconnected, the billing plan does not affect your obligation to pay for all actual usage.

7. Itemization of Non-Recurring Fees and Charges.

You agree to pay non-recurring fees charged by the TDSP that are necessary to implement and/or maintain your electric service. Non-recurring fees charged by the TDSP may include service connection, disconnection or reconnection fees, meter test fees, special out-of-cycle meter read fees and such other fees or charges lawfully imposed by your TDSP. Non-recurring fees will appear as line items on your bill.

In addition to charges or fees specified elsewhere in this Agreement or otherwise authorized by Law, we may assess the following fees and charges:

- \$35.00 for payments returned for insufficient funds by any method of payment including, but not limited to, bank or personal check, automatic payment plan account deduction or credit/debit card payments.
- \$5.00 per bill period for copies of billing records requested by you, except for your first request in a year.
- \$5.00 each bill cycle that you do not adhere to the terms of your product as stated in your EFL and this Terms of Service.
- \$25.00 each time we process a transaction requesting that the TDSP disconnect service due to non-payment.

8. Deposits.

This Agreement is conditioned upon you meeting Iberdrola Texas' eligibility requirements. We will determine eligibility in compliance with §25.477 and §25.478 of the PUCT Substantive Rules (available at <http://www.puc.state.tx.us/rules/subrules/electric/index.cfm>) and Tex. Util. Code §17.008 (available at

<http://www.statutes.legis.state.tx.us/SOTWDocs/UT/htm/UT.17.htm#17.008>). By applying for service, you agree that Iberdrola Texas may review your eligibility, including requesting information from consumer credit reporting agencies and/or requesting payment history information from your previous electric provider(s) verifying your electric service payment history in order to assess your creditworthiness. In the event that you do not meet our eligibility requirements, we may refuse to provide you service or, at our option, you may be required to pay a deposit. An initial deposit may also be required to continue to receive electricity service, if you have been late paying your bill more than once during the last 12 months or your service has been disconnected for non-payment. If you transfer your service with us to a new address, your existing deposit may be transferred to your new address. You may be required to provide an additional deposit to continue to receive electricity service if (1) your average annual electric service bill for the last 12 months is at least twice the amount of the original estimated annual bill, and (2) a notice for disconnection has been issued in the previous 12 months. If a deposit is required, the total amount of your deposit will not exceed an amount equal to the greater of either (1) the sum of the next two months estimated billings, or (2) one-fifth of the estimated annual billing.

Deposits held more than 30 days will accrue interest from the date of receipt at the annual rate established by the PUCT. Payment of the interest may be made either annually, upon customer request or at the time the deposit is returned or credited to your account. Your deposit will be returned or credited to your account at such time as you have made 12 consecutive monthly payments by the specified due date; otherwise, we may keep your deposit for the entire time you receive service from us.

You also satisfy our eligibility requirements for service without paying a deposit if (1) you have a satisfactory credit rating through a consumer reporting agency, (2) you provide electric bill payment history information from your previous electric service provider(s) confirming your positive payment record for the previous 12 consecutive months, (3) you are at least 65 years of age and you do not have a delinquent balance with your current electric service provider, (4) you have been a victim of family violence and can provide a certification letter by the Texas Council on Family Violence, or (5) you can provide a written letter of guarantee if the guarantor is a customer whose account is not in arrears at the time of the deposit request. Please contact us for additional information if you believe you may be eligible for one of these options. You may send evidence of eligibility and other information to us at contactus@iberdrolatexas.com.

If you establish satisfactory credit with us by making timely payments for 12 consecutive months, then we will apply the deposit plus accrued interest to your account. If you do not establish satisfactory credit with us during the time you receive service from us, then we will apply the deposit plus accrued interest against the outstanding balance on your final bill. We will bill you for any remaining balance and the bill will be due upon receipt. We will make reasonable efforts to return any unclaimed credits, if a credit balance exists on your account, after payment of your final bill from us. Unless we receive your specific request, account balances that are less than \$1.00 will not be returned.

9. Canceling Your Contract. Your contract term is stated in the EFL. At the end of your contract term, you may cancel or terminate your contract by switching to a new provider. If you cancel the contract before the end of your contract term, you agree to pay the penalty or fee for early cancellation indicated in the EFL, if any, and you must select another REP to continue to receive electric service. If you move from your existing service address during the contract term and provide a forwarding address to us, you will not be responsible for the cancellation fee stated in the EFL. We may also request that you provide reasonable evidence that you no longer occupy the location covered by the contract. In order to ensure timely processing, you should notify us at least 5 days before the requested termination date. Our obligations will end after the meter read date where we are no longer designated as your REP or when your electric service is disconnected by the TDSP. Your obligations under the contract will end when your account balance is paid in full.

10. Disconnection of Your Electric Service. **WE MAY REQUEST DISCONNECTION OF YOUR ELECTRIC SERVICE IF YOU DO NOT PAY YOUR DEPOSIT OR BILL IN FULL BY THE DUE DATE ON THE DISCONNECT NOTICE.** We will notify you in writing at least 10 calendar days before we disconnect electric service. We may request disconnection of your electric service without prior notice immediately under specific situations, including the existence of a dangerous condition at your service address or theft of service.

11. Contact Information. Our corporate mailing address is 10343 Sam Houston Park Dr, Suite 230 Houston, TX 77064. Our customer care phone number is 1-844-956-0456. Our hours of operation are: 8 AM to 5 PM Monday – Friday, Central Time. Our PUCT REP Certificate Number is 10267. Our web site is www.iberdrolatexas.com

12. Critical Care and Chronic Condition Customers. If you have a person permanently residing in your premise who has been diagnosed by a physician as being dependent upon an electric-powered medical device to sustain life, you may apply for designation as a Critical Care Residential Customer. If you have a person permanently residing in your premise who has been diagnosed by a physician as having a serious medical condition that requires an electric-powered medical device or electric heating or cooling to prevent the impairment of a major life function through a significant deterioration or exacerbation of the condition, you may apply for designation as a Chronic Condition Residential Customer. To be considered for such designation, the PUC-approved form must be submitted by facsimile or other electronic means to the TDSP by a physician. The TDSP will notify you of the final status of your designation as a Critical Care or Chronic Condition Residential Customer, and will notify you when such designation will expire and whether you will receive a renewal notice. The TDSP will also notify us about your status. This PUC rule can be viewed at:

<http://www.puc.texas.gov/agency/ruleslaws/subrules/electric/25.497/25.497.pdf>. Designation as a Critical Care or Chronic Condition Residential Customer does not relieve you of your obligation to pay for electric service that you receive from us.

13. Power Outages and Emergencies. Please call the telephone number listed on your bill if you have an electrical emergency or a power outage.

14. Dispute or Complaints. If you have any questions, concerns, or complaints, please contact us. In the unlikely event we cannot immediately respond to your question or complaint, we will promptly investigate the matter and report our findings to you. During this time, you will not be required to pay the disputed portion of your bill. If for any reason you are not satisfied with our response, you may contact the PUCT.

15. Transfer of Delinquent Balances or Credits. If you have an outstanding balance or credit owed to Iberdrola Texas that is due from a previous account with Iberdrola Texas for the same class of service and is identified after you enroll for service, that balance will be transferred to your current account with Iberdrola Texas. This previous delinquent balance amount and account number, or address, will be shown separately on your current bill for electric service.

16. Antidiscrimination. We cannot 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 in an economically distressed geographic area, or qualification for low income or energy efficiency services. We also cannot use a credit score, a credit history, or utility payment data as the basis for determining the price for electric service for products with a contract term of 12 months or less.

17. Limitations of Liability. YOU AGREE THAT CAUSES AND EVENTS BEYOND OUR CONTROL, INCLUDING ACTS OF GOD, ACTS OF ANY GOVERNMENTAL AUTHORITY, ACCIDENTS, STRIKES, LABOR TROUBLE, AND EVENTS OF FORCE MAJEURE OCCURRING WITH RESPECT TO THE TDSP, ERCOT, OR OTHER THIRD PARTY SYSTEMS OR ASSETS (A FORCE MAJEURE EVENT), 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 YOUR ELECTRICITY OR FOR TRANSMITTING AND DISTRIBUTING ELECTRICITY TO YOUR SERVICE ADDRESS. FURTHERMORE, YOU AGREE THAT WE WILL NOT BE LIABLE WITH RESPECT TO ANY THIRD PARTY SERVICES; THAT OUR LIABILITY NOT EXCUSED BY REASON OF FORCE MAJEURE OR OTHERWISE WILL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY; AND NEITHER OF US ARE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, SPECIAL, EXEMPLARY OR INDIRECT DAMAGES. YOU WAIVE ALL OTHER REMEDIES AT LAW OR IN EQUITY. THESE LIMITATIONS APPLY EVEN IF THE DAMAGES RESULT FROM NEGLIGENCE, WHETHER SOLE, JOINT, CONCURRENT, OR ACTIVE OR PASSIVE. THERE ARE NO THIRD PARTY BENEFICIARIES TO THE CONTRACT.

18. REPRESENTATIONS AND WARRANTIES. IBERDROLA TEXAS MAKES NO REPRESENTATIONS OR WARRANTIES OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT IBERDROLA TEXAS EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

19. Taxes. You are responsible for paying, and we may bill you for, all applicable federal, state and local taxes, fees, governmental charges, assessments, and other charges, presently or hereafter imposed on you as a purchaser of electricity, on Iberdrola Texas as a seller of electricity, or on electricity sales transactions, including but not limited to: reimbursement of miscellaneous gross receipts tax and PUCT gross receipts assessment; municipal administrative fees; and any other generation, utility, TDSP, regulatory (including the PUCT and ERCOT), BTU or electricity taxes, fees, charges and assessments. Such taxes and other charges will be identified as a separate line item or items on your bill.

20. Unenforceability. If either party or its activities under the contract become subject to any Law enacted during the contract term that renders the contract unenforceable or illegal, then either you or Iberdrola Texas may terminate the contract without the consent of, and upon 30 days' notice to, the other, and without any obligation, payment or otherwise (other than payment obligations for electricity previously supplied to you).

21. Assignment. You may not assign this Agreement without our prior written consent. We may assign or transfer this Agreement without your consent, which includes the right to: (a) transfer, sell, pledge, encumber, collaterally assign or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing, financial arrangement or power supply transaction; (b) assign this Agreement to any entity succeeding to all or substantially all of the business or assets of Iberdrola Texas; and/or (c) transfer or assign this Agreement to a certified REP. In the case of (b) or (c), any such assignee shall agree in writing to be bound by the terms and conditions hereof, and upon any such assignment, Iberdrola Texas shall have no further obligations hereunder.

22. Miscellaneous. This agreement is governed by the laws of the State of Texas. This Agreement sets forth the entire agreement between you and Iberdrola Texas, and supersedes all previous promises and agreements. If any provision of this Agreement is deemed to be invalid or otherwise unenforceable, you and we agree that it shall be modified to the minimum extent necessary to render it valid and enforceable. If any such provision cannot be modified in a manner that would make it valid and enforceable, such provision shall be severed from this Agreement, and all other provisions hereof shall remain in full force and effect. If either of us waives any one or more defaults by the other in the performance of any of the provisions of the contract, then such waiver will not be construed as a waiver of any other default or defaults whether of a like kind or of a different nature. Obligations regarding indemnity, payment of taxes, payment for services, limitations of liability, and waivers will survive the termination of the contract indefinitely.

23. Pricing. You agree to pay the price as indicated in the EFL and all amounts shown on your bill. Some products may require an advanced meter that records your usage more frequently and you will only be eligible for these prices if the appropriate meter and any other necessary equipment are installed at your location. Customers in certain cities that have approved TDSP surcharges for underground facilities may be billed a pass-thru of such charges in addition to the prices shown in the EFL. To determine whether your city has such a charge and what it is, please refer to the tariff for your TDSP available at <http://www.puc.texas.gov/industry/electric/rates/TDR.aspx>.

You agree to pay all applicable taxes (see *Taxes* below) and any fees charged by any governmental entity. If you are exempt from Gross Receipts Tax due to living in an unincorporated area, it is your responsibility to provide us with this information so that Iberdrola Solutions can update your account accordingly.

If your rate product requires Paperless billing and/or AutoPay, then you agree to enroll on Paperless Billing to receive your monthly bill and contractual documents electronically and/or to enroll and maintain AutoPay. Iberdrola Texas may charge a fee of \$5 per billing cycle if all terms of your rate product as described in the EFL and this Terms of Service are not maintained by you, the customer.

PRODUCT SPECIFIC TERMS

The following provisions apply to specific Iberdrola Texas products or types of products. Only the specific section for your product or product type will apply to your contract. Your EFL contains information about your specific product type and term.

Your EFL identifies your selected Retail Electricity Services product (the "Product"), which is based on either a Fixed, Variable or an Indexed Rate. The "Rate" is the price ("Price") you pay per kilowatt hour ("kWh") of electricity ("Usage").

Fixed Rate Products: The price of a fixed rate product may only change during a contract term to reflect the actual changes in TDSP charges, changes to the Electric Reliability Council of Texas (ERCOT) or Texas Regional Entity administrative fee charged to loads; or changes resulting from federal, state or local laws that impose new or modified fees or cost to REPs; including Iberdrola Texas, that are beyond our control. **Indexed Products:** Iberdrola Texas' indexed products have a price that changes according to a pre-defined pricing formula that is based on publicly available indices or information. **Variable Price Products:** Iberdrola Texas' variable price products have a contract term of less than thirty-one (31) days or less (month-to-month) and is a product for which price may vary without advance notice but is based on a method determined by Iberdrola Texas. Your EFL contains specific information about how your price can change.

Product Specific Provisions for Fixed Rate (Term) Products:

Changes to Contract Provisions

We can make changes to the provisions of the contract at any time during the contract term with appropriate notice except for changes to your price other than stated in this section or the length of your contract term. We will notify you in writing at least 14 days before any material change to the contract will be applied to your bill or take effect. If you do not cancel the contract before the effective date of the change, the change will become effective on the date stated in the notice. Notice is not required for a change that is beneficial to you.

Your price during the contract term is only subject to change to reflect changes in the TDSP charges, changes to the ERCOT or Texas Regional Entity administrative fees charged to load or changes resulting from federal, state or local laws that impose new or modified fees or costs on REPs, including Iberdrola Texas, that are beyond the control of REPs.

Contract Expiration Notice

A contract expiration notice will be sent to you at least 30 days (or such other minimum period as may be required by applicable Laws) before the end of your initial contract term specified in your EFL. If you do not take action to ensure that you continue to receive service upon the expiration of your contract you will continue to be served by us automatically under a default renewal product on a monthly basis after the end of your initial contract term, until you switch to another provider, select another Iberdrola Texas' electric service plan, or we terminate or disconnect your electric service.

Product Specific Provisions for Variable Price (Month- to-Month) Products:

Changes to Contract Provisions

We can make changes to the provisions of the contract at any time with appropriate notice except for changes to the length of your contract term. We will notify you in writing at least 14 days before any material change to the contract will be applied to your bill or take effect. If you do not cancel the contract before the effective date of the change, the change will become effective on the date stated in the notice. Notice is not required for a change that is beneficial to you.

Your price will vary as set forth in your EFL.

Product Specific Provisions for Indexed Products (Month- to-Month):

Changes to Contract Provisions

We can make changes to the provisions of the contract at any time with appropriate notice except for changes to the length of your contract term. We will notify you in writing at least 14 days before any material change to the contract will be applied to your bill or take effect. If you do not cancel the contract before the effective date of the change, the change will become effective on the date stated in the notice. Notice is not required for a change that is beneficial to you.

Your price will be determined according to the method described in your EFL.