

SOUTHWEST POWER & LIGHT ("SOUTHWEST")  
 PUCT LICENSE #10126 - TERMS OF SERVICE AGREEMENT  
 FIXED RATE PLANS  
 (Version SWPLFIXRES060111)

**Terms of Service:** Southwest values the opportunity to serve you. The following is your Terms of Service Agreement ("Terms of Service") with Southwest for the purchase of residential electric service. These terms are conditioned upon Southwest accepting you as a customer. This version of the Terms of Service (SWPLFIXRES060111) applies to all residential customers who submitted applications or signed up for residential electric service under a Southwest fixed rate product on or after June 15, 2011. You may print the Terms of Service at [www.southwestpl.com](http://www.southwestpl.com), or you may request a printed version. Please retain this document for your records. This Terms of Service, the Electricity Facts Label ("EFL"), and your Documentation of Enrollment (as defined below) constitute your Agreement ("Agreement"). The term "Documentation of Enrollment" means, as applicable, your Residential Service Application and Authorization ("RSA") if you signed up in person, or, if you signed up via the internet, your Completed Internet Enrollment Authorization, or, if you signed up via the telephone, your Verified Telephonic Enrollment ("VTE"). Southwest is an authorized trade name of Texpo Power, LP and is certified as a Retail Electric Provider ("REP") by the Public Utility Commission of Texas ("PUCT"), license number 10126. **Esta información es disponible en Español. Por favor llame a Southwest al 713-341-3014 y fuera de Houston 877-831-6407, o por correo electrónico a [servicioalcliente@southwestpl.com](mailto:servicioalcliente@southwestpl.com).**

**General:** As your REP, Southwest will arrange for the delivery of electricity from your Transmission and Distribution Service Provider ("TDSP") (Local Energy Delivery Company) to your service location pursuant to this Terms of Service. You (the customer) agree to be bound by this Terms of Service by enrolling for service or by accepting electric service from Southwest.

**24 Hour Service Outage & Emergency Reporting:** If you have an electrical emergency or a power outage, please call the applicable telephone number below:

Oncor Electric Delivery Company ("Oncor")	(888) 313-4747	CenterPoint Energy ("CenterPoint")	(800) 332-7143
AEP Texas North Company ("AEP-North")	(866) 223-8508	AEP Texas Central Company ("AEP-Central")	(866) 223-8508
Texas New Mexico Power ("TNMP")	(888) 866-7456	Sharyland Utilities, LP ("Sharyland")	(956) 668-9551

**SOUTHWEST CONTACT INFORMATION:**

<b>INTERNET ADDRESS:</b>	<a href="http://www.southwestpl.com">www.southwestpl.com</a>	<b>EMAIL ADDRESS:</b>	<a href="mailto:customer.care@southwestpl.com">customer.care@southwestpl.com</a>
<b>MAILING ADDRESS:</b>	Southwest Power & Light 5773 Woodway Drive, #311 Houston, Texas 77057	<b>GENERAL OFFICE HOURS:</b>	8:30am - 5:30pm, CST M-F (except holidays)
<b>TELEPHONE:</b>	(713) 341-3015	<b>CUSTOMER SERVICE HOURS:</b>	8:30am - 5:30pm, CST M-F (except holidays)
<b>TOLL-FREE NUMBER:</b>	(866) 941-SWPL (866) 941-7975 8:30am - 5:30pm, CST M-F	<b>ENROLLMENT CENTER</b>	(866) 941-SWPL (713) 341-3015 8am – 8pm, CST M-Fri 8am – 4pm, CST Sat
<b>ORDERS FAX:</b>	Fax: (713) 341-3018		

**Cancellation Rights:** If you are switching to Southwest from a different REP, you have the right to cancel your service request with Southwest without any fee or penalty within three (3) federal business days of receiving (or receiving access to) your Agreement. To cancel your Agreement, you may call, email, or fax us at the contact numbers provided above (you will need to include your name, phone number, service address, social security number or, if you prefer, the last four digits of your social security number and a request to cancel service pursuant to this provision in this Terms of Service).

**Term & Renewal:** Your service will begin on your next meter read cycle date (your "Effective Date"), which is set by your TDSP. If you are doing a move-in (new service) or a self-selected switch, your service will begin when your meter is activated, in which case your activation date will be your Effective Date. The minimum Term of this Terms of Service is three months from the Effective Date and the maximum term is thirty-six months from the Effective Date, as you selected during your enrollment process in your Documentation of Enrollment. See the "Automatic Continuance & Termination of Agreement" sections below for procedures for termination at the end of your Term. Notwithstanding the foregoing, Southwest is not liable for, nor is it able to commit to, an exact date for the commencement of service with Southwest.

**Pricing:** Pricing for service is indicated in your EFL, and the conditions for pricing and service are specified in this Terms of Service and Documentation of Enrollment. For the applicable version of your EFL, please refer to the EFL given (or made available) on the day and at the time when you enrolled. If you enrolled online or via telephone, please see the applicable EFL (with the same name as your chosen plan) that was in effect on the day you submitted your request for enrollment, a copy of which EFL you were advised to print out and retain for your records. If you enrolled via written enrollment, please see the EFL given to you along with your RSA at the time of sign-up. The price you will be charged for your electric service will be equal to the "fixed base energy price" referenced in the body of your EFL, plus a \$7.95 monthly customer-service-meter-fee (Southwest will not charge the monthly customer-service-meter-fee for each billing cycle in which you use at least 1,000 kWhs), charges from the Electric Reliability Council of Texas ("ERCOT") and your TDSP (collectively, "Delivery Charges"), PUCT fees and assessments, and Taxes, as defined in the "Payments" Section below, and any other charges permitted hereunder including, without limitation, late fees. Delivery Charges, PUCT fees and assessments, and Taxes are further defined below and will be passed through to you with no mark-up.

Your monthly bill will itemize the following charges for your convenience: Energy Charges, Delivery Charges (referred to on your invoice as “Utility Charges”), PUCT fees and assessments, any monthly customer-service meter-fee if applicable, all applicable Taxes, and any additional permitted charges. The pricing disclosure(s) shown in your EFL includes a 0.5¢/kWh discount for electing to authorize monthly payments of your invoices via automatic recurring (i) withdrawals from your checking or savings accounts, or (ii) charges to your credit card. If you do not elect to give such authorization, your price will be 0.5¢/kWh higher.

**Pursuant to Southwest’s Lone Star Price Guaranty**, regardless of how many kWhs you consume throughout the duration of this plan’s term, **Southwest guarantees that your total price per kWh** you will pay to Southwest under Southwest’s Spirit of Texas Fixed Rate E-Plan with Guaranteed Savings (including the base energy price plus all Taxes, Delivery Charges, and any other charges on a kWh basis) will be between **5% and 15% lower** than the total price to be paid per kWh (including the base energy price plus all Taxes, Delivery Charges, and any other charges on a kWh basis) under any residential fixed price plan with the same fixed term (i.e., the same number of months) that is presently offered to the general public by Reliant Energy in the CenterPoint service area, TXU Energy in the Oncor service area, CPL Energy in the AEP-Central service area, WTU Retail Energy in the AEP-North service area, and First Choice Power in the TNMP service area, or, if you chose Southwest’s Renewable Healthy Heart of Texas Fixed Rate E-Plan, under any residential fixed price green plan with the same fixed term, that is presently offered to the general public by Reliant Energy in the CenterPoint service area, TXU Energy in the Oncor service area, CPL Energy in the AEP-Central service area, WTU Retail Energy in the AEP-North service area, and First Choice Power in the TNMP service area.

For purposes of the Lone Star Price Guaranty, to qualify as “presently offered,” the fixed price offered by Reliant Energy, TXU Energy, CPL Energy, WTU Retail Energy, and First Choice Power (collectively, the “AREPs”) needs to have been offered within two weeks of the date on which you submitted your application for enrollment to Southwest, and the applicable prices charged by the AREPs are their prices per kWh for solely residential electric service within Texas in the particular service areas as specified above under any fixed price residential retail plan (or fixed price residential retail green plan, as applicable) with the same fixed term that is publicly offered to the general public by the AREPs in such service areas.

For example, if you live in the Oncor service area and sign up for Southwest’s Spirit of Texas Fixed Rate E-Plan with Guaranteed Savings for 12 months, you would compare your price to that of TXU Energy’s twelve month residential fixed price plan, or if you live in the CenterPoint service area and sign up for Southwest’s Renewable Healthy Heart of Texas Fixed Rate E-Plan with a 12-month term, you would compare your price to that of Reliant Energy’s 12-month residential fixed price green plan with the same amount of renewable content as Southwest, and so forth. To qualify as “green” as used in this paragraph, the plan of the AREP needs to qualify as a green plan within the meaning of the PUCT’s Customer Protection Rules (“Customer Rules”) which may be found at <http://www.puc.state.tx.us/rules/subrules/electric>.

The Lone Star Price Guaranty also assumes you will adhere to the terms of your contract and pay your invoices in a timely manner, and thus all late, collection and termination fees, penalties and interest shall be excluded from the prices of Southwest and the AREP for purposes of comparing Southwest’s price to the prices of the AREP in your service area. The Lone Star Price Guaranty also assumes you will choose to enjoy the 0.5¢ /kWh discount for electing to authorize monthly payments of your invoices via automatic recurring withdrawals from your checking or savings accounts, or charges to your credit card. The “Fixed Base Energy Price” referenced in the body of your EFL, does not include Delivery Charges or applicable Taxes, which Delivery Charges and Taxes will be passed through to you with no mark-up. A one time service charge of \$3.50 will be charged for additional copies (including email and electronic copies) of your bill, duplicate bills, credit reference letters, and disconnect notices (which charges shall not be included as part of Southwest’s price for purposes of the Lone Star Price Guaranty). Please note that as Delivery Charges fluctuate and vary, your total price charged will vary from the examples of your *total* price per kWh shown in *the table* within your EFL.

Delivery Charges include the charges, costs, surcharges and fees charged or levied on Southwest by the Utilities and the applicable independent system operator (“ISO”) of the electricity grid in your region or State (your ISO is the NYISO if in New York, the CAISO if in California, and ERCOT if in Texas). “Utility” means the TDSP owning and/or controlling and maintaining the system used for delivery of electricity to your meters/accounts. *Please note that the Lone Star Price Guaranty is not applicable to plans longer than 12 months in term and is not available for any plan in the Sharyland service area.*

**Renewable Energy:** If you signed up for Southwest’s Renewable Healthy Heart of Texas Fixed Rate E-Plan, you are contributing to a healthier and cleaner environment in our great State of Texas. To satisfy your electricity needs while also preserving the environment, Southwest has purchased green power (which may include Texas natural gas and renewable energy) in the form of Renewable Energy Certificates (“RECs”). RECs constitute an essential source of renewable energy used to meet the State of Texas’s environmentally conscious renewable energy goals.

**No Fees to Switch:** Southwest will not charge you a fee to select, switch, or enroll with us unless you request a switch or enrollment that does not conform with the normal meter reading and billing cycle and, in such case, such fee shall not exceed the rate for such charged to Southwest by the TDSP, which rate is further described below.

**Payments:** You will receive a bill from Southwest monthly. All bills are due and payable 16 calendar days from the date reflected on the invoice. If you elected to authorize monthly payment of your invoices via automatic recurring (i) withdrawals from your checking or savings accounts, or (ii) charges to your credit card, then Southwest may debit your bank account (or charge your credit card) on or after the third day after the date of the invoice’s issuance, and you irrevocably waive any right to have more time to make your payment in exchange for the 0.5¢/kWh price discount referenced in your EFL. Bills shall be deemed past due and late at the close of business on the day the bill is due. Late payments and past due balances will result in a one-time late fee equal to 5% of the month’s past due amount. For any method of payment including checks, bank drafts or debit/credit card transactions, you will incur a \$40.00 insufficient funds fee per transaction for any transaction not processed due to insufficient funds or credit availability.

You are responsible for all applicable Taxes, charges and fees. “Taxes” means all federal, state and local taxes, governmental charges, assessments, and charges presently or hereafter imposed on you, as purchaser (or on Southwest, as seller) of electricity under your Agreement, or on electricity sales transactions, including gross receipts, privilege, sales, use, special assessment, excise and other taxes, as applicable, municipal administrative fees and generation, utility, TDSP, regulatory, British Thermal Unit (“BTU”) or electricity taxes and assessments. If you are tax exempt, it is your responsibility to provide Southwest with the documentation needed to prove your tax exempt status. Even if tax exempt, you will be responsible for gross receipts taxes and PUCT assessments and possibly other types of Taxes depending on the scope of your exemption.

Nonpayment of your Southwest bill may result in the above listed late fees, accrual of interest as allowed by law, as well as disconnection of your service and termination of your Agreement. If you fail to make a payment, Southwest will notify you 10 calendar days prior to disconnecting your electric

service and terminating this Terms of Service. **If you fail to make a payment for electric service, Southwest has the right to (i) authorize the disconnection of your electric service**, with proper notice, and (ii) terminate your Agreement. After three days from the date on which you enroll for service and obtain access to copies of your Agreement, you shall incur a termination-fee in the amount of \$175.00 if you terminate your Agreement in violation of your Agreement (or for any termination resulting from your breach of this Terms of Service); however, no termination fee shall apply in the event that you permanently move prior to the end of your Term so long as you provide Southwest with your forwarding address, reasonable evidence of your move, and thirty days prior written notice that you're moving along with your move-out date, subject to Southwest's satisfaction and approval.

Southwest reserves the right to include (in any subsequent bill) adjustments to previous billings, previous billing errors, meter read errors, miscalculation of taxes and other errors, except as limited by the Customer Rules (<http://www.puc.state.tx.us/rules/subrules/electric>). Disconnection of your electric service and/or termination of your Agreement will not excuse you from paying any outstanding amounts owed to Southwest and are in addition to all other remedies available under your Agreement and by law. If you satisfactorily correct the reason for disconnection, you may be permitted to reinstate electric service with Southwest and will be charged a \$20.00 reconnect fee by Southwest in addition to any reconnect fees charged by the TDSP. You may also choose to sign-up for our "Paperless Billing" program to help do your part for the environment. Call Southwest for details, or go online to [www.southwestpl.com](http://www.southwestpl.com) for more information.

**DISPUTE RESOLUTION PROCEDURES AND COMPLAINTS:** Please contact us if you have comments, questions, complaints or bill questions. Southwest's friendly knowledgeable representatives are trained to research and resolve your customer inquiries. Southwest will work hard to make sure your problem is handled and you are pleased with Southwest's service. You may also contact the PUCT. Please see the Your Rights as a Customer Disclosure ("YRAC") disclosure at [www.southwestpl.com](http://www.southwestpl.com) for more information. Southwest's acceptance of any partial payment from you will not relieve you of your obligation to pay the full amount owed by you, and all purported settlements must be expressly approved by Southwest in writing. Each party agrees it has a duty to mitigate damages that may result out of the other party's performance or non-performance of your Agreement, and you agree that you will irrevocably waive all disputes relating to invoices, deposits, and charges unless they are presented to Southwest in writing within 60 days after the date of the invoice (or deposit-request) to be disputed.

To facilitate any concerns arising out of Southwest's Lone Star Price Guaranties (the "[Price Guaranties](#)"), and to better create a friendly and more efficient means of resolving disputes and misunderstandings, please take note of the following procedures governing all disputes and misunderstandings arising out of, or relating to, Southwest's Price Guaranties. If you feel Southwest has charged you a price that contravenes one of Southwest's Price Guaranties, as applicable, you agree you must provide Southwest written documentation from the AREPs, as applicable, reasonably sufficient to demonstrate to Southwest the amount of the electricity prices offered or charged by the applicable AREP along with the time periods during which such prices were available to you. You must also demonstrate to Southwest that such prices were for residential service available to you in your service area, were for a fixed rate plan that has the same Term (i.e., same number of months) as your plan with Southwest, and were retail prices publicly offered and made available to the general public.

For Southwest's Renewable Healthy Heart of Texas Fixed Rate E-Plan, you must also demonstrate to Southwest that such prices were for a green plan of the AREP, as applicable. If the AREP terminates a respective fixed-price (as applicable), or raises the price for such a plan (however described), then the comparison of such prices under the Price Guaranties shall be based on the AREP's actually charged prices during the term of their fixed priced plan. If you demonstrate that the AREP's total electricity price charged (over the course of the Term under their fixed price plan) is lower than Southwest's price charged for the same period in contravention of the terms of the applicable Price Guaranties, your exclusive remedy shall be limited to Southwest providing you a credit on your account for the difference in price for such period, multiplied by your actual usage during such period. *You understand and agree that all claims and disputes that Southwest did not meet the Price Guaranties shall be deemed irrevocably waived by you if you terminate your Agreement before the term expires, if Southwest terminates your Agreement because you failed to pay your invoice or otherwise breached your Agreement, or if your claims and disputes are not submitted to Southwest in writing within 60 days of the end of the period during which the AREP would have provided you such service at a price lower than Southwest's price.*

**Credit Requirements & Deposits:** Southwest may use credit reporting agencies to document and evaluate your credit and/or electric payment history. If you do not meet Southwest's credit standards or cannot demonstrate satisfactory credit, Southwest may require a deposit from you pursuant to the Customer Rules (<http://www.puc.state.tx.us/rules/subrules/electric>). The total of any deposits requested by Southwest will not exceed the greater of: (i) the sum of your estimated billings for the next two months; (ii) one-fifth of your estimated annual billing; or (iii) the amount permitted by the Customer Rules (<http://www.puc.state.tx.us/rules/subrules/electric>).

You will earn a rate of interest at the rate established by law (0.28% per year as of December 2010 or as the rate may be adjusted by the PUCT as posted in the most recent December PUCT News Release found at <http://www.puc.state.tx.us/nrelease/index.cfm>) on any deposit retained by Southwest for longer than 30 days. Southwest may require an additional deposit from any existing customer if a disconnect notice has been issued. Southwest has the right to refuse enrollment of service or, if already a customer, to disconnect your service if a deposit is not paid within 10 days of the request for deposit. Upon request, Southwest will refund any deposit held plus accrued interest calculated at the PUCT stated rate when you form a record of no late payment for 12 consecutive monthly invoices. For a full list of qualifications regarding alternatives to paying a deposit in the form of a Letter of Guarantee, please review Section 25.478(i) of the Customer Rules (<http://www.puc.state.tx.us/rules/subrules/electric>) or ask one of Southwest's customer care experts. Southwest may disconnect service with or without prior written notice for any of the reasons stated in Section 25.483 of the Customer Rules (<http://www.puc.state.tx.us/rules/subrules/electric>) and may also terminate your Agreement without penalty in response to a change in market conditions.

If you fail to make any payments due under your Agreement: (i) you agree to pay a collections processing fee of \$20.00 if your indebtedness is referred to Southwest's internal collections group; and (ii) in addition, you agree to pay reasonable fees and expenses (including attorney fees) incurred by Southwest in the collection of such indebtedness. Without limitation, if your indebtedness is placed with an attorney or collection agent for collection, or suit is brought on same, or the same is collected through probate, bankruptcy or other judicial proceedings, then you also agree to reimburse Southwest for its collection expenses in an amount equal to between 25% and 40% of the total amount due and unpaid to Southwest. Your initial deposit demanded by Southwest (if any) is based on our estimations of your historical and future demand and usage profiles, and if your actual demand and usage data falls outside of those estimations or expectations, or if you gave us erroneous information regarding your demand and usage pattern, Southwest may require an additional deposit, or reject your enrollment request.

**Deposit Requirement Waiver:** Please let us know if you (i) are 65 years of age or older and you are not currently delinquent in payment of any

electric service account, or (ii) have been determined to be a victim of family violence (as defined in Texas Family Code §71.004, <http://www.statutes.legis.state.tx.us/Docs/FA/htm/FA.71.htm>) by a family violence center (as defined in Texas Human Resources Code §51.002, <http://www.statutes.legis.state.tx.us/Docs/HR/htm/HR.51.htm#51.002>), by treating medical personnel, by law enforcement personnel, by the Office of a Texas District Attorney, by the Office of the Attorney General, or by a grantee of the Texas Equal Access to Justice Foundation as it may be possible for you to obtain electric service from Southwest without a deposit.

**Usage:** Southwest will provide, and you shall pay for, all the electricity to satisfy all the electricity requirements for each service address that you enroll with Southwest. You may not resell any portion of such electricity to any third party.

**Critical Care Residential Customer & Chronic Care Residential Customer:** If you or someone who is permanently residing in your home 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 your or the person's medical condition, you have the right to apply for the "Chronic Condition Residential Customer" designation. If you or someone permanently residing in your home is dependent on an electric-powered medical device to sustain life, you have the right to apply for the "Critical Care Residential Customer" designation. Anyone receiving such designation(s) is eligible for certain protections against the suspension or disconnection of electric service. Upon your request, your REP will provide to you the standardized application for such designation, which you must have your physician complete and return to your TDSP. Qualification as a critical care residential customer and/or a chronic care residential customer does not relieve you of the obligation to pay for the electric service you receive. Please see your YRAC or call Southwest for additional information.

**Non-Discrimination:** Southwest proudly discloses that it does not discriminate, deny service, or require a prepayment or deposit for service based on a customer's race, creed, color, national origin, ancestry, sex, marital status, lawful source of income, level of income, disability, familial status, location in an economically distressed geographic area, or qualification for low income or energy efficiency services. Additionally, Southwest does not use credit scores, credit history, or utility payment history as the basis for determining price for electricity customers.

**Contract Changes:** Any changes to your terms referenced in this paragraph will not include changes to your fixed price, which shall remain fixed throughout the entire Term except in the unusual event of re-regulation of the electric markets or another type of "change in law" occurs, as is further described below. Southwest will provide you with 14 calendar days advance written notice of any adverse change in the provisions of your Agreement (which will not include a change to your fixed price), either in your bill or in a separate mailing. The changes will take effect on the date stated in the notice unless you cancel your Agreement. If you find the new terms unacceptable, so long as you elect to terminate your Agreement within fourteen calendar days of your receipt of Southwest's notice of the change in your Agreement's provisions, you may terminate your Agreement with no termination penalty. This provision does not apply to, and notice is not required to be given for, material changes that benefit you or that are mandated by a regulatory agency or to any other provision in your Agreement that does not require Southwest to give notice. Nor does this provision apply to (and nor is notice required for) any adjustments to your fixed price to account for any PUCT-approved increases (if any) in the amount of Delivery Charges.

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

**Taxes and the Roles of Your ISO and Utility:** The Utilities (also including the applicable ISO) are solely responsible for the electricity transmission and distribution grid and system along with all interruptions in the delivery of service. Southwest is not in any way liable or responsible for any interruption or disruption in electric service or related services caused wholly or partially by interruption, deterioration or problems on the Utility's systems or on the ISO-controlled grid. You are responsible for all transmission, distribution and delivery charges due to the Utilities and your ISO, including, if any, costs of congestion, costs of ancillary services, estimated line losses, estimated unaccounted for energy, uplifts from the ISO, and your ISO's administration fees as permitted by the Customer Rules (<http://www.puc.state.tx.us/rules/subrules/electric>). Southwest will have no liability and is not responsible for any of the Utilities' or ISO's acts or failures to act, and you agree that you shall be solely responsible for all amounts due to the Utilities or ISO for their services rendered in connection with the electricity services provided to your meters. In addition, you are liable for and shall pay all Taxes applicable to the sale of electricity incurred by Southwest for your account.

**Force Majeure:** Southwest will endeavor to provide service in a commercially reasonable manner, but REPs do not guarantee a continuous supply of electricity. Events outside Southwest's control, called "*force majeure*" events, may result in interruptions in service, for which Southwest will not be liable. REPs do not generate your electricity, nor do REPs transport it from the generation point to you. Therefore, notwithstanding any representation or any other provision in your Agreement or any other document to the contrary, you agree that Southwest is not responsible for damages or liability caused wholly or in part by *force majeure* events, which include, without limitation, acts of God, acts of any governmental authority, including the PUCT, acts of the ERCOT, accidents, strikes, labor trouble, required maintenance work, problems with or acts of the TDSPs, problems with (or acts of) suppliers, qualified scheduling entities, unlawful or negligent actions of other REPs, delay of deregulation or changes in laws, rules, regulations, and practices or procedures of any governmental entity or ERCOT, or any other cause beyond Southwest's control. You acknowledge that Southwest does not have care, control or custody of your property or premises, or of any electrical facilities, including, but not limited to, lines, wires, or the meter, located on or next to your property or premises. You further acknowledge that you are in exclusive control (and responsible for any damages or injury caused thereby) of electricity at and from such meter.

**LIMITATIONS OF LIABILITY:** *Southwest's liabilities not excused by reason of force majeure or otherwise (including, with respect to your Agreement) shall be limited to direct actual damages only, and such direct actual damages shall be your sole and exclusive remedy regardless of the cause of action or theory of recovery. You irrevocably waive all other remedies at law or in equity. Without limitation to the foregoing, neither party will be liable to the other for consequential, incidental, punitive, exemplary or indirect damages. These limitations apply without regard to the cause of any liability or damage for any reason.* There are no third party beneficiaries to this Agreement. If any provision of your Agreement is held unenforceable, the remaining provisions shall remain valid. Southwest shall have no responsibility for payment of any outstanding debts owed by you to previous suppliers of electricity, and you may not withhold payments to Southwest pending any refunds or other settlement of billing from any other REP.

**Representations & Warranties:** *The electricity sold under your Agreement will be supplied from a variety of sources. Southwest makes no representations or warranties other than those expressly set forth in your Agreement. Southwest expressly disclaims all other warranties, expressed or implied, including warranties of merchantability, conformity to models or samples, and fitness for a*

**particular purpose.**

**Assignment:** You may not assign your Agreement, in whole or in part, or any of its rights or obligations hereunder without the prior written consent of Southwest. Southwest may, and you hereby agree and grant your express written consent permitting Southwest to: (a) transfer, sell, pledge, encumber or assign your Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial agreement or arrangement; (b) transfer or assign your Agreement to any past, present or future affiliate of Southwest or to a party who supplies (or who seeks to provide) wholesale power or QSE services to Southwest; (c) transfer or assign your Agreement to any person or entity succeeding to all or a portion of the assets or control of Southwest; and/or (d) transfer or assign your 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.

If you authorized the monthly payment of your invoices via automatic recurring (i) withdrawals from your checking or savings accounts, or (ii) charges to your credit card, you also hereby agree and irrevocably grant your express written consent permitting Southwest to transfer or assign such consent and authorization to any assignee under any assignment permitted under this paragraph. Upon and after any sort of transfer or assignment set forth in this Paragraph, to which you hereby consent in advance, you agree that Southwest shall have no further obligations hereunder. In the case of (a), (b), (c) or (d), you also hereby forever and irrevocably waive all present and future claims arising out of (or related to) the theory that you have been slammed (or switched to another REP) in an unauthorized or prohibited manner.

**Governing Law:** Your Agreement shall be governed by and construed, enforced and performed in accordance with the laws of the State of Texas and venue shall be proper in Harris County, Texas. The provisions of the Uniform Commercial Code ("UCC") shall apply to your Agreement and electricity shall be a "good" for purposes of the UCC (<http://www.law.cornell.edu/ucc/ucc.table.html>).

**Change of Law:** If there is a change in law, or if the PUCT, ISO, or other State or Federal agency adopts any regulation, rule, tariff, protocol, or law, or when a nodal market design is implemented in your service area, and such changes, adoption, and/or implementation result in a fee or other charge (or an increase in a fee, cost or charge) that modifies the cost of delivering or providing electricity or capacity to you, to the fullest extent permitted by law, Southwest may adjust your price or any component of the price and/or fees charged under your Agreement, whether up or down, *only* to the extent necessary to reimburse and cover Southwest for such change in the costs of providing or delivering electricity and/or capacity to you, and you agree to pay the resulting adjusted price(s) and/or fee(s). You also agree that any action taken under this "Change of Law" Section will not be deemed a change to your Agreement under the "Contract Change" Section referenced above.

**Termination of Agreement:** Southwest may terminate your Agreement immediately without further notice if you fail to make a payment in full when due, and such failure is not remedied within 10 days prior notice, and either party may also terminate your Agreement immediately upon written notice if the other party fails to perform an obligation under your Agreement, except in the case of *force majeure*, and if the failure is not remedied within 10 days of notice. See the above "Payments" Section for information regarding early termination fees in breach of your Agreement. Notwithstanding any other provision to the contrary, regardless of the reason for your Agreement's termination, until paid in full, you will continue to remain liable for (a) all energy services obtained up through the time at which Southwest no longer serves your meter, and (b) payment of all other fees and charges permitted hereunder. Notwithstanding any other provision in your Agreement or any other document to the contrary, Southwest's termination of your Agreement shall be in addition to any and all other remedies available in your Agreement or under applicable rule, law or equity.

**Automatic Continuance:** After the expiration of your Agreement's Term, unless you have elected to disconnect or switch your electricity service to a new REP, Southwest may continue to provide electricity service to you, in which case your service will continue automatically on a monthly basis during which time (i) you or Southwest may cancel your Agreement at any time, and (ii) Southwest's monthly default pricing will apply, which pricing will vary from month to month based on the costs of procuring or producing electricity as would be specified in the Default EFL attached to your Contract Expiration and Renewal Notice ("Expiration Notice"). Southwest will send you an Expiration Notice at least 14 days prior to the end of your Term.

**Payment Options:** Southwest's "levelized" billing option bases your monthly bill on the previous year's average electricity usage for the premise in which you seek to enroll in the levelized billing program. Your account is then periodically reconciled based on your actual usage. Southwest needs at least twelve months of your billing history on file to calculate the levelized rate. You may enroll in Southwest's levelized billing program year-round by calling Southwest's Customer Care Center.

Southwest hereby offers you a deferred payment plan if (i) a bill becomes due during an extreme weather emergency, pursuant to Section 25.483(j) of the Customer Rules (<http://www.puc.state.tx.us/rules/subrules/electric>), (ii) you are invoiced for services for which you were previously under-billed or (iii) as otherwise required by the Customer Rules (<http://www.puc.state.tx.us/rules/subrules/electric>). Southwest must confirm any such plan in writing, a copy of which you may request. If you accept the terms of a deferred payment plan, the balance of the amount deferred may not appear on each monthly invoice. To find out the current amount of any deferred balance, please contact a Southwest Customer Care Representative.

You may also qualify for other alternative payment arrangements. Please call Southwest for more information.

**Payment Assistance Programs & Other Arrangements:** Southwest has a bill payment assistance program for the benefit of qualified residential customers. On your bill, Southwest will offer you an opportunity to voluntarily contribute to this program. You may also request and obtain additional information about whether you qualify for any of Southwest's payment plans such as payments via automated bank draft, low-income energy assistance programs, disconnection moratoriums for the ill, and of the eligibility requirements and procedures for applying for each.

**Options For Those Who Meet State Poverty Thresholds:** Upon demonstration of your qualification for the State's low-income rate reduction program, you may pay a required deposit that exceeds \$50 in two equal installments. To be eligible for the rate reduction program, among other requirements, you must be enrolled in a Texas Department of Human Services sponsored program, such as Medicaid, Temporary Assistance for Needy Families, Supplemental Security Income or food stamps.

**Electricity Facts Label and Other Disclosures:** The EFL and your Documentation of Enrollment set forth additional details and important information and are a part of your Agreement. For the applicable version of the EFL, please refer to the EFL given (or made available) to you when you enrolled. If you enrolled online or via telephone, please see the applicable EFL (with the same name as your chosen plan) that was in effect on the day you submitted your request for enrollment, a copy of which EFL you were (and are) advised to print out and retain for your records. Please also see the YRAC for all residential customers, Version RESSOUTHWEST010111, available at [www.southwestpl.com](http://www.southwestpl.com). Southwest will send you a copy by mail upon your request. No changes or edits to your Agreement will be valid unless duly approved in a signed writing by Southwest.

**Non-Recurring Fee Schedule of the TDSPs:** The table below itemizes the standard non-recurring fees as charged by your TDSP as of June 3, 2011. **These fees are passed through to you at no mark-up and are the same no matter what REP you choose.** The following abbreviations and corresponding definitions are used for the one-time fees in the table below: MVI — Move In; Install - New Meter Installation; PMVI — Priority Move-In (less than 24-48 hrs of notice on average, please contact a Southwest representative about your exact moving date); Reread — TDSP makes a meter reading to verify usage by request; Self-Selected Switch — TDSP makes your switch outside the normal meter reading schedule; DNP — Disconnection Fee; RNP — Reconnection Fee; PRNP — Priority Reconnection Fee (in addition to the standard RNP fee, if the Reconnection is needed in less than 24 hours); W/E RNP — Weekend Reconnection Fee (in addition to the standard RNP fee, when RNP is needed on a weekend); Meter Test (4 yrs) — TDSPs allow for one free meter test every four years (specific to the ESIID), and any additional meter tests would subject the owner of the ESID at that time to pay the fee; Svc. Call (Bus. Hrs.) — Service call by a TDSP employee to your premises to investigate an outage or other service problem that, upon investigation, is determined not to be a problem with TDSP equipment. We intend that all non-recurring fees will be disclosed prior to submitting any transactions that would generate such non-recurring fees.

<b>TDSP</b>	<b>CenterPoint</b>	<b>Oncor</b>	<b>AEP-Central</b>	<b>AEP-North</b>	<b>TNMP</b>	<b>Sharyland</b>
MVI	\$16.00	\$ 6.80	\$ 25.00	\$ 23.00	\$ 54.00	\$21.00
Install	\$92.00	\$14.45	\$ 39.00	\$ 51.00	\$ 60.00	\$21.00
PMVI	\$42.00	\$11.70	\$ 54.00	\$ 35.00	\$ 79.00	\$51.00
Reread	\$ 3.88	\$ 5.00	\$ 12.00	\$ 17.00	\$ 27.00	\$ 7.00
Self-Selected Switch	\$ 3.66	\$ 3.70	\$ 11.00	\$ 16.00	\$ 27.00	\$ 7.00
DNP	\$ 9.00	\$ 5.45	\$ 14.00	\$ 12.00	\$ 28.00	\$21.00
RNP	\$10.00	\$ 6.45	\$ 14.00	\$ 11.00	\$ 29.00	\$21.00
PRNP (after 2p.m. cst)	\$35.00	\$ 8.90	\$ 28.00	\$ 39.00	\$ 54.00	\$21.00
W/E RNP	\$35.00	\$43.15	\$ 35.00	\$ 53.00	\$160.00	\$51.00
Meter Test (4 yrs.)	\$45.00	\$33.60	\$111.00	\$112.00	\$132.00	\$18.00
Svc. Call (Bus. Hrs.)	\$45.00	N/A	\$ 70.00	\$ 72.00	\$ 65.00	\$61.00

Please note that the above listed fees are subject to change without notice. Please see your TDSP's tariff for the most current list of fees.

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**SOUTHWEST POWER & LIGHT**  
**ADDENDUM TO THE TERMS OF SERVICE AGREEMENT**  
**PUCT License No. 10126**  
**Version SWPLADD081011**

This Addendum is attached to, and incorporated by reference in, the Terms of Service Agreement (Version No. SWPLFIXRES060111 or SWPLFLEXRES060111) for the purchase of residential electricity service with Southwest Power & Light (“Southwest”), which will amend the Terms of Service as of August 10, 2011.

**Consent to Contact Via Text, Email, Automatic Phone Dialing and the Use of Pre-Recorded Voice Systems:** To further Southwest’s efforts to keep its valued customers informed concerning important account updates and other account information, you agree and consent to Southwest and/or its representatives contacting you via text, email, automatic phone dialing systems and/or using an artificial or prerecorded voice or message delivery systems concerning the status of your electricity account with Southwest via any and all of the contact information provided during your enrollment or thereafter, including but not limited to residential, work, facsimile, and/or cellular telephone numbers and/or home or email addresses. This provision shall survive any termination of your electricity agreement with Southwest for a period of two years. Please contact Southwest at 1-866-941-7975 with any questions or if you wish to update your contact information.

**Miscellaneous:** The Agreement (together with your EFL, YRAC, Documentation of Enrollment, and any and all Addendums or Exhibits) sets forth all understandings between you and Southwest, and any prior or contemporaneous representations, understandings, price quotes, and inducements are fully merged into and superseded by this Agreement. The Agreement may be amended by written Addendums prepared solely by Southwest and attached to or otherwise made available with the Terms of Service.