

Pegasus Alliance Corporation dba OnPAC Energy YOUR RIGHTS AS A CUSTOMER

This document summarizes Your Rights as a Customer, and is based on customer protection rules adopted by the Public Utility Commission of Texas (PUCT). These rules apply to all residential and business customers served by OnPAC Energy ("OnPAC"), a Retail Electric Provider (REP), unless otherwise noted or waived by the customer as allowed under PUCT rules. You may view the PUCT's rules at www.puc.state.tx.us/rules/subrules/electric and PUCT contact information is provided below.

OnPAC Contact information:

Phone: +1-866-696-6722 Web: www.onpac.com
Fax: +1-866-696-6755 Email: info@onpac.com
Hours: Monday – Friday Address: PO BOX 831787
9:00 am – 5:00 pm CST Richardson, TX 75083-1787

Outage Information (24 Hours a Day/7 Days a Week):

Centerpoint Energy Service Area: +1-800-332-7143
Oncor Electric Delivery Service Area: +1 888-313-4747
AEP Texas North & AEP Texas Central: +1-866-223-8508
Texas-New Mexico Power Service Area: +1-888-866-7456

Hearing and Speech Impaired (TTY):

Direct: +1-512-936-7136
Toll Free: +1-800-735-2989 or +1-800-735-2988

Texas Public Utility Commission - Customer Protection Division:

Direct: +1-512-936-7120
Toll Free: +1-888-782-8477
Fax: +1-512-936-7003
Web: www.puc.state.tx.us
Email: Customer@puc.state.tx.us
Address: PO Box 13326
Austin, TX 78711-3326

Obtaining and Canceling Service

Discounts for Low-Income Customers: A customer who receives food stamps, TANF, Medicaid, SSI or QMB from the Texas Department of Human Services (TDHS) may automatically qualify for a discount of at least 10% on electric service through the LITE-UP Texas program. Customers who do not receive these benefits, but whose household income is not more than 125% of the federal poverty guidelines may apply for the discount. Contact LITE UP Texas toll-free at (866) 4-LITE-UP or (866) 454-8387.

Deposits: A customer may not be required to pay a deposit if the customer possesses a satisfactory credit rating obtained through a consumer reporting agency, as defined by the Federal Trade Commission.

Customers qualified for the LITE-UP Texas program are eligible to pay any deposit requested by a REP that exceeds \$50 in 2 equal installments. The first installment shall be due no earlier than 10 days and the second installment no earlier than 40 days after the issuance of written notification. A customer also may not be required to pay a deposit if the customer is medically indigent. In order to be considered medically indigent, the customer's household income must be at or below 150% of the poverty guidelines, as certified by a governmental entity or government-funded energy assistance program provider; and the customer or customer's spouse must be certified by the person's attending physician (medical doctor, doctor of

osteopathy, nurse practitioner, registered nurse, state-licensed social worker, state-licensed physical or occupational therapist, or employee of an agency certified to provide home health services as set forth in §25.478(a)(3)(E)(<http://www.puc.state.tx.us/agency/rulesnlaws/subrules/electric/25.478/25.478.pdf>). Please call your REP if you believe you are eligible. Eligibility for medically indigent status must be established annually.

A customer may not be required to pay a deposit if (i) the customer is determined to be a victim of family violence as defined in the Texas Family Code §71.004(<http://www.statutes.legis.state.tx.us/docs/FA/html/FA.71.htm>), (ii) the customer is 65 years of age or older and the customer is not currently delinquent in payment of any electric service account. Please call your REP if you may be eligible.

Your REP may not use a credit score, a credit history, or utility payment data as the basis for determining the price for electric service for a product with a contract term of 12 months or less for an existing residential customer or in response to a customer's request to become a residential customer.

Rescission/Cancellation of Service: If you switch REPs and do not change your service location, you may rescind your contract with OnPAC without penalty within 3 federal business days after you receive your Terms of Service. For details on how to rescind or cancel your service, see your Terms of Service. This does not apply when a REP drops a customer to the POLR. You may also terminate your agreement with a REP without penalty if you move and provide evidence of move with your forwarding address; or a REP notifies you of a material change in the terms and conditions of service as stipulated in the Terms of Service or if market conditions change and the Terms of Service document allows a REP to terminate service without penalty in response to changing market conditions. Notice is not required for changes that benefit a customer (i.e. price decreases) or changes that are mandated by a regulatory agency.

Unauthorized Change of Service Provider or "Slamming". A REP must obtain your verifiable authorization before switching your electric service. If you believe your electric service has been switched to OnPAC without your authorization, you should request OnPAC to provide you with a copy of your authorization and verification. OnPAC must submit this to you within 5 business days of your request. If you are not satisfied with this response, you may also file a complaint with the PUCT at the address provided in this document. Upon receipt of a complaint filed with the PUCT, OnPAC must respond within 21 days of receipt of the complaint.

If OnPAC is serving your account without proper authorization, OnPAC must work with other market participants to take all actions necessary to return you to your original REP as quickly as possible. Your original REP has the right to bill you at the price disclosed in your terms of service from either: i) the date you are returned to your original REP, or ii) any prior date chosen by your original REP for which that REP had the authorization to serve you. OnPAC shall, within five (5) days from the date that your service is returned to your original REP, refund all charges paid for the time period the original REP ultimately bills you. In addition, OnPAC is responsible for paying all charges associated with returning your service to your original

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REP. For periods that OnPAC served you that are not billed to you by your original REP, OnPAC may bill you, but at a rate no higher than the rate you would have been charged by your original REP.

Billing Issues

Unauthorized Charges or “Cramming”: Before any new charges are included on your bill, your REP must inform you of the product/service, all associated charges, and how these charges will be billed before they appear on your bill and obtain your consent for the product/service. If you believe your bill includes unauthorized charges, you may contact your REP to dispute such charges and may file a complaint with the PUCT. Your REP cannot seek to disconnect your service for nonpayment of an unauthorized charge or file an unfavorable credit report against you for disputed unpaid charges that are alleged to be unauthorized, unless the dispute is resolved against you. In the event your REP erroneously files an unfavorable credit report, your REP must correct the credit report without delay. If the charges are determined to be unauthorized, your REP will discontinue providing the unauthorized service or product and cease charging you for the unauthorized service or product, remove the unauthorized charge from your bill, and refund/credit all money you paid for any unauthorized charge within 45 days. If charges are not refunded or credited within 3 billing cycles, interest shall be paid to you at a PUCT established rate on the amount of any unauthorized charge until it is refunded/credited. You may request all billing records under your REP's control related to any unauthorized charges within 15 days after the unauthorized charge is removed from your bill. Your REP cannot re-bill you for any charges determined to be unauthorized.

Payment Arrangements: If you cannot pay your bill, call your REP immediately. Your REP may offer a short-term payment arrangement that allows you to pay after your due date, but before your next bill is due. A deferred payment plan allows a customer to pay an outstanding bill in installments beyond the due date of the next bill. A REP must offer you a deferred payment plan unless you have received more than 2 termination/disconnection notices during the past 12 months or you have received service from your REP for less than 3 months and do not have sufficient credit or payment history with another REP. Your REP must offer deferred payment plans to customers that were under-billed in the amount of \$50.00 or more, and, upon request, for bills that are due during an extreme weather emergency. A deferred payment plan may include a 5% penalty for late payment but, the POLR may not charge a late fee. If you do not fulfill the terms of the payment arrangement or deferred payment plan, your REP may request disconnection of your electric service. For details on these programs, see your Terms of Service or contact your REP.

Financial and Energy Assistance: A REP must advise customers about payment assistance programs when customers express an inability to pay or need assistance with the bill payment. A REP must also offer level or average payment plans to customers who are not delinquent in payment. A customer who receives food stamps, TANF, Medicaid, AFDC, SSI or QMB from the Texas Department of Human Services (TDHS) or whose household income is not more than 125% of the federal poverty guidelines may qualify for energy assistance. Contact your REP for information.

Meter Reading and Testing: You, or your REP at your request, may

request one (1) meter test every four (4) years at no cost. If you request more than one (1) test every four (4) years, and the meter is functioning properly, then you may be charged for the additional meter test(s) at the rate approved for your Transmission and Distribution Service Provider (TDSP). The TDSP or your REP will advise you of the test results, the test date, testing person and, if applicable, the removal date of the meter. You may contact your REP for instructions on how to read the meter.

Disconnection of Electric Service

Disconnection of Service: Any REP having disconnect authority may have your service disconnected after proper notice for any of the reasons below:

- failure to pay your electric bill owed to OnPAC Energy or failure to make a deferred payment arrangement by the date of disconnection or comply with the terms of a deferred payment agreement or other payment agreement;
- violation of REP'S terms and conditions on using service in a manner that interferes with the service of others or the operations 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;
- failure to pay a deposit required by REP; or failure of the guarantor to pay the amount guaranteed when REP has a written agreement, signed by the guarantor, which allows for disconnection of the guarantor's service.

A REP may authorize the disconnection of electric service after proper notice (“Disconnection Notice”) and not before the first day after the disconnection date in the notice. This notice must be mailed separately no earlier than the first day after your bill is due. The disconnection date must be at least 10 days from the date the notice is issued and may not fall on a holiday or weekend or the day immediately preceding a holiday or weekend, unless the REP's personnel are available to take payments, make payment arrangements and request reconnection of service. Unless a dangerous condition exists or the customer requests disconnection, your TDSP may not disconnect electric service on a holiday or weekend or the day immediately preceding a holiday or weekend, unless the TDSP's personnel are available to reconnect service on those days.

A REP cannot have your electric service disconnected by your TDSP for any of the following reasons:

- failure to pay for electric service by a previous occupant of the premise if that occupant is not of the same household;
- failure to pay any charge unrelated to electric service;
- failure to pay for a different type or class of electric service not included on the account's bill when service was initiated;
- failure to pay under-billed charges that occurred for more than 6 months or the result of faulty metering (except theft of service or meter tampering);
- failure to pay any disputed charges, except for the amount under dispute, until your REP or the PUCT determines the accuracy of the charges and you have been notified of this determination; or
- failure to pay an estimated bill unless the estimated bill is part of a pre-approved meter-reading plan or is based on an estimated meter read by the TDSP;

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- failure to pay during an extreme weather emergency, and at your request your REP must offer you a deferred payment plan for bills due during the emergency; or
- failure to pay if you properly informed your REP, prior to the disconnection date, that you or another resident on the premises has a critical need for electric service as set forth pursuant to §25.483(<http://www.puc.state.tx.us/agency/rulesnlaws/subrules/electric/25.483/25.483.pdf>). To obtain this exemption, you must enter into a deferred payment plan with your REP and have the ill-person's physician contact your REP and submit a written statement from a physician attesting to the necessity of electric service to support the ill person's life. This exemption from disconnection due to illness or disability shall be in effect for sixty three (63) days and may be applied for again after the sixty three (63) days period has expired and the deferred payment plan has been fulfilled.
- if your REP receives notification by the disconnection date that an energy assistance provider will be forwarding sufficient payment on your account and, by the due date in the disconnection notice, you pay or make payment arrangements to pay any outstanding debt not covered by the energy assistance provider. A REP may request disconnection of your electric service if the energy assistance agency's payment is not received by the date agreed upon by your REP and the energy assistance provider or if you fail to pay any portion of the bill not covered by the pledge.

The PUCT allows that under certain circumstances any REP may authorize your TDSP to disconnect your service without providing prior notice. These circumstances include:

- a known dangerous condition exists;
- unauthorized service;
- service is reconnected without authority after disconnection for nonpayment;
- tampering with the equipment of the TDSP; or
- theft of service.

Reporting Outages: To report a service outage, contact your TDSP by calling the numbers provided in this document.

Contract Termination

Termination of Service: If your REP is not disconnecting service as explained above, and your payment is not received by the due date, your contract may be terminated. If you do not obtain service from another REP, you will be transferred to the Affiliated REP in your service area until such time that the PUCT determines otherwise. Your REP will mail you a separate "Termination Notice" no earlier than the first day after your bill is due. The termination date will not be less than 10 days from the date the notice is issued and may not fall on a holiday, weekend or any other day that your REP's personnel are not available to take payments. If payment is received, or satisfactory payment arrangements are made prior to the termination date, your REP will continue to serve you under the Terms and Conditions of service prior to issuance of the Termination Notice.

A REP cannot terminate your contract for any of the reasons listed below:

- failure to pay for electric service by a previous occupant of the

- premise if that occupant is not of the same household;
- failure to pay any charge unrelated to electric service;
- failure to pay a different type or class of electric service not included on the account's bill when service was initiated;
- failure to pay under-billed charges that occurred for more than 6 months or the result of faulty metering (except theft of service or meter tampering);
- failure to pay any disputed charges until your REP or the PUCT determines the accuracy of the charges and you have been notified of this determination; or
- failure to pay an estimated bill unless the estimated bill is part of a pre-approved meter-reading program or if the TDSP is unable to read the meter.
- if your REP receives notification by the termination date that an energy assistance provider will be forwarding sufficient payment on your account and, by the due date in the termination notice, you pay or make payment arrangements to pay any outstanding debt not covered by the energy assistance provider. A REP may terminate your service if the energy assistance agency's payment is not received by the date agreed upon by your REP and the energy assistance provider or if you fail to pay any portion of the bill not covered by the pledge.

Availability of Provider of Last Resort: If you stop receiving service from your REP for any reason, you may obtain services from another REP or the POLR. If your REP terminates service for reasons other than non payment (i.e., breach of REP's terms and Agreement), you will be transferred to the POLR, unless otherwise authorized by the commission. Information about the POLR and other REPs can be obtained from the PUCT or POLR.

Restoration of Service: If your service has been disconnected for non-payment, your REP will upon satisfactory correction of the reasons for the disconnection including payment of related fees, notify your TDSP to reconnect your service. If your service was disconnected due to a dangerous situation, your service will be reconnected once you demonstrate to your REP that you have corrected the dangerous situation.

Disputes With Your Provider

Complaint Resolution: Please contact your REP if you have comments, questions or complaints. Upon receipt of a complaint, OnPAC must investigate and notify you of the results within 21 days. If you are dissatisfied with the results of the investigation, you may request a supervisory review and your REP must advise you of the results of the supervisory review within 10 business days of your request. If you are dissatisfied with the results of the investigation or supervisory review, you may file a complaint with the PUCT and the Office of the Attorney General, Consumer Protection Division. For a complaint involving a disputed bill, your REP may not initiate collection activities or disconnection activities or report the delinquency to a credit reporting agency with respect to the disputed portion of the bill while the dispute is pending. However, after appropriate notice, your REP may send a disconnection notice for non-payment of any undisputed portion of the bill.

Reporting Outages: To report a service outage, contact your TDSP by calling the numbers provided in this document.

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Other Protections

Anti-Discrimination: A REP cannot deny service or require a prepayment or deposit for service based on a customer's race, creed, color, national origin, ancestry, sex, marital status, lawful source of income, level of income, disability, familial status, location of a customer in an economically distressed geographic area, or qualification for low income or energy efficiency services. A REP also cannot use a credit score, a credit history, or utility payment data as the basis for determining the price for electric service for a product with a contract term of 12 months or less.

Do Not Call List: The PUCT maintains a "Do Not Call List" of customers who do not want to receive telemarketing calls for electric service. Call toll-free 1-866-TXNOCAL or 1-866-896-6225, or visit the PUCT website at www.puc.state.tx.us to subscribe.

Language Availability: You may request to receive information from your REP in Spanish, or any language in which you were solicited. This includes Terms of Service, Electric Facts Label, bills and bill notices, information on new electric services, discount programs, promotions, and access to customer assistance. A REP must provide a termination or disconnection notice in both English and Spanish or English and the language in which you were solicited.

Privacy Rights: Except as described below, a REP may not disclose any confidential customer information without your consent, including: your name, address, account number, type or classification of service, historical electricity usage, expected patterns of use, types of facilities used in providing service, individual contract terms and conditions, price, current charges or billing records. This prohibition does not apply to the release of your information under certain circumstances as required by law, including release to the PUCT, an agent of REP, consumer reporting agencies, law enforcement agencies or TDSP. Under no circumstances shall a REP sell, make available for sale, or authorize the sale of any customer-specific information or data obtained. Your information will be shared with other retail REPs or aggregators only with your consent.

Special Services: Your REP may offer special services for hearing-impaired customers and customers with disabilities. If you have a disability or require special assistance regarding your electric account such as a critical need for electric service to maintain life support systems, contact your REP about these special services.

Critical Care or Chronic Condition Residential Customers: You have the right to apply for Critical Care or Chronic Condition Residential Customer designation. If you have a person permanently residing in your premise diagnosed by a physician as being dependent upon an electric-powered medical device to sustain life, you may apply for designation as a "Critical Care Residential Customer". If you have a person permanently residing in your premise diagnosed by a physician with a serious medical condition requiring an electric-powered medical device or electric heating or cooling to prevent the impairment of a major life function through a significant deterioration or exacerbation of the person's medical condition, you may apply for designation as a "Chronic Condition Residential Customer". To be considered for such designation, your physician must submit a completed Critical Care Eligibility

Determination Form by facsimile or other electronic means to the TDSP. The TDSP will notify you and your REP of the final status of your designation and will notify you when such designation will expire and whether you will receive a renewal notice. If you are not satisfied with the TDSP's decision, you may appeal to your TDSP and file a complaint with PUCT. Qualification as a Critical Care or Chronic Condition Residential Customer does not relieve you of the obligation to pay your REP or the TDSP for services rendered. If you need assistance with paying your bill, contact your REP or TDSP immediately.