

**ENERGY TEXAS, INC.**  
Electric Service

TERMS AND CONDITIONS

Sheet No.: 2  
Effective Date: 1-28-09  
Revision: 9  
Supersedes: Revision Effective 12-18-98  
Schedule Consists of: Fourteen Sheets

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**TERMS AND CONDITIONS APPLICABLE TO ELECTRIC SERVICE**

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1. PURPOSE.

1.1. Governance of electric service. These Terms and Conditions are prescribed to govern electric service and are intended to facilitate the rendering of uniform, efficient, and adequate service to the Customers of Entergy Gulf States, Inc. (Company). They are necessary for a clear understanding of the obligations of all parties to the business relations of the Company with its electric Customers, and are a part of the Company's contract with each Customer and part of the Company's Rate Schedules. Any or all of these Terms and Conditions not inconsistent with a particular rate schedule are as much a part of such Rate Schedule as if repeated therein.

1.2. PUCT authority. By virtue of the Texas Public Utility Regulatory Act (PURA), the Public Utility Commission of Texas (PUCT) has the general power to regulate and supervise the business of the Company within the PUCT's jurisdiction. Nothing in these Terms and Conditions is meant to abridge any right granted or secured to the Customer under PURA or under any rules or regulations adopted by the PUCT unless specifically waived in these Terms and Conditions.

2. ELECTRIC SERVICE. Electric service means the availability of electric power and energy, irrespective of whether any electric power and energy is actually used. Supplying of service by Company consists of the maintaining by Company, at the point of delivery, of approximately the established voltage and frequency by means of facilities adequate for carrying Customer's proper load.

3. REQUESTS FOR SERVICE.

3.1. Application for service requirements. Applications for electric service, within the territory served by the Company of a type for which the Company has a rate schedule on file, will be accepted from applicants when such service is available, subject to the provisions of these Terms and Conditions. Service will be considered available if the point of delivery is located immediately adjacent to the Company's distribution line of suitable phase, voltage, and capacity, to deliver the service at the applicable rate schedule, and the Company has the required power and energy available at the point of delivery to supply the applicant.

3.2. Separate application for service for individual classes of service. Each class of service, at each location at which service is desired, will be considered separately, and there will be a separate application of the appropriate rate schedule for each class of service at each point of delivery.

- 3.3. Requirements for written contracts. Certain situations may require written contracts; such contracts may contain special provisions that apply to the particular situation. In the case of Customers whose load is of unusual size or characteristics, or at a remote location, additional rate and contractual arrangements may be justified. References in these Terms and Conditions to "contract" or "contract with Company" are intended to include, when applicable, any written Agreement for Electric Service in effect between the Company and Customer at the time, including collectively as part thereof for all purposes the Terms and Conditions in effect at the time (subject to changes by the Company as provided in the Contract), the terms and provisions of all rate schedules and riders (such schedules and riders also being subject to change by the Company as provided herein) as in effect at the time and applicable to the electric service provided to the Customer pursuant to its contract with Company, and any other written and duly executed agreements between the Company and Customer.
- 3.4. Connection charges. A connection charge compensating Company for its costs may be made by Company in accordance with Company's rate schedule then in effect providing for such charge upon connection or reconnection of facilities for service.
- 3.5. Trip fee charges. When the Company is required to dispatch an employee to a Customer's service location, a trip fee compensating the Company for its costs may be made by the Company. This trip fee will be in accordance with the Company's rate schedule then in effect providing for such charges.

#### 4. RESPONSE TO REQUEST FOR ELECTRIC SERVICE.

- 4.1. Obligation to serve within PUCT time frames. Company shall serve each qualified applicant for service within its certificated area within the time frames established by the PUCT.
- 4.2. New service without construction or line extension. Those applications for new electric service not involving line extension or construction of new facilities should be filled within seven (7) working days after applicant has met the credit requirements and complied with all applicable state and municipal regulations. Applications for electric residential service requiring construction, such as line extensions, should be filled within ninety (90) days or within a time period agreed to by Company and Customer if Customer has met credit requirements, met satisfactory payment arrangements for construction charges, and complied with applicable state and municipal regulations, unless unavailability of materials causes unavoidable delays.
- 4.3. New service with line extension. If a line extension is required by other than a large industrial or commercial electric customer or if facilities are not available, Company shall inform the Customer within ten (10) working days of receipt of the application, giving the Customer an estimated completion date and an estimated cost for all charges to be incurred by the Customer.

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- 4.4. Delays in providing service. Unless such delays are due to causes which are reasonably beyond the control of Company, delays in excess of ninety (90) days shall constitute refusal to serve, unless the Customer and Company have agreed to a longer term. Consideration may be given to revoking the certificate of convenience and necessity (or other certificate), or to granting a certificate to another utility to serve the applicant, or refusal may be considered in arriving at a proper return on the invested capital of the utility.
- 4.5. Information regarding sharing of construction cost options. Any construction cost options such as rebates to the Customer, sharing of construction costs between Company and the Customer, or sharing of costs between the Customer and other applicants shall be explained to the Customer following assessment of necessary line work.
- 4.6. Contribution in aid of construction. If Company must provide a line extension to or on the Customer's premises and Company requires that Customer pay a Contribution in Aid of Construction (CIAC), a prepayment, or sign a contract with a term of one (1) year or longer, Company shall provide Customer with information about on-site renewable energy and distributed generation technology alternatives. The information shall comply with guidelines established by the PUCT, and shall be provided to Customer at the time the estimate of the CIAC or prepayment is given to the Customer. If no CIAC or prepayment is required, the information shall be given to the Customer before a contract is signed. The information is intended to educate Customer on alternate options that are available.
- 4.7. Information provided to applicants. As part of their initial contact, Company shall give applicant a copy of the "Your Rights as a Customer" brochure, and inform an applicant of the right to file a complaint with the PUCT if the applicant thinks he has been treated unfairly.
- 4.8. Acceptable reasons to refuse service. Company may refuse to serve an applicant until the applicant complies with state and municipal regulations and Company's rules and regulations on file with the PUCT or for any reason below:
- 4.8.1. Applicant's facilities inadequate. Applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given, or applicant's facilities do not comply with all applicable state and municipal regulations.

- 4.8.2. Violation of Company's tariffs. Applicant fails to comply with Company's tariffs pertaining to operation of nonstandard equipment or unauthorized attachments which interfere with the service of others. Company shall provide applicant notice of such refusal and afford applicant a reasonable amount of time to comply with Company's tariffs.
- 4.8.3. Failure to pay guarantee. Applicant has acted as a guarantor for another Customer and failed to pay the guaranteed amount, where such guarantee was made in writing to Company and was a condition of service.
- 4.8.4. Intent to deceive. Applicant applies for service at a location where another Customer received, or continues to receive, service and Company bill is unpaid at that location, and Company can prove the change in identity is made in an attempt to help the other Customer avoid or evade payment of an electric utility bill. Applicant may request a supervisory review if Company determines that applicant intends to deceive Company and refuses to provide service.
- 4.8.5. For indebtedness. Applicant owes a debt to any electric utility for the same kind of service as that being requested. If applicant's indebtedness is in dispute, applicant shall be provided service upon paying a deposit.
- 4.8.6. Refusal to pay a deposit. Refusing to pay a deposit if applicant is required to do so.
- 4.9. Information upon refusal to serve. If Company refuses to serve an applicant for the reasons above, Company must inform applicant of the reason for its refusal and that the applicant may file a complaint with the PUCT.
- 4.10. Insufficient grounds for refusal to serve. The following are insufficient cause for refusal of service to an applicant:
  - 4.10.1. delinquency in payment for service by a previous occupant of the premises to be served;
  - 4.10.2. failure to pay for merchandise or charges for non-regulated services purchased from Company;
  - 4.10.3. failure to pay a bill that includes more than the allowed six (6) months of underbilling, unless the underbilling is the result of theft of service; or
  - 4.10.4. failure to pay the bill of another customer at the same billing address except where the change in identity is made to avoid or evade payment of an electric utility bill.
- 5. CUSTOMER COMPLAINTS.
  - 5.1. Investigation of complaints. Upon complaint to the Company by Customer either at its office, by letter, or by telephone, Company shall promptly make a suitable investigation and advise the complainant of the results thereof in the time frames prescribed by the PUCT guidelines.

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- 5.2. Request for supervisory review. Any Customer or applicant has the right to request a supervisory review if they are not satisfied with Company's response to their complaint. The supervisory review shall occur immediately following the Customer's request or at the earliest possible date. Service shall not be disconnected before completion of the review. If the Customer chooses not to participate in the review, then Company may disconnect service, providing proper notice has been issued under the disconnect procedures. The results of the supervisory review must be provided in writing to the Customer within the time frames prescribed by the PUCT guidelines, if requested. Customers who are dissatisfied with Company's supervisory review must be informed of their right to file a complaint with the PUCT.
- 5.3. Request for PUCT informal complaint resolution. In the event the complainant is dissatisfied with Company's complaint investigation or supervisory review, Company must advise the complainant of the PUCT informal complaint resolution process, giving the Customer the address, telephone number and contact information of the Office of Customer Protection as set forth in the PUCT rules. If applicable, Company shall also give the Customer the PUCT's TTY number for the deaf and hearing impaired.
- 5.4. Investigation of PUCT complaints. Company shall make a suitable investigation of all complaints forwarded from the PUCT on behalf of Customer. Company shall advise the PUCT of the results of the investigation in writing. Initial response to the PUCT must be made within the time frames prescribed by the PUCT guidelines. The PUCT encourages all customer complaints to be made in writing to assist the PUCT in maintaining records on the quality of service of Company.
- 5.5. Complaint recordkeeping. Company shall keep a record of all complaints forwarded to it by the PUCT which shall show the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof for a period of two (2) years subsequent to the determination by the PUCT. Complaints with reference to rates or charges which require no further action by Company need not be recorded.
6. ESTABLISHING CREDIT AND DEPOSITS.
- 6.1. Requirement for satisfactory credit or deposit. The Company may require an applicant for service to establish and maintain satisfactory credit in any manner, or to pay a deposit in any amount so long as such manner or amount is not in conflict with any applicable and valid law, rule, or regulation. In particular, the Company's Customer credit and deposit policies are regulated by the PUCT.
- 6.2. Definition of customer and applicant. For purposes of this section, applicant is to be defined as a person who applied for service for the first time or reapplies at a new or existing location after discontinuance of service. Customer is defined as someone who is currently receiving service.

6.3. Establishment of Credit for Permanent Residential Applicants. Company may require a residential applicant for service to satisfactorily establish and maintain credit, but such establishment of credit shall not relieve the Customer from complying with rules for prompt payment of bills. The creditworthiness of spouses established during shared service in the twelve (12) months prior to their divorce will be equally applied to both spouses for twelve (12) months immediately after their divorce.

6.3.1. Demonstration of credit. Subject to these rules, a residential applicant shall demonstrate satisfactory credit by one of the following criteria:

6.3.1.1 Letter of credit from previous electric provider. If the residential applicant has been a Customer of any utility for the same kind of service within the last two (2) years and is not delinquent in payment of any such utility service account and during the last twelve (12) consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment; applicants are encouraged to obtain a letter of credit history from their previous utility, and utilities are encouraged to provide such information with final bills;

6.3.1.2. Satisfactory credit rating. If the residential applicant demonstrates a satisfactory credit rating by appropriate means including, but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by Company, or ownership of substantial equity that is easily liquidated;

6.3.1.3. Account in good standing. If the residential applicant is sixty-five (65) years old and does not have an outstanding account balance incurred within the last two (2) years with Company or another electric utility for the same type of utility service; or

6.3.1.4. Guaranty. If the residential applicant furnishes a satisfactory written guaranty to secure payment of bills for the service required:

6.3.1.4.1. Amount of guaranty. The guaranty shall be for the amount of deposit Company would normally seek on the applicant's account. The amount of guaranty shall be clearly indicated on any documents or letters of guaranty signed by the guarantor;

6.3.1.4.2. Return of guaranty. When the Customer has paid bills for service for twelve (12) consecutive months residential billings without having service disconnected for nonpayment of bills and without having more than two (2) occasions in which a bill was delinquent, and when the Customer is not delinquent in the payment of current bills, Company shall void and return any documents or letters of guaranty placed with Company to the guarantor.

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6.3.1.5 Victim of family violence. A residential customer or applicant may be deemed as having established satisfactory credit if the customer or applicant has been determined to be a victim of family violence as defined in the Texas family Code Section 71.004, by a family violence center as defined in the Texas Human Resources Code Section 51.002, by treating medical personnel, by law enforcement personnel, by the Office of a Texas District Attorney or County Attorney, by the Office of Attorney General, or by a grantee of the Texas Equal Access to Justice Foundation. This determination shall be evidenced by submission of a certification letter developed by the Texas Council on Family Violence. The certification letter may be submitted directly by use of a toll-free fax number to the Company.

6.3.2. Requirement for initial deposit. An initial deposit may not be required from residential Customers unless the Customer has more than one (1) occasion during the last twelve (12) consecutive months of service in which a bill for utility service was paid after becoming delinquent or if the Customer's service was disconnected for nonpayment. A deposit required pursuant to this section shall not exceed an amount equivalent to one-sixth (1/6) of estimated annual billings. Such deposit may be required to be made within ten (10) days after issuance of written termination notice and requested deposit. In lieu of initial deposit, the Customer may elect to pay the total amount due on the current bill by the due date of the bill, provided the Customer has not exercised this option in the past twelve (12) months. The Customer may furnish in writing a satisfactory guarantee to secure payment of bills in lieu of a cash deposit.

6.3.3. Information about deposits. At the time a deposit is required, Company shall provide applicants for, and Customers of, commercial, industrial, or residential service written information about deposits by providing the "Your Rights as a Customer" brochure.

6.4. Guarantees of residential Customer accounts. Upon default by a residential Customer, the guarantor of that Customer's account shall be responsible for the unpaid balance of the account only up to the amount agreed to as stated in the written agreement between Company and the guarantor.

6.4.1. Notification to guarantor. Company shall provide written notification to the guarantor of the Customer's default, the amount owed by the guarantor, and the due date for the amount owed.

6.4.1.1. Guarantor's time to make payment. Company shall allow the guarantor sixteen (16) days from the date of notification to pay the amount owed on the defaulted account;

6.4.1.2. Payment date extension. If the due date falls on a holiday or weekend, the due date for payment purposes shall be the next work day after the due date.

6.4.1.3. Notification date. The postmark, if any, on the envelope of the notification, or an issuance date on the notification, if there is no postmark on the envelope, shall constitute proof of the date of issuance.

6.4.1.4. Transfer of balance to guarantor. Company may transfer the amount owed on the defaulted account to the guarantor's own service bill provided the guaranteed amount owed is identified separately on the bill as required by the PUCT Substantive Rules.

6.4.2. Disconnection of guarantor's service. Company may disconnect service to the guarantor for nonpayment of the guaranteed amount only if such disconnection was included in the terms of the written agreement, and only after proper notice as described by the PUCT Substantive Rules

6.5. Credit for commercial and industrial service. In the case of commercial or industrial service, if the credit of an applicant for service has not been established satisfactorily to Company, the applicant may be required to make a deposit.

6.6. Amount of deposit and interest for permanent residential, commercial, and industrial service and exemption from deposit.

6.6.1. Amount of deposit. The required deposit shall not exceed an amount equivalent to one-sixth (1/6) of the estimated annual billings

6.6.1.1. Initial deposit. After the first twelve (12) months of service, a deposit may be requested prior to the issuance of the bill.

6.6.1.2. Requirement for deposit. To require such deposit, the Customer must have been late paying a bill more than once during the last twelve (12) months or had service disconnected for nonpayment;

6.6.1.3. Form of request for deposit. The request for such deposit must be issued in writing and must indicate that the Customer may elect to pay the total amount due on the current bill by the due date of the bill in lieu of the deposit provided the Customer has not exercised this option in the previous twelve (12) months;

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- 6.6.1.4. Failure to remit deposit. Company may disconnect service if the deposit or the current usage payment is not made within ten (10) days of request provided a written disconnect notice has been issued to the Customer. Such disconnect notice may be issued concurrently with the written request for the deposit or current usage payment.
- 6.6.2. Additional deposit. If actual billings for the last twelve (12) months of a Customer are at least twice the amount of the original estimated annual billings, and a disconnection notice has been issued on a bill within the previous twelve (12) month period, an additional deposit may be required to be made within ten (10) days after issuance of written notice of termination and requested additional deposit. In lieu of an additional deposit, the Customer may elect to pay the total amount due on the current bill by the due date of the bill, provided the Customer has not exercised this option in the previous twelve (12) months. If the additional deposit is not paid within ten (10) days of the request, Company may disconnect service if a written disconnection notice has been issued to the Customer. The disconnection notice may be issued concurrently with the request for the additional deposit.
- 6.6.3. Interest on deposit. If the Customer has been required to make a deposit, the Company shall pay interest on such a deposit at an annual rate at least equal to that set by the PUCT. The rate of interest to be paid on Customer deposits in accordance with Tex. Rev. Civ. Stat. Ann. art. 1440A (Vernon 1989) is established annually on December 1 for the subsequent calendar year by the Commission, as reflected in the Order Setting Interest Rates included in this tariff. If a refund of deposit is made within thirty (30) days of receipt of deposit, no interest payment is required. If Company retains the deposit more than thirty (30) days, payment of interest shall be made retroactive to the date of deposit.
- 6.6.3.1. Timing of interest payments. Payment of the interest to the Customer shall be annually if requested by the Customer, or at the time the deposit is returned if credited to the Customer's account.
- 6.6.3.2. Termination of interest payments. The deposit shall cease to draw interest on the date it is returned or credited to the Customer's account.
- 6.7. Deposits for temporary or seasonal service and for weekend residences. Company may require a deposit sufficient to reasonably protect it against the assumed risk for temporary or seasonal service or weekend residences, provided such policy is applied in a uniform and nondiscriminatory manner. These deposits shall be returned according to guidelines set forth herein.

6.8. Complaint by Applicant or Customer. Company shall direct its personnel engaged in initial contact with an applicant or Customer for service, seeking to establish or reestablish credit under the provisions of these sections, to inform the Customer, if dissatisfaction is expressed with Company's decision, of the Customer's right to file a complaint with the PUCT thereon.

6.9. Reestablishment of credit. Every applicant who previously has been a Customer of Company and whose service has been discontinued for nonpayment of bills or theft of service (meter tampering or bypassing of meter) shall be required, before service is rendered, to pay all amounts due Company or execute a deferred payment agreement, if offered, and reestablish credit as provided in Section 6.3.1 of this section. The burden shall be on Company to prove the amount of utility service received but not paid for and the reasonableness of any charges for such unpaid service, as well as all other elements of any bill required to be paid as a condition of service restoration.

6.10. Records of deposits.

6.10.1. Company shall keep records to show:

6.10.1.1. the name and address of each depositor;

6.10.1.2. the amount and date of the deposit; and

6.10.1.3. each transaction concerning the deposit.

6.10.2. Issuance of deposit receipt. Company shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.

6.10.3. Unclaimed deposit records. A record of each unclaimed deposit must be maintained for at least four (4) years, during which time Company shall make a reasonable effort to return the deposit.

6.11. Refund of deposit

6.11.1. Refund of deposit at disconnection. If service is not connected, or after disconnection of service, Company shall promptly and automatically refund the Customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. A transfer of service from one premise to another within the service area of Company shall not be deemed a disconnection within the meaning of these sections, and no additional deposit may be demanded unless permitted by these sections.

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6.11.2. Refund of deposit for accounts in good standing. When the Customer has paid bills for service for twelve (12) consecutive residential billings or for twenty-four (24) consecutive commercial or industrial billings without having service disconnected for nonpayment of bill and without having more than two (2) occasions in which a bill was delinquent, and when the Customer is not delinquent in the payment of the current bills, Company shall promptly and automatically refund the deposit plus accrued interest to the Customer in the form of cash or credit to a Customer's bill. If the Customer does not meet these refund criteria, the deposit and interest may be retained.

6.12. Upon sale or transfer of Company. Upon the sale or transfer of Company or operating units thereof, Company shall provide the buyer all required deposit records.

**7. BILLING.**

7.1. Monthly billing and payment. The Customer will receive and pay monthly for all electric service supplied in accordance with the applicable rate schedules. Bills will be rendered monthly in accordance with said rate and as promptly as possible following the reading of meters. The terms "month" and "monthly" as used herein are intended to designate the period between any two (2) consecutive meter readings, either actual or estimated, at approximately thirty (30) day intervals.

**7.2. Estimated bills.**

7.2.1. Inability to access meters. In months where the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read, the Company will provide the Customer with a postcard and request the Customer to read the meter, enter the reading on the card, and return the card to the Company. If such postcard is not received by Company in time for billing, Company may estimate meter reading and render a bill accordingly.

7.2.2. Requirements for actual meter reading. When there is good reason for doing so, estimated bills may be submitted provided that an actual meter reading is taken every three (3) months.

7.2.3. Customer read program. If Company has a program in which Customer reads its own meter and reports its monthly usage and no meter reading is submitted by Customer, Company may estimate Customer's usage and issue a bill. However, Company must read the meter if Customer does not submit readings for three (3) consecutive months so that a corrected bill may be issued.

- 7.3. Bill content. Customer's bill shall include the following information:
- 7.3.1. if the meter is read by Company, the date and reading of the meter at the beginning and at the end of the billing period;
  - 7.3.2. the due date of the bill;
  - 7.3.3. the number and kind of units metered (with the billing load in whole kW or whole kVA as the case may be. If the fraction is less than half, it is dropped; if it is half or more, it is counted as the next whole number;
  - 7.3.4. the applicable rate schedule;
  - 7.3.5. the total amount due after addition of any penalty for nonpayment within a designated period;
  - 7.3.6. the word "Estimated" prominently displayed to identify an estimated bill;
  - 7.3.7. any conversions from meter reading units to billing units, or any other calculations to determine billing units from recording or other devices, or any other factors used in determining the bill; and
  - 7.3.8. any amount owed under a written guarantee contract provided the guarantor was previously notified in writing by Company.
- 7.4. Due date. The due date of the bill for utility service shall not be less than sixteen (16) days after issuance. A bill for utility service is delinquent if not received at Company or at Company's authorized payment agency by the close of business on the due date. The postmark, if any, on the envelope of the bill, or an issuance date on the bill, if there is no postmark on the envelope, shall constitute proof of the date of issuance. If the due date falls on a holiday or weekend, the due date for payment purposes shall be the next work day after the due date.
- 7.5. Request for charges breakdown. Company shall provide free to Customer a breakdown of charges at the time service is initially installed or modified and upon request by Customer as well as the applicable rate schedule.
- 7.6. Penalty on delinquent bills for retail service. A one time penalty not to exceed five percent (5.0%) may be made on delinquent commercial or industrial bills; however, no such penalty shall apply to residential bills under this section. The five percent (5.0%) penalty on delinquent commercial and industrial bills may not be applied to any balance to which the penalty was applied in a previous billing. If providing service to the state of Texas, Company shall not assess a fee, penalty, interest or other charge to the state for delinquent payment of a bill.
- 7.7. Optional Billing Plans. The Company offers a number of optional billing plans for the convenience of residential Customers and churches. These plans include Equal Pay, Budget Billing and the Deferred Payment Plan options. The Equal Pay and Budget Billing options provide elderly and chronically ill residential Customers who may be on fixed incomes and other Customers whose bills vary widely due to seasonal usage or demands an opportunity to levelize their bills. The Deferred Payment Plan is any arrangement between the Company and the Customer which allows an outstanding bill to be paid in installments that extend beyond the due date of the next bill. These Optional billing plans are described below:

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7.7.1. Equal Pay. This option is intended to provide residential customers and churches (served under rate Schedule SGS and GS) with fixed monthly payments for a twelve (12) month period.

7.7.1.1. Determination of payment. The Customer's bill will reflect twelve (12) equal monthly payments. The net amount payable for service for the current month will equal, to the nearest whole dollar, one-twelfth (1/12) of the previous twelve (12) months usage for metered services to this account billed at the appropriate customer class rate. This equal pay amount will remain in effect for twelve (12) months. Every twelve (12) months, the Customer's Equal Pay amount will be recalculated based upon actual usage. The new Equal Pay amount will equal one-twelfth (1/12) of the sum of the previous twelve (12) months usage of metered services billed at the appropriate customer class rate plus or minus one-twelfth (1/12) of the total accumulated difference between previous debits and the amounts payable under the plan.

7.7.2. Budget Billing. This option allows residential customers and churches (served under Rate Schedules SGS and GS) to spread the cost of electric energy more evenly from month to month. Since the Budget Billing amount is a rolling average of the previous twelve (12) months, actual usage and a portion of the accumulated difference between actual usage and the amount paid under this option, the Customer's bill will vary from month to month.

7.7.2.1. Determination of payment. The Customer's monthly bill will be computed in accordance with the applicable rate schedule and the Customer's account will be debited by such amount. The net amount payable for the current month will equal, to the nearest whole dollar, the average monthly amount debited to the Customer's account during the twelve (12) months ending with the current month, plus or minus one-twelfth (1/12) of the accumulated difference between previous debits and the amounts payable under the plan.

7.7.3. Termination of participation in payment options. Billing under either the Equal Pay or Budget Billing options described above may be automatically terminated upon discontinuance of service for any reason and may be terminated on other grounds, as described in Section 8 "DISCONTINUANCE OF SERVICE" herein. Any balance due or owing shall then be payable by Customer and Company will offer the Deferred Payment Plan described below, subject to the provisions of that plan. In the event the Customer decides to withdraw from either of the Company's optional billing plans for any reason, the Customer will not be eligible for readmission to either plan until the thirteenth (13<sup>th</sup>) month following such withdrawal.

7.7.4. Determination of fuel revenues. For establishing the monthly fuel revenues received from Customers paying under the Equal Pay or Budget Billing options, the Company will use the level of metered energy times the fuel factor used for billing purposes. In no event shall the amount assigned

and/or recognized for fuel revenues in the fuel reconciliation process for Customers served under these options exceed the amount determined by multiplying the level of metered energy times the fuel factor used for billing purposes.

- 7.7.5. Deposit for Optional Billing Plan Customers. Company may require a deposit from a Customer entering into the Equal Pay or Budget Billing plans. The Company shall pay interest on the deposit and may retain the deposit for the duration of the Equal Pay or Budget Billing plans.
- 7.8. Deferred Payment Plan. A deferred payment plan is any written arrangement between Company and a Customer in which an outstanding bill will be paid in installments that extend beyond the due date of the next bill. Company shall offer, upon request, a deferred payment plan to any residential Customer who has expressed an inability to pay all of his or her bill, if that Customer has not been issued more than two (2) disconnection notices at any time during the preceding twelve (12) months.
- 7.8.1. Minimum number of deferred payment plan payments. Every deferred payment plan entered into due to the Customer's inability to pay the outstanding bill in full shall provide that the delinquent amount may be paid in equal installments lasting at least three (3) billing cycles. Company may, at its discretion, extend the payment period based upon a reasonableness determination.
- 7.8.2. Determination of reasonableness of deferred payment plan. For purposes of determining reasonableness under these rules, the following shall be considered:
- 7.8.2.1. Size of the delinquent account;
  - 7.8.2.2. Customer's ability to pay;
  - 7.8.2.3. Customer's payment history;
  - 7.8.2.4. Time that the debt has been outstanding;
  - 7.8.2.5. Reasons why debt has been outstanding; and
  - 7.8.2.6. Any other relevant factors concerning the circumstances of the Customer.
- 7.8.3. Written deferred payment plan requirements. A deferred payment plan offered by Company, when reduced to writing, shall state immediately preceding the space provided for the Customer's signature and in boldface print no smaller than fourteen (14) point size that "If you are not satisfied with this contract, or if agreement was made by telephone and you feel this contract does not reflect your understanding of that agreement, contact the electric utility immediately and do not sign this contract. If you do not contact the electric utility, or if you sign this agreement, you may give up your right to dispute the amount due under the agreement except for the electric utility's failure or refusal to comply with the terms of this agreement."

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- 7.8.4. Providing deferred payment plan information to Customer. If the Customer and Company or its agent meet in person, Company shall read the preceding statement to the Customer. Company shall provide information to the Customer in English and Spanish as necessary to make this language understandable to the Customer.
- 7.8.5. Content of deferred payment plan. A deferred payment plan shall include the following: (i) length of time covered by the plan; (ii) total amount to be paid under the plan; and (iii) the specific amount of each installment.
- 7.8.6. Deferred payment plan late payment penalty. A deferred payment plan may include a five percent (5%) penalty for each late payment made under the plan after the plan is initiated, but shall not include a finance charge.
- 7.8.7. Disconnection for deferred payment plan default. If a Customer for electric service has not fulfilled terms of a deferred payment plan, Company shall have the right to disconnect service. However, Company may not disconnect service until a disconnect notice has been issued to the Customer indicating the Customer has not met the terms of the plan. Such notice and disconnection shall conform with the disconnection rules found in the PUCT's Substantive Rules. Under such circumstances, Company may, but shall not be required to, offer subsequent negotiation of a deferred payment plan prior to disconnection. No additional disconnection notice is required if Customer did not sign the deferred payment plan, and is not otherwise fulfilling the terms of the plan and Customer was previously provided a disconnection notice for the outstanding amount.
- 7.8.8. Non-discrimination. If Company institutes a deferred payment plan, it shall not refuse customer participation in such a program on the basis of race, color, sex, religion, nationality, or marital status.
- 7.8.9. Method for entering deferred payment plan. A deferred payment plan may be made by contacting Company by telephone. If the plan is made over the telephone, Company shall send a copy of the plan to the Customer for signature. Company must provide the Customer with a copy of the signed plan.
- 7.8.10. Renegotiation of deferred payment plan. If the Customer's economic or financial circumstances change substantially during the time of the deferred payment plan, Company may renegotiate the deferred payment plan with the Customer, taking into account the changed economic and financial circumstances of the Customer.
- 7.8.11. Refusal to offer deferred payment plan. Company is not required to enter into a deferred payment plan with any Customer who is lacking sufficient

credit or a satisfactory history of payment for previous service when that Customer has had service from Company for less than three (3) months.

- 7.9. Payment arrangements. Payment arrangements are any arrangements or agreements between Company and a Customer in which an outstanding bill will be paid after the due date of the outstanding bill but before the due date of the next bill. If a Customer does not fulfill the terms of such payment arrangements, Company shall have the right to disconnect service. If a disconnect notice was issued prior to the payment arrangements being made, such notice shall suffice as notice to the Customer. If payment arrangements are made prior to issuance of a disconnect notice, such notice must be issued before the Customer's service may be disconnected.
- 7.10. Overbilling. If billings for utility service are found to be higher than Company's lawful rates for the services being purchased by the Customer, a billing adjustment shall be calculated by Company. If the Customer is due a refund, an adjustment shall be made for the entire period of the overcharges. If an overcharge is adjusted by Company within three (3) billing cycles of the bill in error, interest shall not accrue. Unless provided in this section, if an overcharge is not adjusted by Company within three (3) billing cycles of the bill in error, interest shall be applied to the amount of the overcharge. Interest on overcharges that are not adjusted by Company within three (3) billing cycles of the bill in error shall accrue from the date of payment unless Company chooses to provide interest to all of its affected Customers from the date of the bill in error. Interest shall be compounded monthly based on the annual rate. Interest shall not apply to leveling plans or estimated billings.
- 7.11. Underbilling. If billings for utility service are found to be lower than Company's lawful rates for the services being purchased by the Customer, or if Company fails to bill Customer for such service, a billing adjustment shall be calculated by Company. Interest shall not apply to undercharged amounts unless such amounts are found to be the result of theft of service (meter tampering, bypass, or diversion) by the Customer. Interest on undercharged amounts shall be compounded monthly and shall accrue from the day the Customer is found to have first tampered, bypassed, or diverted. If the Customer was undercharged or Company failed to bill for service, Company may backbill the Customer for the amount which was underbilled. The backbilling is not to exceed six (6) months from the date the error was discovered unless the undercharge is a result of theft of service by the Customer. However, Company may disconnect service if the Customer fails to pay charges arising from an underbilling. If the underbilling is fifty dollars (\$50.00) or more, Company shall offer the Customer a deferred payment plan option for the same length of time as that of the underbilling. In cases of theft of service, Company may, but is not required to, offer a Customer a deferred payment plan.
- 7.12. Rate of interest. The rate of interest to be paid on overcharges or undercharges in accordance with the PUCT Substantive Rules is established annually on December 1 for the subsequent calendar year by the PUCT, as reflected in the Order Setting Interest Rates included in this tariff.
- 7.13. Disputed bills.
- 7.13.1. Investigation. In the event of a dispute between a Customer and Company regarding any bill for utility service, the Company shall forthwith make such investigation as shall be required by the particular case, and report the results thereof to the Customer and, in the event the dispute is not resolved, shall inform the Customer of the complaint procedures of the PUCT.

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7.13.2. Obligations pending complaint resolution. Notwithstanding any other section of these rules, the Customer shall not be required to pay the disputed portion of the bill until the dispute is completely resolved by Company. If Customer files a complaint with the PUCT, service shall not be disconnected for nonpayment of the disputed portion of the bill before the PUCT completes its informal complaint resolution process and informs Customer of its determination.

7.13.3. Payment of undisputed billings. Customer is obligated to pay any billings not disputed.

7.14. Transfer of delinquent balances. If Customer has an outstanding balance due from another account in the same customer class, Company may transfer that balance to Customer's current account. The delinquent balance and specific account shall be identified as such on the bill.

8. DISCONTINUANCE OF SERVICE. The Company will not discontinue service to the Customer if prohibited from doing so by the then effective rules of the appropriate regulatory authorities. The PUCT rules provide:

8.1. Disconnection for delinquent bills. A Customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within twenty-six (26) days from the date of issuance of a bill and if proper notice has been given. Proper notice shall consist of a separate mailing or hand delivery at least ten (10) days prior to a stated date of disconnection, with the words "disconnection notice" or similar language prominently displayed on the notice. The information included shall be provided in English and Spanish as necessary to adequately inform the Customer. Attached to or on the face of the disconnection notice for electric bills shall appear a statement notifying the Customer that if they are in need of assistance with the payment of the bill, or are ill and unable to pay their bill, they may be eligible for payment assistance or special payment programs, such as deferred payment plans, disconnection moratoriums for the ill, or energy assistance programs, and to contact Company's telephone center at 1-800-ENTERGY for information on the available programs. If mailed, the cut-off day may not fall on a holiday or weekend, but shall fall on the next working day after the tenth (10<sup>th</sup>) day. Payment at Company's authorized payment agency is considered payment to Company. The Company shall not issue late notices or disconnect notices to the Customer earlier than the first (1<sup>st</sup>) day the bill becomes delinquent, so that a reasonable length of time is allowed to ascertain receipt of payment by mail or at Company's authorized payment agency.

8.2. Disconnection with notice. Utility service may be disconnected after proper notice for any of the following reasons:

8.2.1. Failure to pay a delinquent account for utility service, failure to make deferred payment arrangement or failure to comply with the terms of a deferred payment agreement;

- 8.2.2. Violation of Company's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the Customer and the Customer is provided with a reasonable opportunity to remedy the situation;
  - 8.2.3. Failure to comply with deposit or guarantee arrangements where required by the PUCT Substantive Rules; or
  - 8.2.4. Failure of the guarantor to pay the amount guaranteed when Company has a written agreement signed by the guarantor that allows for disconnection of the guarantor's service.
- 8.3. Disconnection without prior notice. Utility service may be disconnected without prior notice where a dangerous condition exists for as long as the condition exists or where service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for nonpayment or in instances of tampering with Company's meter or equipment, bypassing the same, or in other instances of diversion. Where reasonable, given the nature of the hazardous condition, a written statement providing notice of disconnection and the reason therefor shall be posted at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.
- 8.4. Disconnection Prohibited. Utility service may not be disconnected for any of the following reasons:
- 8.4.1. Delinquency in payment for utility service by a previous occupant of the premises;
  - 8.4.2. Failure to pay for merchandise, or charges for nonutility service provided by Company;
  - 8.4.3. Failure to pay for a different type or class of utility service unless fee for such service was included on that account's bill at the time service was initiated;
  - 8.4.4. Failure to pay the account of another Customer as guarantor thereof, unless Company has in writing the guarantee as a condition precedent to service;
  - 8.4.5. Failure to pay charges arising from an underbilling except theft of service, more than six (6) months prior to the current billing;
  - 8.4.6. Failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under Rule 25.126 of this title (relating to Meter Tampering).
  - 8.4.7. Failure to pay an estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless Company is unable to read the meter due to circumstances beyond its control.
  - 8.4.8. Failure to pay disputed charges, except for the required average billing payment, until a determination as to the accuracy of the charges has been made by Company or the PUCT and Customer has been notified of this determination.

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- 8.5. Disconnection on holidays or weekends. Unless a dangerous condition exists, or unless the Customer requests disconnection, service shall not be disconnected on holidays or weekends, or on a day immediately preceding a holiday or weekend unless Company personnel are available to the public for the purpose of making collections and reconnecting service.
- 8.6. Disconnection due to electric utility abandonment. Company may not abandon a Customer or a certified service area without written notice to its Customers therein and all similar neighboring utilities, and approval from the PUCT.
- 8.7. Disconnection for ill and disabled. Company may not discontinue service to a delinquent residential Customer permanently residing in an individually metered dwelling unit when that Customer establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is discontinued. Each time a Customer seeks to avoid termination of service under this rule, the Customer, by the stated date of disconnection, must have the attending physician (for purposes of this rule, the term "physician" shall mean any public health official, including, but not limited to, medical doctors, doctors of osteopathy, nurse practitioners, registered nurses, and any other similar public health official) call or contact Company by the stated date of disconnection. A written statement must be received by Company from the physician and Customer must enter into a deferred payment plan. The prohibition against service termination provided by this rule shall last sixty-three (63) days from the issuance of the utility bill or such lesser period as may be agreed upon by Company and the Customer or physician.
- 8.8. Disconnection to energy assistance grantees. No electric public utility may terminate service to a delinquent residential Customer for a billing period in which the Customer has applied for and been granted energy assistance funds if any agency for administration of these funds has notified the utility, prior to the date of disconnection, of approval of an award sufficient to cover the bill, or a portion of the bill so that the Customer can successfully enter into deferred payment plan for the balance of the bill.
- 8.9. Disconnection during extreme weather. On a day when the previous day's highest temperature did not exceed 32° F and the temperature is predicted to remain at or below that level for the next twenty-four (24) hours, according to the nearest National Weather Service (NWS) reports, or when the NWS issues a heat alert advisory for any county in Company's service territory, or when such heat advisory has been issued on any one of the preceding two (2) calendar days, Company cannot disconnect a Customer anywhere in its service territory.
- 8.10. Disconnection of master-metered apartments. When a bill for electric service is delinquent for a master-metered apartment complex, Company shall send a notice to Customer and inform Customer that notice of possible disconnection will be provided to tenants of the apartment complex in six (6) days if payment is not made before that

time. At least six (6) days after providing notice to Customer and at least four (4) days before disconnecting, Company shall post a minimum of five (5) notices in conspicuous areas in the corridors or other public places of the complex. Language in the notice shall be in large type and shall read: "Notice to resident of (name and address of apartment complex): Electric utility service to this apartment complex is scheduled for disconnection on (date), because (reason for disconnection.)"

9. RATE AND USE OF SERVICE.

9.1. Prohibited use of service. Except when required by law or when specifically provided for in the contract or rate schedule in effect between Company and Customer, Customer shall not, directly or indirectly, resell, sublet, assign, share, or otherwise dispose of the electric service, or any part of such service, and where provided pursuant to contract, shall use such service only for purposes described in its contract with Company. Except when specifically provided for in a contract in effect between Company and Customer, Customer shall not use the electric service supplied by Company as supplementary, standby or breakdown service. If, and only if, Customer and Company enter into a specific contract therefor, Company will supply auxiliary and standby service pursuant to the terms of such contract. In such event, the Customer agrees to arrange its wiring, by means of a double-throw switch or other suitable devices, so that Customer's equipment cannot create a hazard on the Company's lines by energizing the same, and Customer further assumes all responsibility for energizing of Company's lines by Customer's equipment and agrees to protect and save Company harmless and indemnified from injury or damage to persons or property occasioned by the energizing of Company's lines by Customer's equipment.

9.2. Prohibition against extensions of service. The Customer will not extend nor connect installations across a street, alley, lane, or other public space in order to obtain service for other premises, even though such other premises may be owned by the Customer, except on written consent of the Company.

9.3. Applicable rate. If more than one rate is applicable to Customer's service, Customer may choose whichever applicable rate is best adapted to his existing or anticipated service on at least a twelve (12) month basis, and having selected such rate may not again change rate within a twelve (12) month period without the prior written consent of Company. The preceding sentence shall in no event, however, permit a Customer to change or abrogate the Customer's obligations under any contract, rate schedule or rider for payment of any minimum or facilities charges. A new Customer will be given reasonable opportunity to determine his service requirements before selecting the most favorable rate for such requirements. The Company does not assume responsibility that Customer will be served under the most favorable rate and the Company shall have no liability to make refunds covering the difference in charges under the rate in effect and the charges under any other rate applicable to Customer's service.

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10. **RATE CHANGES BY COMPANY.** The rates and charges charged Customer will be the Company's going rates and charges in effect for like conditions of service to the Customer's class of service, as provided in the Company's rate schedules, or in effective superseding or additional rate schedules promulgated by the Company which are filed with, accepted for filing, or approved, as appropriate, by the regulatory authority having jurisdiction thereof. Anything in these Terms and Conditions, any contract with Customer, or any rate schedule to the contrary notwithstanding, each and all rates and charges by Company in any rate schedule may be changed by the Company from time to time, at any time, and Company shall have and hereby specifically reserves the right in all events to change the rates and charges it charges for its services in accordance with applicable law and procedures prescribed by the regulatory authorities having jurisdiction over such rates and charges and to seek and place in effect changes or additions in its rates and charges without the concurrence or joinder of Customer. All increases in rates and charges and applicable additional rates and charges by Company shall apply to service contracted prior to the effective date of the increase or addition as well as service contracted after such effective date. Such rates shall be effective from such date with respect to service thereafter furnished to Customer even though such rate may not then be made effective as to all Customers within such class because of then existing contract restrictions or because of regulatory or governmental action, delay, or inaction with respect to such rights as may be provided by applicable law and regulatory procedures to contest before the regulatory authority having jurisdiction whether any such changes or additions in rates and charges are just and reasonable.
11. **POINT OF DELIVERY.** The Company will normally supply to one premise only one point of delivery and only one of Company's standard types of services and the Customer's installation is to be so arranged that Company measures the Customer's electric service with one metering installation. Unless otherwise specified in any written contract with Customer, the point of delivery of service shall be on the outside walls of Customer's building at a point nearest the lines of the Company. The Company shall have access to its property on Customer's premises at all reasonable times in accordance with these terms and conditions. The Company's rate schedules unless otherwise stated in the schedules contemplate only one point of delivery to one premise, by overhead (aerial) connection by the shortest and most direct route. Only underground service is available in underground network areas.
12. **METERING.** All meters and devices, excluding the meter enclosure, necessary to measure electric energy are to be furnished by the Company and will remain the property of the Company. Company shall provide appropriate metering devices based on rate schedule and service requirements.

- 12.1. Meter testing frequency. The Company will test its meters at intervals as may be required by the latest edition of the American National Standards Institute, Incorporated (ANSI) Standard C12, unless specified otherwise by the PUCT. In case of questions as to the accuracy of the Company's measuring instruments, either party shall have the right at any time, and from time to time, upon giving reasonable notice to the other party to have them tested, and, if necessary, recalibrated with both parties represented at the test.
- 12.1.1. Meter tests on request of Customer. Company shall, upon the request of a Customer, test the accuracy of Customer's meter at no charge to Customer. The test shall be made during Company's normal working hours and shall be scheduled to accommodate Customer or Customer's authorized representative if Customer desires to observe the test. The test should be made on the Customer's premises, but may, at Company's discretion, be made at Company's test laboratory.
- 12.1.2. Additional meter testing requests. If the meter has been tested by Company, or by its authorized agency, at the Customer's request, and within a period of four (4) years the Customer requests a new test, Company shall make the test. However, if the subsequent test finds the meter is within the accuracy standards established by ANSI, Company may charge the Customer a fee which represents the cost to test the meter, but this charge shall in no event be more than fifteen dollars (\$15.00) for a residential Customer. Following the completion of any requested test, Company shall promptly advise the Customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.
- 12.2. Bill adjustment due to meter error. If any meter is found to be outside of the accuracy standards established by ANSI, readings for the prior six (6) months, or from the time the meter was in service since last tested, but not exceeding six (6) months, shall be corrected, and adjusted bills shall be rendered. No refund is required from Company except to the Customer last served by the meter prior to the testing. If a meter is found not to register for any period, unless bypassed or tampered with, Company shall estimate and charge for units used, but not metered, for a period not to exceed three (3) months based on amounts used under similar conditions during periods preceding or subsequent thereto, or during corresponding periods in previous years.
- 12.3. Relocation at Customer's request. Where the meter location on Customer's premises is changed at Customer's request or due to alterations on Customer's premises, Customer shall provide and have installed at Customer's expense all wiring and equipment necessary for relocating the meter.

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13. DEFAULT AND SUSPENSION OF SERVICE.

13.1. Suspension of service. The Company may suspend service and remove its facilities from the Customer's premises for any of the following reasons: (a) default by Customer in the payment in full of any sums due to Company under any contract with Customer, or the Terms and Conditions, or applicable rate schedules then in effect, when due, and failure to cure such default within ten (10) days after written notice from the Company to Customer demanding payment; (b) failure of the Customer to perform any of its obligations under any contract with Customer or to comply with any of these Terms and Conditions, or the applicable provisions of any rate schedule; (c) fraud or abuse by Customer, or failure of Customer to prevent fraud or abuse in the application for service, receipt by Customer of electric service or in connection with the metering of such service to Customer, or discovery by Company that the meter used in connection with service to Customer has been tampered with or damaged; or (d) discovery of conditions dangerous to life and/or property. Provided that the cause for suspension has been removed and that any applicable contract with Company has not been terminated, service will be restored in cases of suspension of service for any of the above reasons after Customer has paid a fully compensatory charge to offset Company's cost incurred in disconnection and reconnection of service, and any sums due for electric service previously rendered and, if requested by Company, Customer has made a reasonable deposit to guarantee performance by the Customer thereafter. Such charge for discontinuing and reconnecting service shall be in accordance with Company's schedule then in effect providing for such charge.

13.2. Notice of suspension. Except where specific notice is otherwise provided for above, reasonable notice to Customer prior to suspension of service shall be given, if and to the extent circumstances permit; provided, however, that Company shall have the right to suspend service even without notice (either by automatic equipment or otherwise) when there is not reasonable time under the circumstances to give notice such as in those circumstances where the default, in Company's judgment, is immediately endangering or damaging the equipment or facilities of Company or another Customer or interconnected party of Company, is interfering or may immediately interfere with service to any other Customers, is causing serious fluctuation of voltage, or is immediately endangering the stability, integrity, or safe operation of Company's system or any part thereof. Suspension of service shall not interfere with the enforcement by the Company of any rights of the Company under any contract with Customer, or the Terms and Conditions, of rate schedules then in effect, or of any other legal right, claim, or remedy Company may have against Customer.

13.3. Termination of service due to default. Should the Customer at any time be in default under clause (a) or (b) above and fail to cure same after the notice provided for above, be in default in its obligations under Section 14 relating to requested curtailment, or if circumstances in clause (c) above should occur, then Company may, at its sole election, terminate and cancel any contract for electric service then in

effect with Customer, in which event the parties shall thereby be severally released from all obligations hereunder, other than rights of action then already accrued.

#### 14. INTERRUPTIONS AND CURTAILMENT.

14.1.No guarantee against irregularities or interruptions. Company shall supply Customer a steady and reliable supply of electric energy, but does not warrant or guarantee the service against irregularities or interruptions. Company shall not be liable to Customer, whether under contract or otherwise, for any damages or loss, direct or consequential, by reason of the failure of the Company to supply, or the Customer to receive, electric energy, or for any interruption, voltage reductions or abnormalities, reversal of the supply, or other irregularity, in the supply of electric service to Customer where such failure, interruption, reduction, abnormalities, reversal or other irregularity, directly or indirectly, (i) is by function of underfrequency relays or other automatic load shedding equipment to preserve the integrity of Company's system or interconnected systems; or (ii) is due to the negligence of Company, or its employees or contractors, and does not constitute gross negligence of or a willful default by Company; or (iii) is the result, in whole or in part, of injunction, fire, strike, lockouts and other industrial or labor disturbances, riot, explosion, storm, hurricane, wind, lightning, flood, accident, breakdown, material shortage, delay in delivery, fuel shortage, fuel rationing or fuel curtailment, governmental or regulatory action or inaction (including but not limited to action sought or supported by Company), acts of God, acts of any public enemy, civil disturbance, sabotage, delay or failure of performance by a third party, war, national emergency, voluntary cooperation by the Company in any method of operation with, or in any program recommended or requested by civil or military authorities, or as a result of other acts or conditions, whether of the same or different type, which are beyond the reasonable control of Company (exclusive in all events of those described in (i) and (ii) preceding and the following paragraph, which operate independently). In connection with strikes, lockouts and other industrial disturbances, the settlement thereof shall be entirely within the discretion of the Company, and the Company shall not be required to make any settlement thereof by acceding to the demands of the opposing party or parties when such course is in the judgment of the Company unfavorable to the Company, and in connection with any disputes with governmental or regulatory authorities with respect to orders, conditions, restraints, regulations or other actions, the resolution thereof shall be entirely within the discretion of the Company, and the Company shall not be required to accede to any such actions when such course is in the judgment of the Company unfavorable to it.

14.2.Limitation of liability. Company shall not be liable to Customer, whether under contract or otherwise, for any damages or loss, direct or consequential, by reason of (i) interruption of service by Company to make repairs or changes in or replace, test, or inspect the Company's equipment or facilities; (ii) interruption or curtailment of service by manual load shedding in an emergency when, in Company's judgment, such action will tend to prevent or alleviate a threat to the integrity of Company's power supply; (iii) curtailment by Company of any electric service to Customer or refusal by Company to supply additional capacity or energy to Customer due to Company's implementations of its electric capacity and energy curtailment programs (which programs may provide for priorities as between various classes and categories of Customers and various use of electric service, may be implemented system-wide, regionally, or locally at the discretion of Company, and may be amended or supplemented by Company from time to time) whenever Company at its discretion, which shall not be exercised unreasonably, deems such implementation to be necessary because it is experiencing or is about to experience a shortage of capacity of energy resulting from any cause, subject to any order of any regulatory authority having jurisdiction; (iv) curtailment of any electric service to Customer made

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by Company in compliance with orders or requests of any governmental agency curtailing, conserving, reallocating, or diverting available electric power resources or fuel (including but not limited to orders sought or supported by Company); or (v) acceptance by Company (either with contract or without) of new Customers and additional loads of Customers being served even though doing so may affect Customer by increasing the amount, frequency, or duration of curtailment of service to Customer pursuant to such programs unless the Company acts in bad faith in accepting the new or additional load. Upon written request from Customer, Company will provide to Customer a copy of such programs as supplemented, modified, and in effect from time to time. Customer shall be fully responsible for installing on the Customer's side of the point of delivery all equipment necessary to enable the Customer to effect such curtailment as may be provided for or requested under such programs.

14.3. Additional curtailments. Whether a Customer has theretofore achieved requested curtailment or not, nothing herein shall limit the Company's rights to require further curtailment by or to interrupt service to such Customer nor limit the Customer's responsibilities with regard thereto.

14.4. Notice of curtailments. If it is practicable to do so under then existing conditions, Company shall attempt to give Customer advance notice of any interruption or curtailment, as appropriate; provided, however, that the Company shall have the right to interrupt or curtail service even without notice (either by automatic equipment or otherwise) when there is not reasonable time under the circumstances to give notice. As used in this Section, the terms "curtailment" and "curtail" shall for all purposes include voltage reductions or abnormalities, suspensions of service, and any other forms of modification, reduction, or interruption, in whole or in part, of electric service.

15. PRORATION OF BILLING TO CONTRACT CUSTOMER. A Customer receiving service under a contract shall not be liable to Company for damages or loss, direct or consequential, by reason of the failure of such Customer to take electric service made available by Company in the amount provided for in the contract with such Customer, where such failure is the result of injunction, fire, strike, riot, explosion, flood, accident, breakdown, acts of God, acts of any public enemy, or other acts or conditions reasonably beyond the control of such Customer; provided, however, the inability of such Customer, regardless of the cause, to take service made available by Company, shall not relieve such Customer from its obligation to continue to pay in accordance with the applicable rate schedules, as provided in the contract with such Customer, except that in the event of a strike at such Customer's plant being served hereunder, or in the event of physical damage to, or destruction of, such Customer's facilities at said plant, where such strike, destruction or damage prevents, for a continuous period of sixty (60) days, the use of such Customer's facilities for the purpose for which they were operated prior to such strike, damage or destruction, and if such Customer gives Company written notice of such during said sixty (60) days, then commencing sixty (60) days after the beginning of

such strike, or the happening of such damage or destruction, the amount of such Customer's Contract Power commitment under its contract with Company will thereafter be reduced to reflect the effect of such strike, damage or destruction upon the power requirements of such Customer, so long thereafter and only so long thereafter as such Customer's loss of use of its facilities, because of such strike or damage or destruction, continues. However, such Customer's obligation to pay facilities charges is unconditional, and such charges are payable regardless of such Customer's inability or failure to take service for any reason, and minimum charges under applicable schedules are due and payable in all events (except as provided above with respect to strike, damage or destruction) even though such Customer takes no service or takes less than the amount on which the minimum charge is based.

16. **LIABILITY.** Customer assumes all responsibility for the electric power and energy supplied hereunder after it leaves Company's lines at the point of delivery, as well as for the wires, apparatus and appurtenances used in connection therewith where located at or beyond the point of delivery; and Customer hereby agrees to protect and save Company harmless and indemnified from injury or damage to persons and property occasioned by such power and energy or by such wires, apparatus and appurtenances located at and beyond said point of delivery, except where said injury or damage shall be shown to have been occasioned by the gross negligence or willful default of Company or of its contractors. Further, Company shall not be responsible for injury or damage to anyone resulting from the acts of the employees of Customer or of Customer's contractors in tampering with or attempting to repair, operate and/or maintain any of Company's lines, wires, apparatus or equipment located on Company's side of the point of delivery and Customer will protect, save harmless and indemnify Company against all liability, loss, cost, damage and expense, including attorney's fees, by reason of such injury or damage to such employee or to any other person or persons, resulting from such acts of Customer's employees or contractors. Likewise, Customer shall not be liable for injury or damage to anyone resulting from the acts of the employees of Company or of Company's contractors, in tampering with or attempting to repair and/or maintain any of Customer's lines, wires, apparatus or equipment, and Company will protect, save harmless and indemnify Customer from all liability, loss, cost, damage and expense, including attorney's fees, by reason of such injury or damage to such employee or to any other person or persons, resulting from such acts of Company's employees or contractors.
17. **FRANCHISES, RIGHTS-OF-WAY, PERMITS, ETC.**
- 17.1. **Condition for supplying service.** It is understood and agreed that the Company's obligations to supply service are conditioned upon securing and retaining the necessary franchises, rights-of-way, and permits, at costs in its judgment reasonable and without the exercise of its right of eminent domain or expropriation, to enable it to make delivery of electric service to Customer, and the Customer agrees to furnish, free of cost, a right-of-way over land which is owned or controlled by the Customer for delivery of electric service to Customer, and to aid in every way in securing other necessary rights-of-way, and furnish Company's employees access to premises free of tolls or other charges when employees are on Company business.
- 17.2. **Equipment location needs.** The Customer shall furnish a suitable place for the proper installation of transformers, meters and other electrical equipment necessary to deliver and measure the electric energy to be supplied by Company. Customer agrees not to injure nor tamper with and take any reasonable steps to prevent employees of Customer, or other persons from injuring or tampering with said transformers, meters and other electrical equipment of Company.
- 17.3. **Maintenance by Customer of its equipment.** Customer agrees to install and maintain in a thoroughly safe and efficient manner, and in accordance with good

**ENERGY TEXAS, INC.**  
Electric Service

TERMS AND CONDITIONS

Sheet No.: 11E  
Effective Date: 1-28-09  
Revision: 0  
Supersedes: Revision Effective 12-18-98  
Schedule Consists of: Fourteen Sheets

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**TERMS AND CONDITIONS APPLICABLE TO ELECTRIC SERVICE**

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electrical practice and all applicable lawful regulations, all of its lines, wiring, apparatus, machinery and appliances connected to the Company's line. If at any time any part of Customer's lines, wiring, apparatus, machinery or appliances shall be in a condition which interferes with Company's proper service to Customer, or to its other Customers, Company shall have the right, in addition to any other right of discontinuance hereunder, to discontinue service to Customer until such interfering parts shall be put back in proper operating condition, or shall have been replaced or disconnected. Except in case of emergency, Company shall give Customer reasonable written notice of its intention to discontinue service to Customer on account of any such claimed interference and, where practical, suitable time for the repair or replacement of such interfering part. Neither party to any contract between Company and Customer assumes the duty of inspecting the other party's lines, wiring, apparatus, machinery, or appliances, or any part thereof, and the fact that service may have been made available does not in any way constitute Company's approval of Customer's installation.

18. **PAYMENT FOR ALTERING EXISTING SYSTEMS.** If the Company makes changes in existing overhead or underground systems or facilities at the Customer's request, the full cost of such changes (including but not limited to any governmental assessment, fee or tax, including any income tax which may be due by Company on any such payments) shall be paid by the Customer in advance of construction based upon Company's estimate of such costs.
19. **TEMPORARY SERVICE.** Installation cost, cost of materials not salvable and removal cost of facilities for temporary service shall be paid by the Customer in addition to the amounts arrived at by applying the appropriate rate schedule. The Customer shall pay to the Company in advance for the installation costs, cost of materials not salvable, and removal costs, as estimated by the Company, in addition to the deposit which may be required as security for payment for electric service. The Company may refuse to render temporary service if service to other Customers will be affected adversely.
20. **CONNECTIONS TO COMPANY'S LINES.** All connections to the lines or facilities of the Company will be made by the Company's authorized employees.
21. **VOLTAGE FLUCTUATIONS.** In case Customer has equipment having electric characteristics which may cause serious fluctuations of voltage and interfere with the service of the Company to its Customers, the Company may decline to serve or to continue to serve such equipment under the Company's established rate schedules until the Customer having such equipment has provided, at his expense, suitable corrective devices to hold to reasonable limits the effect of such fluctuations. Circumstances may require such equipment to be supplied separately from other service, and in such event, the Company may require additional contractual arrangements and may meter and bill such service separately from other service supplied to the Customer.

22. **REMOVAL OF COMPANY'S FACILITIES.** Upon discontinuance of service, the Company may without liability for injury or damage dismantle and remove all facilities installed for the purpose of supplying electric service to the Customer, and shall be under no further obligations to serve Customer at that point of delivery.
23. **NONWAIVER.** No delay by the Company in enforcing any of its rights against Customer, or any other Customer, shall be deemed a waiver of such rights, nor shall a waiver by the Company of one of the Customer's defaults or any default by another Customer be deemed a waiver of any other or subsequent default.
24. **HEADINGS.** The headings used herein are for ease of reference only and shall not be used to construe or interpret the provisions of these Terms and Conditions.