

**TXU Energy Retail Company LLC
TERMS OF SERVICE AGREEMENT
Residential Customers**

Thank you for choosing TXU Energy Retail Company LLC ("TXU Energy") as your retail electric provider ("REP"). We recognize you have a choice and appreciate your trusting us to meet your needs. This Terms of Service Agreement ("TOSA") explains the terms and conditions that govern your electric service with TXU Energy. This TOSA, together with your enrollment documentation, your Electricity Facts Label ("EFL"), and the Your Rights as a Customer ("YRAC") document compose your Contract with TXU Energy. At TXU Energy, we work hard to provide straightforward terms of service that clearly define our commitment to you. That's why we have organized this TOSA in a question and answer format to make it easier for you to find the answers to your questions. If you ever have any additional questions regarding your electricity service, please do not hesitate to contact us.

By accepting service from TXU Energy, you have agreed to be bound by the terms of your Contract. You acknowledge that you are a residential customer, and that you have the responsibility for making sure you have selected the electricity plan that is the most appropriate one for which you qualify. Taxes and other charges for residential customers may be different than those for business customers. For details of the particular electric product you have purchased, please see your EFL, and for your general rights as an electric customer, please consult your YRAC.

PLEASE PRINT OR SAVE A COPY OF THIS TOSA FOR YOUR RECORDS.

Contact Information:

Name of Provider: TXU Energy
Certificate Number: 10004
Mailing Address: P.O. Box 650764
Dallas, Texas 75265-0764

Customer Assistance: 972-791-2888

Hearing & Speech Impaired (TTY): 1-800-242-9113 (toll free) (24hrs/day, 7 days/week)
1-800-735-2989 (toll free) (24hrs/day, 7 days/week)
Fax: 1-800-232-9488 (toll free)

Website Internet Address: www.txu.com
E-mail: txuenergy@txu.com

Service Outage Reporting: Please call the appropriate number that corresponds to your Transmission and Distribution Utility ("TDU"):

Oncor 1-888-313-4747

CenterPoint Energy 1-800-332-7143 or
713-207-2222

TNMP 1-888-866-7456

AEP 1-866-223-8508

Sharyland 1-800-545-4513

THE BASICS

Who are we and what do we do?

TXU Energy is a retail electric provider, or "REP." We provide electric service to your home by purchasing wholesale power and arranging delivery on transmission and distribution lines.

What is an ESI ID?

ESI ID stands for "Electric Service Identifier." This is the number we use to identify the location where electricity is being delivered.

What is a TDU?

A Transmission and Distribution Utility ("TDU") is a company that owns and maintains transmission and distribution lines and your electric meter. When you buy electricity from TXU Energy, we have to arrange for electricity to be delivered to your home through a TDU. The TDU is responsible for reading your meter and restores power if there is an outage.

Where can I find the rules and statutes that are mentioned in this Terms of Service Agreement?

Whenever you see a reference to the Public Utility Commission of Texas ("PUCT") Substantive Rules, you can view a copy at:

<http://www.puc.texas.gov/agency/ruleslaws/subrules/electric/Electric.aspx>

What are my rights as an electric customer?

Your rights as an electric customer are summarized in your YRAC. In addition, you should know that we will not deny service or require a prepayment or deposit for service based on a customer's race, creed, color, national origin, ancestry, sex, marital status, lawful source of income, level of income, disability, familial status, location of a customer in an economically distressed geographic area, or qualification for low-income or energy efficiency services. Also, we will not use your credit history, credit score, or utility payment data to determine the price for any contract that is 12 months or less.

What if I need a copy of my Contract in Spanish?

¿Qué hago si necesito una copia de mi Contrato en español?
Your TOSA, EFL and YRAC are available in Spanish by contacting us. Usted puede obtener los documentos de su Contrato (TOSA, EFL y YRAC) en español comunicándose con nosotros.

What if I have a dispute or a complaint?

If you have specific comments, questions, complaints or billing inquiries, please contact us. If for any reason you are unsatisfied with our response, you may contact the PUCT.

How will you communicate with me?

TXU Energy will use available written, verbal or electronic means to contact you. This can include email, text messages, and calls to your home, wireless or work number. When you provide us with your contact information, you are expressly consenting to being contacted via any or all of those methods by a live person or automated service, to the extent allowed by law. You may incur fees for calls and messages from your telecommunications provider for these communications.

PRODUCT TYPES

What type of electricity plan do I have?

The PUCT requires classification of your electricity plan into one of three categories – fixed rate, indexed, and variable price. To find out what specific type of electricity plan you have, check your EFL. Please note that only those parts of this "Product Types" section that describe your specific product type will apply to your Contract.

1) Fixed Rate Products

Term and Pricing – Fixed rate products have a contract term of at least three months. The price of a fixed rate product may only change during a contract term to reflect actual changes in TDU charges; changes to

the Electric Reliability Council of Texas ("ERCOT") or Texas Regional Entity ("TRE") administrative fees charged to loads; or changes resulting from federal, state or local laws that impose new or modified fees or costs on REPs, including TXU Energy, that are beyond our control. Price changes resulting from these limited circumstances do not require us to provide you with advance notice; however, each bill issued for your remaining contract term will notify you that a price change has been made.

Changes to Contract Provisions – Non-price related changes to the provisions of fixed rate products can be made by providing you with advance notice, with the exception that we cannot change the length of your contract term. We will notify you at least 14 days before the change is applied to your bill or otherwise takes effect. If you do not cancel your Contract before the effective date of the change, the change will become effective on the date stated in your notice. Notice is not required for a change that benefits you.

2) Indexed Products – Indexed products come in two forms: term and month-to-month.

Term Indexed Products

Term and Pricing – Term indexed products have a contract term of at least three months and a price that changes according to a pre-defined pricing formula that is based on publicly available indices or information. The price for term indexed products may also change without advance notice to reflect actual changes in TDU charges; changes to the ERCOT or TRE administrative fees charged to loads; or changes resulting from federal, state or local laws or regulatory actions that impose new or modified fees or costs on TXU Energy that are beyond our control.

Changes to Contract Provisions – We can make non-price related changes to the provisions of your Contract by providing you with advance notice, with the exception that we cannot change the length of your contract term. We will notify you at least 14 days before the change is applied to your bill or otherwise takes effect. If you do not cancel your Contract before the effective date of the change, the change will become effective on the date stated in your notice. Notice is not required for a change that benefits you.

Month-to-Month Indexed Products

Term and Pricing – Month-to-month indexed products have a contract term of 31 days or less and a price that varies according to a pre-defined pricing formula that is based on publicly available indices or information. The price for month-to-month indexed products may also change without advance notice to reflect actual changes in TDU charges; changes to the ERCOT or TRE administrative fees charged to loads; or changes resulting from federal, state or local laws or regulatory actions that impose new or modified fees or costs on TXU Energy that are beyond our control.

Changes to Contract Provisions – We can change non-price related provisions of your Contract and the pricing formula by providing you with advance notice, with the exception that we cannot change the length of your contract term. We will notify you at least 14 days before the change is applied to your bill or otherwise takes effect. If you do not cancel your Contract before the effective date of the change, the change will become effective on the date stated in your notice. Notice is not required for a change that benefits you.

3) Variable Price Products

Term and Pricing – Variable price products can only have a contract term of 31 days or less. After the first billing cycle, the price may vary without advance notice according to a method determined by the provider in its sole discretion. Before the first billing cycle, the price can change without advance notice only to reflect actual changes in TDU charges; changes to the ERCOT or TRE administrative fees charged to loads; or changes resulting from federal, state, or local laws or regulatory actions that impose new or modified fees or costs on TXU Energy that are beyond our control.

Changes to Contract Provisions – We can change non-price related provisions of your Contract by providing you with advance notice. We will notify you at least 14 days before the change is applied to your bill or otherwise takes effect. If you do not cancel your Contract before the effective date of the change, the change will become effective on the date stated in your notice. Notice is not required for a change that benefits you.

CONTRACT EXPIRATION NOTICE

If you are on product that has a contract term of at least three months, we will send you a written notice at least 30 days or one billing cycle prior to the date of contract expiration, but no more than 60 days or two billing cycles in advance of contract expiration. You do not need to take any action in response to the contract expiration notice in order to continue to receive service, which will be provided under a TXU Energy default month-to-month renewal product. The contract expiration notice will let you know what you need to do if you want to renew your service to another term or change your service plan. The EFL for your month-to-month default renewal product, which will describe its price and other terms, will be included with your contract expiration notice.

PRICING AND FEES

How do I find out what my price is?

Your EFL will provide you examples of the average prices per kWh for your product based on different usage levels. The average prices disclosed on your EFL include recurring charges, which are charges that we expect to bill you on a regular basis. These prices do not include taxes, reimbursement for gross receipts taxes, municipal administrative fees, TDU non-recurring fees, and other non-recurring fees that TXU Energy may charge, if applicable, or separate fees for products or services other than electric service that may appear on your bill if you purchase them.

You agree to pay the price as defined in the Contract and all amounts shown on your bill that are charged by TXU Energy consistent with this Contract. By paying your bill you agree that the bill reflects proper charges for our services.

What are TDU non-recurring fees?

These are fees that you must pay that originate from your local TDU and either are expected to appear on your bill less than 3 billing periods a year or apply only to certain customers. These fees usually result when you ask that a certain service be performed, such as a meter reading outside your normal read cycle or a meter test fee. Other examples include: a new service initiation fee, connection fee, disconnection fee, and reconnection fee. These fees are not included in the average price per kWh shown on your EFL but are instead shown separately on your bill. The specific price for each TDU fee will vary depending on the TDU that serves your particular ESI ID.

What non-recurring fees, other than TDU fees, can I be charged? You may also be charged fees for services that TXU Energy provides. These fees will be listed separately on your bill and are described below.

- Agent Assist Fee – We may charge a \$3.95 fee when you use a TXU Energy customer care representative to help you make a payment by credit card, debit card or electronic check. To avoid this fee, you can use our automated phone service, pay online through TXU Energy Express Pay or TXU Energy MyAccount, send your payment in the mail, or pay at an authorized payment location.
- Late Payment Penalty – For late payments or past due or delinquent balances, we may charge a one-time penalty of 5% of the past due balance.
- Insufficient Funds Fee – We may charge a fee up to \$30 for each payment that is not processed due to insufficient funds or other type of bank return or payment rejection.
- Document Processing Fee – We may charge a \$2 fee for each request for additional bill copies, duplicate bills, payment reference letters or summary billing. To avoid this fee, you may be able to access your usage and billing history on our website.
- Disconnect Notice Fee - We may charge you a Disconnect Notice Fee of up to \$10 each time we send you a disconnection notice.
- Disconnect Recovery Charge – If you receive a disconnection notice we may also charge you a Disconnect Recovery Charge of up to \$30 if you do not make payment before the date your service is subject to disconnection. This charge would be in addition to any TDU charges related to disconnections/reconnections.
- Early Cancellation Fee – We may charge a fee for early cancellation of your Contract; check your EFL for more information.
- Serial Payment Fee - If you make more than five payments in a month, we may charge up to \$4.95 for the sixth payment in the month and for each successive payment in that same month.
- Other Fees – If additional fees apply to your product, they will be described in your EFL.

Will my bill include fees for other products or services?

If you are separately purchasing other products or services from us or third parties in addition to retail electric service (such as, for example, energy-efficiency products), you agree that charges or fees for those products or services, which may be recurring or nonrecurring, may appear on your TXU Energy bill, where they will be listed separately from your electric service fees. The terms, conditions and pricing applicable to such products or services, including any applicable early cancellation fees, can be found in the separate agreement you receive when you sign up for them. We will apply bill payments we receive from you first to the amount you owe for electric service.

DEPOSITS

Do I need to pay a deposit?

If you are a new customer applying for service with TXU Energy, you will not be required to pay a deposit if: (1) you submit a payment history letter from your previous REP confirming you are not currently delinquent in payment and during your last 12 consecutive months of service you were not late in paying a bill more than once; (2) you have a satisfactory credit rating; (3) you are 62 years of age or older and are not currently delinquent in paying an electric account; (4) you submit a letter developed by the Texas Council on Family Violence with a prescribed determination that you have been a victim of family violence; (5) you submit proof that you are medically indigent; or (6) you submit

documentation establishing that you qualify for an active military waiver. Please contact us for further information if you believe you may be exempt from paying a deposit under one of these exceptions.

If you are an existing TXU Energy customer and do not have a deposit with us, you may only be required to pay an initial deposit 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 during the last 12 months.

Is it possible that I may have to pay an additional deposit?

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

If I have to pay a deposit, how much could it be?

The amount of your deposit will not be more than the greater of: (1) one-fifth of the total amount we expect to bill you for a year of service; or (2) the amount we expect to bill you for the next two months. After you have been our customer for a year, you can ask us to recalculate the amount of your deposit based on your actual usage. Customers who qualify for the low-income electric rate reduction program may pay in two equal installments if the required deposit exceeds \$50.

Will my deposit earn interest?

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

Are there other payment options for deposits?

Yes. Instead of paying a cash deposit, you may provide a Guarantee Agreement signed by an active TXU Energy customer with a good payment history who agrees to be responsible for your deposit.

What if I still owe TXU Energy money from a prior Contract?

If you are a returning customer who owes TXU Energy any past due amounts, we may require you to either pay these past due amounts in addition to any required deposit before we will be able to accept you for service or to transfer the past due amount to your current account, which will be shown separately on your bill.

What happens if I do not pay my deposit?

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

Will I get my deposit back?

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

BILLING AND PAYMENT

How often will I receive a bill?

We will bill you monthly, unless service is provided for a period of less than one month or you and TXU Energy agree to an alternative billing arrangement that provides for less frequent bills. We will issue a bill within 30 days of when the TDU provides us with your usage information, unless it takes us longer than 30 days to validate this information.

Will my bill be based on my actual usage?

Usually, yes. However, if the TDU or ERCOT does not provide us with your meter readings on a timely basis, we may have to bill you based on an estimate of your usage, in which case your bill will disclose that we have used an estimate. Once actual meter readings are received, we will make adjustments on a subsequent bill.

What if I owe TXU Energy money from a different account?

If we determine that you are responsible for an outstanding balance or credit from a previous TXU Energy residential account, that balance or credit will be transferred to your current account and will be shown separately on your bill.

Will I be charged for copies of my bill?

You are always entitled to receive a bill each month by standard U.S. Mail without charge. However, if you and TXU Energy agree to a non-standard billing arrangement, then we may charge you a fee or give a discount, depending on the arrangement. Also, you may be assessed a \$2 processing fee for duplicate copies of your bill.

Can I receive bills electronically?

Yes. If you would prefer to receive your bills online, please visit our website or contact us to find out about TXU Energy MyAccount.

When is my bill due?

Your bill will state the due date, which will be no earlier than 16 calendar days after the date your bill was issued. We must receive your payment by the due date, so please allow sufficient time for receipt.

What happens if I fail to pay my bill on time?

If we do not receive your payment by the due date, we may charge you a late fee. Receipt of payment will not occur if your method of payment becomes invalid (e.g., your check is returned or your credit card payment is not processed by your credit card company). We may also disconnect your service after providing you with proper notice. We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report and may negatively impact your credit score. Also, if we do not receive your payment by the due date or if you do not make acceptable payment arrangements, we may use debt collection agencies or other remedies allowed by law to collect the amount owed, including reasonable fees and expenses (including attorney fees) that we incur in the collection process. By providing telephone numbers, including wireless and work numbers, to TXU Energy, you are expressly consenting to being contacted on those numbers for any purpose related to your account, including debt-collection, by a live person or automated service. We will not disconnect your electric service for amounts you owe for other products or services you have purchased from us that are in addition to your electric service.

DISPUTES ABOUT CREDIT INFORMATION, DEBTS, AND PAYMENTS WITH CONDITIONS:

ALL COMMUNICATIONS CONCERNING DISPUTES ABOUT THE ACCURACY OF ANY INFORMATION CONTAINED IN A CONSUMER CREDIT REPORT REGARDING AN ACCOUNT OR OTHER RELATIONSHIP WE HAVE OR HAD WITH YOU MUST BE SENT TO

US AT: PO BOX 666565, DALLAS, TX 75266-6565. ANY COMMUNICATIONS CONCERNING DISPUTED DEBTS OR OTHERWISE SENT WITH OR ON A PAYMENT THAT ATTEMPT TO IMPOSE A CONDITION ON TXU ENERGY FOR ACCEPTING THE PAYMENT, INCLUDING BUT NOT LIMITED TO PARTIAL PAYMENTS TENDERED AS FULL SATISFACTION OF A DEBT, MUST BE SENT TO US AT THE FOLLOWING ADDRESS: PO BOX 650764, DALLAS, TX 75265-0764. PAYMENTS ARE PROCESSED BY AUTOMATED SYSTEMS IN THE ORDINARY COURSE OF BUSINESS UNLESS SENT TO THE ADDRESSES SPECIFIED ABOVE.

PAYMENT OPTIONS

What are my options for paying my bill?

We have several convenient payment options that may be available to you:

- **TXU Energy Average Billing** – Smooth out the seasonal highs and lows of your electricity bills with TXU Energy Average Billing. Under this option, your bill each month will be based on the average of your bills over your most recent 12 months of billing (or a shorter period of time if you have not been with us for a year). This average may be adjusted by up to 10% of the cumulative balance between the total amount you would have owed in any given month if you were not on this plan and the total amount you have paid on the Average Billing plan. If you terminate your Contract with TXU Energy or you decide to stop being billed on the Average Billing plan, we will charge or credit you with this cumulative balance. While your monthly bill may still change based on your electric usage and electric service product, this plan allows you to enjoy a more predictable monthly bill amount.

Customers who qualify for the low-income electric rate reduction program shall qualify for TXU Energy Average Billing. Customers who are not currently delinquent in payment or who meet certain other criteria will also qualify for Average Billing. Please note that if you are delinquent in payment when you begin TXU Energy Average Billing, or if certain other conditions apply, a switch-hold may be applied to your account until your deferred balance and past due amount is paid and processed. Additionally, if you are delinquent in payment when you begin Average Billing, you may be required to pay up to 50% of the delinquent amount, with the remaining delinquent amount to be paid in at least 5 installments, or at TXU Energy's option the remaining delinquent amount may be included in the calculation of the TXU Energy Average Billing amount.

- **TXU Energy Summary Billing** – Even if you have electric service at multiple locations, upon request, we can provide you with a single bill so long as you provide a single billing address.

- **TXU Energy AutoPay** – With our recurring bank draft or credit card payment program you can choose the convenience of having us directly debit your bank account or credit card each month for amounts owed.

- **TXU Energy Express Pay** – You can choose to pay your bill by credit card, debit card or electronic check for no additional charge by calling our automated telephone service or by visiting our website.

- **Third-Party Bill Payment Centers** – Select authorized bill payment centers allow you to pay your TXU Energy balance in person by cash, check or money order. Please visit our website to find nearby authorized payment center locations. Payment centers may charge a fee for payment processing. Please be aware that paying at an unauthorized payment location may take 5-7 business days or longer for TXU Energy to receive your payment.

PAYMENT ASSISTANCE

What if I need more time to pay my bill?

Call us right away and let us know because you may qualify for a payment arrangement that allows you to pay your bill after the due date or a deferred payment plan that allows you to spread your outstanding balance over several months.

What if I need help paying my bill?

TXU Energy administers a low-income customer discount, subject to funding approved by the Texas Legislature, reserved for low-income customers that have been qualified by the Low-Income Telephone & Electric Utilities Texas Program ("LITE-UP").

Additionally, the TXU Energy Aid program is available to customers who have severe financial hardships and temporarily may be unable to pay their bills. This program is funded in part by contributions from TXU Energy and our employees and customers. You may contribute to this program on your bill each month. If you are in need of bill payment assistance through TXU Energy Aid, please call 211 or contact your local health and human services department or the Texas Department of Housing and Community Affairs.

TERMINATION

I am on a month-to-month product, what happens if I terminate my Contract?

You can contact TXU Energy to terminate a month-to-month Contract and choose another TXU Energy product or another REP without having to pay an early cancellation fee.

I am on a product with a term longer than 31 days, what happens if I terminate my Contract before it expires?

Generally, you will be charged an early cancellation fee. However, you can contact TXU Energy to terminate your Contract, without penalty, if: (1) you move to another location and provide us with evidence of your move and a forwarding address; (2) we notify you of a change to the terms and conditions of your Contract and you terminate within 14 days from the date the notice is sent; or (3) you terminate your Contract within 14 days of its expiration date.

How much is the early cancellation fee?

The amount of the early cancellation fee applicable to your Contract is shown in the "Disclosure Chart" on your EFL.

Can TXU Energy terminate my Contract?

We may terminate your Contract, after providing proper notice, if your electric service is disconnected. In this event, you may apply to re-enroll for electric service on another product or you may contact another REP to reestablish your electric service. However, please note that if we terminate your Contract after a disconnection, we may charge you an early cancellation fee consistent with your EFL.

If my Contract is terminated, will I still have to pay you?

Yes. Termination of your Contract does not excuse you from paying any outstanding amounts. If either you or TXU Energy terminates your Contract, all amounts owed by you to TXU Energy, including early cancellation fees if applicable, shall become immediately due and payable. Your obligations to TXU Energy will continue until you have paid all amounts due.

DISCONNECTION

Under what circumstances can you disconnect my service?

WE MAY REQUEST DISCONNECTION OF YOUR ELECTRIC SERVICE IF WE DO NOT RECEIVE YOUR DEPOSIT OR BILL PAYMENT IN FULL PRIOR TO THE DISCONNECTION DATE ON THE DISCONNECT NOTICE OR IF YOU DO NOT FULFILL THE TERMS OF YOUR DEFERRED PAYMENT PLAN. Disconnection will also occur if your method of payment to avoid disconnection becomes invalid (e.g., your check is returned or your credit card payment is not processed by your credit card company) and is not corrected such that we have received actual payment of the Total Amount Due identified in the disconnect notice prior to the disconnection date. We will notify you in writing at least 10 calendar days before we disconnect electric service. We may request immediate disconnection of your electric service without prior notice under specific situations, including the existence of a dangerous condition at your service address or evidence of theft of service.

We will not disconnect your electric service for amounts you owe for other products or services you have purchased from us that are in addition to your electric service.

Do I still have to pay if my service is disconnected?

Yes. If your service is disconnected, you will be required to pay us any past due amounts, as well as any required deposit and fees before we will reconnect your service.

What if I have a medical condition that requires my service to remain connected?

If you or a person permanently residing in your home require an electric-powered medical device to sustain life, or have a serious medical condition that requires such a device or electric heating or cooling to prevent the impairment of a major life function, you may meet the criteria of a critical care or chronic condition residential customer, qualifying you and any designated emergency contact to be notified by the TDU before they interrupt or suspend your electric service. The TDU determines whether you are eligible for these designations. Upon request, we will provide you with the PUCT's standardized Application for Chronic Condition or Critical Care Residential Customer Status, which your physician must complete and return to the TDU. The critical care designation is effective for two years. The chronic condition designation is generally effective for 90 days but can be valid for up to one year in certain circumstances. Qualification 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.

GENERAL

RIGHT OF RESCISSION:

If you are switching to TXU Energy from another REP, you have the right to rescind your Contract without fees or penalties of any kind by contacting us before midnight of the 3rd federal business day after the date you first receive your TOSA. You may rescind this switch by calling 1-800-242-9113 (toll free), faxing 1-800-232-9488 (toll free), or emailing txuenergy@txu.com. Please provide your name, address, phone number, ESI ID or account number, and a statement that you are rescinding your Contract under the 3-day right of rescission period.

SWITCH-HOLD:

A switch-hold may be applied to your ESI ID if you enter into certain payment arrangements. Additionally, your TDU will apply a switch-hold to your ESI ID if there is evidence of meter tampering. A switch-hold means that you will not be able to buy electricity from other companies until you have satisfied the terms of your payment arrangement or, in

cases of meter tampering, have satisfied payment of the applicable charges and backbilling. While a switch-hold applies, if you are disconnected for not paying, you will need to pay TXU Energy to get your electricity turned back on.

ASSIGNMENT:

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

LIMITATIONS OF LIABILITY:

YOU AGREE THAT FORCE MAJEURE EVENTS, INCLUDING ACTS OF GOD, ACTS OF ANY GOVERNMENTAL AUTHORITY, ACTS OF TERRORISTS OR ENEMIES OF THE STATE, ACCIDENTS, STRIKES, LABOR TROUBLES, EVENTS OF FORCE MAJEURE OCCURRING WITH RESPECT TO THE TDU, ERCOT, OR OTHER THIRD PARTY SYSTEMS OR ASSETS, OR ANY OTHER CAUSES AND EVENTS BEYOND OUR CONTROL MAY RESULT IN INTERRUPTIONS IN SERVICE AND THAT WE WILL NOT BE LIABLE FOR THOSE INTERRUPTIONS. YOU ALSO AGREE THAT WE ARE NOT RESPONSIBLE FOR GENERATING, TRANSMITTING OR DISTRIBUTING ELECTRICITY TO YOUR SERVICE ADDRESS AND THAT WE WILL NOT BE LIABLE WITH RESPECT TO ANY THIRD PARTY SERVICES. FURTHERMORE, YOU AGREE THAT TXU ENERGY'S LIABILITIES NOT EXCUSED BY REASON OF FORCE MAJEURE OR OTHERWISE SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES, AND THAT NEITHER TXU ENERGY NOR THE CUSTOMER SHALL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES. YOU WAIVE ALL OTHER REMEDIES AT LAW OR IN EQUITY. THESE LIMITATIONS APPLY WITHOUT REGARD TO THE CAUSE OF ANY LIABILITY OR DAMAGE, INCLUDING IF THE DAMAGES RESULT FROM SOLE, JOINT, CONCURRENT, OR ACTIVE OR PASSIVE NEGLIGENCE. THERE ARE NO THIRD PARTY BENEFICIARIES TO THIS CONTRACT.

REPRESENTATIONS AND WARRANTIES:

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

MISCELLANEOUS:

Your Contract constitutes the entire agreement between you and TXU Energy concerning your agreement to purchase electricity for the

covered ESI ID(s) and supersedes any prior agreements. There are no prior or contemporaneous agreements or representations affecting this Contract other than those expressed in these documents. No amendment, modification or change to this Contract shall be enforceable unless reduced to writing. Notwithstanding anything to the contrary, if any provision of this Contract is deemed to be invalid, illegal or otherwise unenforceable, you and TXU Energy agree that it shall be modified to the minimum extent necessary to render it valid, legal and enforceable. If any such provision cannot be modified in a manner that would make it valid, legal and enforceable, such provision shall be severed from this Contract, and all other provisions hereof shall remain in full force and effect. Any failure on TXU Energy's part at any time to enforce any term or condition of our service or to exercise any right under this Contract shall not be considered a waiver of our right thereafter to enforce each and every such term and condition or to exercise such right or any other right under this Contract. Obligations regarding indemnity, payment of taxes, limitations of liability, and waivers will survive the termination of the contract indefinitely.

THIS CONTRACT IS GOVERNED BY THE LAWS OF THE STATE OF TEXAS. THE TEXAS UNIFORM COMMERCIAL CODE (which can be viewed at <http://www.statutes.legis.state.tx.us/?link=BC>) APPLIES TO THIS CONTRACT AND ELECTRICITY IS DEEMED A "GOOD." YOU CONSENT TO PERSONAL JURISDICTION IN TEXAS AND AGREE THAT THE RESOLUTION OF ANY DISPUTE MUST BE BROUGHT, FILED AND MAINTAINED EXCLUSIVELY IN TEXAS, REGARDLESS OF WHO INITIATES THE ACTION.

ARBITRATION AGREEMENT:

In the unlikely event that we are unable to resolve a dispute or complaint you may have to your satisfaction, we each agree to resolve those disputes through binding arbitration or small claims court instead of in courts of general jurisdiction. Arbitration is more informal than a lawsuit in court. Arbitration uses a neutral arbitrator instead of a judge or jury, allows for more limited discovery than in court, and is subject to very limited review by courts. Arbitrators can award the same damages and relief that a court can award.

We and you agree to arbitrate all disputes and claims between us. This agreement to arbitrate is intended to be broadly interpreted. It includes, but is not limited to:

- claims arising out of or relating to any aspect of the relationship between us, whether based in contract, tort, statute, fraud, misrepresentation or any other legal or equitable theory;
- claims that arose before this or any prior Contract;
- claims that are currently the subject of purported class action litigation in which you are not a member of a certified class; and
- claims that may arise after the termination of your Contract.

Notwithstanding the foregoing, either party may bring an individual action in small claims court. This arbitration agreement does not preclude you from bringing issues to the attention of federal, state, or local agencies, including, for example, the PUCT. Such agencies can, if the law allows, seek relief against us on your behalf. No amendment of this arbitration agreement shall apply to disputes or claims of which we had actual notice from you on the date of the amendment. You agree that, by entering into your Contract, you and TXU Energy are each waiving the right to a trial by jury or to participate in a class action, and the Federal Arbitration Act governs the interpretation and enforcement of this agreement. This arbitration agreement shall survive termination of your Contract.

The arbitration will be governed by the Commercial Arbitration Rules and

the Supplementary Procedures for Consumer Related Disputes (collectively, "AAA Rules") of the American Arbitration Association ("AAA"), as modified by this agreement, and will be administered by the AAA. The AAA Rules are available online at adr.org or by calling the AAA at 1-800-778-7879. The arbitrator is bound by the terms of your Contract. All issues are for the arbitrator to decide, except that issues relating to the scope and enforceability of the arbitration provision are for the court to decide.

The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claim. YOU AND WE AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN YOUR OR OUR INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING, INCLUDING IN ANY PROCEEDING THAT ORIGINATES IN A SMALL CLAIMS COURT AND ANY RELATED APPEAL. Further, unless both you and we agree otherwise, the arbitrator may not consolidate more than one person's claims, and may not otherwise preside over any form of a representative or class proceeding. If this specific provision is found to be unenforceable, then the entirety of this arbitration provision shall be null and void.

WAIVER OF RIGHT TO JURY TRIAL OR TO CLASS ACTION OR CLASS ARBITRATION:

TO THE FULLEST EXTENT THAT APPLICABLE LAW ALLOWS, YOU AND WE AGREE THAT (1) YOU AND WE WAIVE ANY RIGHT TO TRIAL BY JURY AND (2) NEITHER YOU NOR WE WILL SEEK OR SUPPORT ANY ORDER CERTIFYING AN ACTION OR ARBITRATION INVOLVING YOU AND US AS A CLASS ACTION OR CLASS ARBITRATION OR JOIN OR PARTICIPATE AS A PARTY OR CLASS MEMBER IN ANY ACTION OR ARBITRATION BY ANOTHER PARTY AGAINST EITHER YOU OR US.

FEDERAL POWER ACT:

Nothing in this Contract shall be construed to suggest that anything associated with the sale of electric energy pursuant to this Contract will bring such sale or the business practices of TXU Energy, its affiliates, or its wholesale providers of electricity (1) within the plenary jurisdiction of the Federal Energy Regulatory Commission or (2) outside of the exclusions presently provided for such sales and business practices under Sections 201(b)(2), 210, 211, and 212 of the Federal Power Act.