



Smart LockSM
6-Month Plan
AEP Texas North/WTU Service Area

Terms of Service

Welcome to Cirro Energy

Cirro Energy, your Retail Electric Provider (REP), will arrange for the delivery of electricity from your Transmission and Distribution Utility (TDU) to your service location. This Terms of Service explains the rights and responsibilities of both you and Cirro Energy. Your Contract with Cirro Energy includes the following items: **Electricity Service Authorization, Terms of Service, Electricity Facts Label and Your Rights as a Customer**. Please keep this Terms of Service for your records. An additional copy may be obtained by contacting Cirro Energy.

Cirro Energy is certified as a REP by the Public Utility Commission of Texas (PUCT), certificate number 10034. If you have questions regarding your service or need assistance, you may contact Cirro Energy as follows:

Website: www.cirroenergy.com
Email: service@cirroenergy.com
Customer Service (toll-free): 1.800.MY.CIRRO (1.800.692.4776)
or 972.764.7400
Customer Service Fax: 1.866.691.1911
Business Hours: Mon.-Fri. 7:00 am-9:00 pm CST
Saturday 8:00 am-5:00pm CST
Customer Service Hours: 24-hours a day, 7-days a week
Mailing Address: 501 W. Pres. George Bush Hwy.
Suite 350, Richardson, TX 75080

Nature of Offer

This Terms of Service is conditioned on the acceptance of you as a customer by Cirro Energy.

Pricing

The energy price for this offering is the price shown in the Electricity Price section of the EFL. All TDU charges will be passed through at cost and are subject to change during or after the initial term of this agreement. A monthly Base Charge may apply under certain conditions; see the Disclosure section of the EFL for more details. The average price for electric service will vary according to your monthly usage and changes in TDU charges, ERCOT or TRE fees, or federal, state or local laws that impose new or modified fees or costs. The energy price shown does not include state or local taxes or reimbursement for state miscellaneous gross receipts tax. Cirro Energy reserves the right to place you on the appropriate price based on actual usage. After the initial term expires, service will continue under Cirro Energy's current month-to-month market-based plan. See Term, Renewal and Cancellation section for more detail and options.

Non-recurring fees - Non-recurring fees such as meter test fees, special meter read fees, access fees, discretionary service charges, disconnect fees and reconnect fees are charged by the TDU for specific services for your service location. Any non-recurring fees will be itemized separately on your bill.

Taxes - Applicable federal, state, local or reimbursement for state miscellaneous gross receipts tax. Please contact Cirro Energy for information regarding sales tax exemptions.

Applicable Fees/Penalties:

Late Penalty – Five percent (5%) of the month's past due amount.

Insufficient Funds Fee – \$25 per transaction not processed due to insufficient funds for any method of payment, including checks and bank drafts.

Change In Law - In the event that a new Law is enacted, or there is any revision in, implementation of, amendments to or interpretations of any existing Laws which impose additional costs, Cirro Energy has the right to adjust your price to reflect such changes within the terms of this contract.

Billing and Payment

You will receive a monthly bill that is due and payable sixteen (16) days from the bill date. If your bill is not paid by the due date, you will be charged a late fee of five percent (5%) of the month's past due amount (for administrative burden and maintenance) and any collection, legal and attorney fees in the event of default. If you cannot pay your bill on time, please call Cirro Energy right away at 1.800.MY.CIRRO (1.800.692.4776). You may qualify for one of the following special payment arrangement plans. A customer may not qualify if they 1.) have received more than two (2) termination notices within the past twelve (12) months, 2.) are already on a deferred arrangement for a previous balance, or 3.) have been a Cirro Energy customer for less than three (3) months. Please note that special payment arrangement plans may include a five percent (5%) penalty for late payment. If you do not fulfill the terms of a special payment arrangement, your electric service may be disconnected after proper notice.

Cirro Energy may calculate a bill based on estimated meter readings if the TDU does not report actual meter usage timely. Upon receipt of actual meter readings from the TDU, Cirro Energy will make adjustments on the next billing cycle.

Bill Payment Arrangements and Assistance Programs:

- **Budget Billing Plan** – Cirro Energy's Budget Billing Plan is for customers under 50 kW peak demand, who are currently not delinquent. Variable payment amount is based upon prior usage and may be adjusted for significant differences between actual and billed usage.
- **Bill Payment Assistance Program** - An energy assistance program is available to customers who have severe financial hardship and temporarily may be unable to pay their bills. The program is funded by voluntary contributions from Cirro Energy customers and is subject to the availability of funds. Please call us for additional information.
- **Low-Income Discounts** - Certain benefits may be available for low-income customers that have been qualified by the Electric Rate Reduction Program. For information, please call Cirro Energy at 1.800.692.4776.
- **Deferred Payment Plan** - Cirro Energy's Deferred Payment Plan allows payment of an outstanding balance in installments. Cirro requires 25% of the balance to be paid to activate the plan and the remaining balance is due in no less than three (3) bill cycle installments. The installment length decision is based on the payment history of the account, the amount of the outstanding balance, and the customer's

ability to repay the balance. All deferred payment plans are formalized in writing to the customer and balances are billed on the customer's monthly statements.

Credit

Cirro Energy may require that you establish and maintain satisfactory credit. As a condition of providing service, Cirro Energy or its agent may obtain information from a consumer reporting agency to determine that you have satisfactory credit, defined solely as:

1. You do not have an outstanding balance for retail electric or telecommunications service; or
2. You currently have an acceptable utility payment data correlation measure, as available and derived from utility payment histories; or
3. You are 65 years of age or older and not currently delinquent in payment of any electric service account; or
4. You have been determined to be a victim of family violence as defined in the Texas Family Code Section 71.004 <http://www.statutes.legis.state.tx.us/SOTWDocs/FA/htm/FA.71.12809.11060.htm>, by a qualified family violence center, treating medical personnel, law enforcement personnel, the Office of a Texas District or County Attorney, the Office of the Attorney General, or 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. This letter may be submitted directly to Cirro Energy's toll-free fax at 1.866.691.1911 and will be verified.

Deposits

Cirro Energy or its agent may investigate your personal credit as derived by a consumer reporting agency for the sole purpose of establishing or waiving a deposit.

•Initial Deposit - May be required if:

- Upon entering this Contract, you cannot demonstrate satisfactory credit.
- As an existing customer, you have been overdue paying a bill more than once or had service terminated for nonpayment during the last twelve (12) months of service. Payment is required within ten (10) days of issuance of the deposit request.

•Waiver of Deposit – eligibility can be established through one of the following:

- Proof of Credit (with 12-month history) from your current electric service provider
- Proof of age of 65 years or older with no current delinquencies on any electric service account
- Qualification as a Victim of Family Violence

•Additional Deposit - May be required within ten (10) days of request if:

- The average of your actual billings for the last twelve (12) months is at least twice the amount of the original average of the estimated annual billings; and
- A termination or disconnection notice has been issued or the account disconnected within the previous twelve (12) months.

•Deposit Amount - The total of all deposits that may be required of you shall not exceed an amount equivalent to the greater of either:

- The sum of the estimated billings for the next two (2) months; or
- One-fifth (1/5) of the estimated annual billing.

•Deposit for Electric Rate Reduction Program Customers - Residential applicants properly verifying eligibility for the Electric Rate Reduction Program may pay any required deposit exceeding \$50 in two equal installments. The first installment is payable no sooner than ten (10) days and the second installment is payable no sooner than forty (40) days from the date of Cirro's issuance of written notice to the applicant of the deposit requirement.

•Interest on Deposits - Deposits held more than thirty (30) days will accrue interest from the date of receipt at the annual rate established by the PUCT. Interest is payable annually by request or upon refund or crediting of the deposit. No interest payment will be made if the deposit is refunded within thirty (30) days.

•Refund of Deposit – Deposits will be refunded or credited once you have paid your bill for electric service for twelve (12) consecutive months without late payments.

•Cancellation of Service - Upon cancellation of service, Cirro Energy will apply any paid deposit plus accrued interest against your total outstanding balance on your final bill. Cirro Energy will bill you for any remaining outstanding balance after application of the deposit and interest. If the deposit and accrued interest, as applied, exceed the outstanding balance owed, you may request that Cirro Energy refund the credit balance to you.

Refusal of Service

Cirro Energy may refuse to provide electric service to a customer for one or more of the reasons specified in Section 25.477 of the PUCT rules and regulations available at <http://www.puc.state.tx.us/rules/subrules/electric/index.cfm>.

Term, Renewal and Cancellation

Your service begins on the meter reading date set by your TDU (your typical reading date), and will continue for the minimum agreed upon term as indicated on the Electricity Service Authorization and ending on the anniversary of such date. Approximately thirty to sixty days prior to your term end date a contract expiration notice will be provided outlining various renewal and service continuation options. After the expiration of this term, if no renewal or transfer of service option has been made, your service will automatically renew on Cirro Energy's default month-to-month market-based renewal offering, which is cancelable by the customer or Cirro Energy upon thirty (30) calendar days advance written notice to the other party.

For switch requests, you have the right by law to cancel this Contract with Cirro Energy without penalty or fee of any kind within three (3) Federal business days after receiving this Terms of Service and accepting this offer from Cirro Energy. If you cancel this Contract for any other reason than those listed above before the end of the minimum term you will be assessed an early cancellation fee equal to the amount specified in the EFL, per ESI ID, plus any promotional credits received. Any amount owed will be applied to your final bill and may be withheld from any monies or credits due you upon cancellation of your Contract. Any remaining unused promotional credits will be forfeited. To cancel this Contract, you may call us at 1.800.MY.CIRRO (1.800.692.4776) or 972.764.7400, fax us at 1.866.691.1911, or email us at service@cirroenergy.com no later than ten (10) calendar days prior to the requested cancellation date. Please provide your Name, Address, Telephone Number, and Account Number with your request.

In addition, you may cancel this Contract with Cirro Energy without penalty or fee upon the occurrence of any of the following:

- You relocate to another premises. Please provide us with at least thirty (30) calendar days advance notice of the impending move along with proof of relocation documentation as well as your forwarding address.
- Market conditions change and the Terms of Service allows Cirro Energy to terminate the Contract in response to changing market conditions without penalty or other liability.
- Cirro Energy notifies you of a material change in the Terms of Service as described herein.

Termination and Disconnection of Service

Cirro Energy may cancel this Contract without prior written notice for any of the reasons stated in Section 25.483 of the PUCT rules and regulations available at <http://www.puc.state.tx.us/rules/subrules/electric/index.cfm>.

In the event of nonpayment, Cirro Energy has the authority to order disconnection, and will send you a disconnection notice no sooner than the first day after your bill is due. Cirro Energy will notify you ten (10) calendar days prior to disconnection for non-payment. Payment for all amounts due to Cirro Energy for electric service must be received, or special arrangements must be made with Cirro Energy, no later than

the due date of the notice, or your electric service will be disconnected. You will be liable for all TDU fees and charges and a Cirro Energy \$25 reconnection fee associated with any disconnection of service for nonpayment and reconnection. See "Your Rights as a Customer" for further explanation of the conditions and procedures for disconnection and reconnection of service.

Cirro Energy may also cancel this Contract in response to any unlawful conduct including but not limited to non-payment, fraud, misrepresentation, or threat to Cirro employees or facilities. Notwithstanding the method or reason for cancellation, termination or disconnection regarding this Contract, you are responsible for the payment of all outstanding bills owed to Cirro Energy. If you move to a new location, or transfer ownership, you are liable for any charges until such time as move out has been completed or transfer of ownership has taken place and Cirro Energy has been notified.

Material Changes

Cirro Energy will provide you with fourteen (14) calendar days advance written notice of any material change in the Terms of Service, which will either be included in your bill or in a separate mailing from Cirro Energy. The changes will become binding and effective on the date stated in the notice unless you cancel your Contract prior to the effective date of such material change. Notice is not required for material changes that benefit you or for changes that are mandated by a regulatory agency.

Customer Information

By entering into this Contract, you hereby authorize your TDU to release to Cirro Energy certain information that we need to provide you with service, including your address, phone number, account numbers, and historical usage information.

Discrimination

Cirro Energy does not discriminate in its providing or denying service to any applicant or customer, or require a prepayment or deposit for service based on a customer's race, creed, color, national origin, ancestry, sex, marital status, lawful source of income, level of income, disability, familial status, location in an economically distressed geographic area, or qualification for low income or energy efficiency services. A customer's credit score, credit history or utility payment data cannot be used as the basis for determining the price for electric service for a product with a contract term of 12 months or less.

Disputes or Complaints

See "Your Rights as a Customer" for information on disputes and complaints.

Assignment

You may not assign or transfer this Contract, in whole or in part, or any of your rights or obligations hereunder without the prior written consent of Cirro Energy. Cirro Energy may, without your consent: (a) transfer, sell, pledge, encumber or assign this Contract or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangement; (b) transfer or assign this Contract to an affiliate of Cirro Energy; (c) transfer or assign this Contract to any person or entity succeeding to all or substantially all of the assets of Cirro Energy; and/ or (d) transfer or assign this Contract to a certified REP. In the case of (b), (c) or (d) any such assignee shall agree in writing to be bound by the terms and conditions hereof. Upon any such assignment, you agree that Cirro Energy shall have no further obligations hereunder.

Force Majeure

Cirro Energy will endeavor in a commercially reasonable manner to provide service, but we do not guarantee a continuous supply of electrical energy. Events that are out of our control ("force majeure" events) may result in interruptions in service to you. Please be aware that Cirro Energy will not be liable for any damages whatsoever for any such interruptions in service. Cirro Energy does not produce electricity provided to you under this Contract, nor do we transmit or distribute electricity to you. Therefore, you agree that Cirro Energy is not liable for any damages caused by events of force majeure, including acts of God, acts of any governmental authority including the Public Utility Commission of Texas or the Electric Reliability Council of Texas (ERCOT), accidents, strikes, labor disputes, required maintenance work, inability to access the TDU system, nonperformance of the TDU, damages or cuts to service lines or changes in laws, rules, regulations, practices or procedures of any governmental authority or ERCOT, or any other cause beyond the control of Cirro Energy.

Limitations of Liability

LIABILITY FOR DAMAGES NOT EXCUSED BY REASON OF FORCE MAJEURE OR OTHERWISE SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES. NEITHER PARTY WILL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, INCLUDING LOST PROFITS OR PENALTIES OF ANY NATURE WHICH ARE HEREBY WAIVED, WHETHER OR NOT THERE WAS ACTUAL KNOWLEDGE OF SUCH POSSIBLE DAMAGES, OR IF SUCH DAMAGES COULD HAVE BEEN REASONABLY FORESEEN. THESE LIMITATIONS APPLY WITHOUT REGARD TO THE CAUSE OR RESPONSIBILITY OF ANY LIABILITY OR DAMAGE. THERE ARE NO THIRD PARTY BENEFICIARIES TO THIS CONTRACT.

Representations and Warranties

THE ELECTRICITY SOLD TO YOU UNDER THIS CONTRACT WILL MEET THE APPLICABLE TRANSMISSION AND DISTRIBUTION UTILITY'S QUALITY STANDARDS FOR SUCH, AND WILL BE SUPPLIED FROM A VARIETY OF SOURCES. CIRRO ENERGY MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS CONTRACT, AND FURTHERMORE, CIRRO ENERGY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THIS CONTRACT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS, AND IN ANY LAWSUIT, ACTION, OR PROCEEDING INSTITUTED BY ANY PARTY HERETO DIRECTLY ARISING OUT OF OR WITH RESPECT TO THIS CONTRACT, PROPER VENUE SHALL BE DEEMED TO BE DALLAS COUNTY, TEXAS.

Your Rights as a Customer Please refer to "Your Rights as a Customer" for additional information.

Electricity Facts Label (EFL)

Cirro Energy, Smart LockSM6, AEP North/WTU Service Area Plan
As of August 2010

| | | | |
|-----------------------|--------|----------|----------|
| Average Monthly Use | 500kWh | 1,000kWh | 2,000kWh |
| Average price per kWh | 11.7¢ | 9.5¢ | 9.0¢ |

This price disclosure is an example based on:

| | |
|--|-----------|
| Fixed Energy Price | 5.68¢/kWh |
| TDU Pass-through Distribution Charge | 2.73¢/kWh |
| TDU Pass-through Customer & Meter Charge | \$11.33 |

The energy price is fixed for the offering term. All TDU charges will be passed through at cost. Your average price for electric service will vary according to your monthly usage and changes in TDU charges, ERCOT or TRE fees, or federal, state or local laws that impose new or modified fees or costs. This price does not include state or local taxes or reimbursement for state miscellaneous gross receipts tax.

Some locations may be subject to a TDU Underground Facilities and Cost Recovery charge authorized by their city that is not included in the total average price shown. For more detail see the TDU service tariff for a listing of cities and authorized charges.

Electricity price

Other Key Terms and questions

See Terms of Service statement for a full listing of fees, deposit policy, and other terms.

Disclosure Chart

| | |
|--|---|
| Type of Product | Fixed Price Product |
| Contract Term | 6 Month |
| Do I have a termination fee or any fees associated with terminating service? | Yes. An early cancellation amount of \$150 per ESI ID may apply under certain conditions. |
| Can my price change during contract period? | Yes |
| If my price can change, how will it change, and by how much? | Price may vary due to changes in TDU charges, ERCOT or TRE fees, or federal, state or local laws that impose new or modified fees or costs. The price applied in the first billing cycle may be different from the price in this EFL if there are changes in TDU charges; changes to the Electric Reliability Council of Texas or Texas Regional Entity 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 that are outside our control. |
| What other fees may I be charged? | For monthly bill cycle usage less than 1000 kWh a \$5.25 Base Charge as reflected in the 500 kWh average above. Fees not included in the price above: Insufficient Funds \$25; Late Penalty 5% of past due balance; Reconnect Fee \$25. See Terms of Service for information on other non-recurring fees. |
| Is this a pre-pay or pay in advance product | No |
| Does the REP purchase excess distributed renewable generation? | No |
| Renewable Content | 3.8% |
| The statewide average for renewable content is | 4.9 % |

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PUCT REP Cert. #10034

Website: www.cirroenergy.com

Email: service@cirroenergy.com

Customer Service: 1.800.MY.CIRRO (1.800.692.4776)

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