

## PENNSYLVANIA RESIDENTIAL & SMALL COMMERCIAL TERMS AND CONDITIONS

Natural Gas Supply Service

Direct Energy Services

**1. Terms of Service.** These Terms and Conditions together with the Contract Summary (defined below), which is incorporated herein by reference, constitute the agreement (“Agreement”) between you and Direct Energy Services, LLC (“Direct Energy”). “Contract Summary” means, as applicable, either the section of the enrollment consent form/letter of authorization entitled ‘*Contract Summary*’ or the Schedule A accompanying these Terms and Conditions entitled ‘*Contract Summary – Schedule A to Terms and Conditions*’.

**2. Agreement and Appointment of Agent.** This is an agreement for Direct Energy Services, LLC to be your exclusive agent and supplier for natural gas supply service. Direct Energy Services, LLC, is licensed by the Pennsylvania Public Utility Commission (PUC) to provide natural gas supply service. Our PUC license number is A-125135.

**3. Term of Agreement.** The term of this Agreement will begin on the meter read date that your natural gas supplier is changed to Direct Energy by the Natural Gas Distribution Company (NGDC” and continue for the number of billings cycles set forth in the Contract Summary (“Initial Term”). When the Initial Term expires, this Agreement will automatically renew on a month-to-month basis, as described in the Contract Summary and in Section 9. This Agreement will be effective during the Initial Term and through any of these monthly Renewal Periods, subject to the cancellation provisions of Sections 7 through 9 below.

**4. Power on Command Plan.** If you are purchasing a Power on Command Plan, you are agreeing to purchase from Direct Energy a product that includes electric and/or natural gas service and an Amazon product. To utilize the full features of an Amazon Echo Dot, you must have high speed, ‘always on’ Wi-Fi internet service (dial up and mobile internet access is not compatible). You cannot return your Amazon Echo Dot to avoid the early cancellation fee and/or device cost recovery fee. Please allow 4-6 weeks for delivery of your Amazon Echo Dot upon start of your service with Direct Energy.

**5. Brighter Balance.** If you are selecting our flat bill plan, “Brighter Balance” pursuant to this Agreement, you are agreeing to purchase from Direct Energy a product at a flat monthly rate, based upon estimated usage, to the service location for the Initial Term. Subject to applicable laws and regulations, after the expiration of the Brighter Balance Initial Term, you will automatically renew on a month-to-month variable plan. Direct Energy reserves the right to limit enrollments or re-enrollments on a Brighter Balance plan at its sole discretion. Specifically, all Brighter Balance Plan Agreements are non-transferrable between customers or locations. If you cancel this Agreement after the right of rescission (as defined in the Right of Rescission and Early Cancellation Policy Section), then you may be required to pay Direct Energy an early cancellation fee in the amount set forth on your Contract Summary.

**6. Commodity Charge, Billing and Payment.** You will pay Direct Energy for your service at the rates for both the Initial Term and during the “Renewal Period” (as defined in Section 9) as set forth in the Contract Summary (subject to any change contemplated by Section 9). You will also pay gas distribution/transportation charges to your NGDC. The Initial Term and Renewal Period rate is exclusive of all applicable NGDC related taxes and charges as applicable. Your NGDC will send you a monthly bill that will include your NGDC’s charges and Direct Energy’s charges. You will pay your bill in accordance with the NGDC’s billing and payment terms. The PUC regulates distribution prices and services. The price for the commodity charge includes our estimated total state taxes and a monthly

administrative fee (“Admin Fee”), if applicable, the amount of which is set forth in your Contract Summary. The Admin Fee covers administrative costs for the procurement and management of your natural gas generation service. This price excludes Pennsylvania state and local sales tax, if applicable. If you believe that your non-residential service is exempt from Pennsylvania sales tax, you must provide us with a valid, properly executed sales tax exemption certificate. The exemption will be effective only after processed by your NGDC.

**Depending upon the date of the meter read, your bill from the NGDC may be prorated. The prorated billing is a technique for applying standard methods to nonstandard billing periods. A billing period that is shorter or longer than the NGDC’s designated billing period days will have prorated charges based on a 30-day average for the applicable rate.**

**7. Right of Rescission.** You may cancel this agreement without fees or penalties of any kind within three (3) business days after receiving this notice (“Rescission Period”). To cancel this agreement, mail or deliver a signed and dated copy of the enclosed Rescission Notice to Direct Energy, to the information listed in Section 18, and include your name, address, phone number and account number. You may also cancel this agreement by contacting Direct Energy by phone at the information listed in Section 18.

**8. Cancellation.** If you do not pay Direct Energy’s charges when due, we may cancel this agreement by providing ten (10) days written notice to you. We may also cancel this agreement by providing the notice required by the PUC and your NGDC for discontinuance of service by suppliers of natural gas supply service. This agreement is cancelled if your NGDC returns you to NGDC supply and distribution service, which will occur if you move. If you cancel this Agreement for any reason, including without limitation, due to relocation, Direct Energy will have the right to charge you the early cancellation fee and/or device cost recovery fee in the amount set forth in the Contract Summary. Cancellation does not relieve you of your payment obligations to Direct Energy for service provided to you up to the date of the cancellation. We will follow applicable rules for cancellation of service and for the return of your service to your Supplier of Last Resort. Cancellation will become effective as soon as applicable rules permit. The cancellation will occur either on your next meter reading date or the second meter reading date following our receipt of your notice of cancellation, depending on how many days advance notice of cancellation you provide to us prior to your next meter reading date. To cancel your service under this Agreement, contact Direct Energy at the information in Section 18.

**9. Renewal and Notice of Change in Terms and Conditions.** If you have a fixed term agreement with Direct Energy that is longer than three (3) months and it is approaching the expiration date, Direct Energy will send you advance written notices at about seventy-five (75) days and forty-five (45) days before the expiration date. If you do not respond to these two advance notifications, your service with Direct Energy will continue under the new terms and this Agreement, as amended, will automatically renew on a month-to-month basis or to another fixed term contract as set forth in the notifications with no early cancellation fee or device cost recovery fee. If you have a fixed duration contract approaching the expiration date, or whenever we propose to change the Terms of Service, you will receive two separate, written notifications. The first approximately 60-75 days in advance and the second approximately 45 days in advance of either the expiration of the contract, of the effective date of the proposed changes. These notifications will explain your options going forward. If you do not respond to these two (2) advanced notifications, the proposed changes will take effect automatically. If we are billing you directly for our services, then we will provide the notices as a bill message, a bill insert, or in a separate corresponding mailing. If the NGDC is billing our

charges for us, then we will provide the notices in separate corresponding mailings. We will explain your options to you in these two (2) advance notifications.

After the Initial Term, the rate for natural gas will be a variable rate that may be higher or lower each month and will be set in Direct Energy's sole discretion. During the Renewal Period, you receive service on a month-to-month basis as set forth in the Notifications. Direct Energy typically considers the following factors when setting variable rates:

- publicly available competitor pricing;
- strategic business objectives;
- customer retention or attrition;
- market volatility or uncertainty;
- anticipated customer usage;
- the cost of procuring gas including wholesale prices, ancillary service costs, capacity auctions, utility fees, transmission and distribution losses and storage costs;
- weather, supply congestion and infrastructure issues;
- legal or regulatory issues; and
- profit margin.

**This list of factors is not exhaustive and no single factor will determine the rate.** Some factors must be estimated or projected and the factors Direct Energy considers may be weighed differently each month. Direct Energy may amortize sudden cost increases over multiple billing cycles so that its customers do not bear the burden of such increases in a single month. In addition, Direct Energy seeks to acquire the majority of its anticipated natural gas supply in advance rather than from the spot market. **For all of these reasons, the variable rate may not correlate with changes in wholesale market prices or your local utility's rates.** In addition, the variable rate may be higher than your local utility rate or other suppliers' rates. During the Renewal Period, there is no limit as to how much your variable rate may increase or decrease from one month to the next month. For all these reasons, historical pricing is not indicative of present or future pricing.

**10. Assignment.** You may not assign this agreement without our prior written consent. We may assign this agreement to a third party or to an affiliate, without your consent, by sending you advance written notice at least sixty (60) days before the effective date of the assignment. After assignment, Direct Energy will have no further obligations under this Agreement.

**11. Representations and Warranties.** WE MAKE NO REPRESENTATIONS OR WARRANTIES OTHER THAN THOSE EXPRESSLY MADE IN THIS AGREEMENT, AND WE EXPRESSLY DISCLAIM ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

**12. Force Majeure.** We will make commercially reasonable efforts to supply natural gas, but that does not guarantee a continuous supply of natural gas. Certain causes and events out of our control ("Force Majeure Event(s)") may result in interruptions in your service. We will not be liable for any service interruptions caused by a Force Majeure Event. Because we do not transport or distribute natural gas, we will not be liable for damages caused by a Force Majeure Event, including any events or circumstances (a) that are beyond our reasonable control, (b) that we are unable to prevent, avoid or overcome through the exercise of diligent efforts, and (c) that are not the result of our failure or negligence, including but not limited to fire, explosion, flood, landslide, earthquake, hurricane, tornado, lightning, named tropical storm, acts of God, epidemic, civil unrest, insurrection, war, blockade, riot, sabotage, embargo, military or government usurped power, emergency conditions, acts of terrorism or problems attributed to acts of terrorism, required maintenance work, inability to access the local distribution utility system, non-performance by your NGDC (including

but not limited to a facility outage on your NGDC's gas distribution lines), or changes in laws, rules or regulations of any governmental authority (including but not limited to the PUC).

**13. Limitations of Liability.** LIABILITIES NOT EXCUSED BY REASON OF FORCE MAJEURE OR OTHERWISE WILL BE LIMITED IN THE MANNER DESCRIBED IN THIS SECTION. NEITHER YOU NOR DIRECT ENERGY WILL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES. OUR LIABILITY WILL BE LIMITED TO A MAXIMUM OF THE TOTAL INCOME EARNED BY DIRECT ENERGY FOR THE PAST SIX (6) MONTHS UNDER THIS AGREEMENT AFTER DEDUCTING ALL COSTS OF SERVICES INCURRED BY DIRECT ENERGY IN PROVIDING SERVICE TO YOU UNDER THIS AGREEMENT. THESE LIMITATIONS APPLY WITHOUT REGARD TO THE CAUSE OF ANY LIABILITY OR DAMAGE. YOU WAIVE ANY RIGHT TO ANY REMEDIES OTHER THAN THOSE PROVIDED IN THIS SECTION.

**14. Governing Law.** This agreement is governed by the laws of the Commonwealth of Pennsylvania.

**15. Dispute Resolution.** We will attempt to resolve any questions you may have about this written disclosure statement or our charges. If we do not resolve your questions to your satisfaction after you have contacted us as provided in Section 18 below, you may contact the PUC as provided in Section 20 below.

**16. Shopping Information.** Natural gas shopping information is available via <http://www.Pagasswitch.com> or by contacting the Commission at either 1-800-692-7380 or <http://www.oca.state.pa.us>

**17. Energy Assistance Programs.** Information regarding energy assistance programs can be obtained at <http://www.puc.state.pa.us> or by contacting your NGDC. Please see your Contract Summary for applicable contact information.

**18. To Contact Direct Energy.** If you have a question or disagreement concerning this written disclosure statement or our charges, you may call our Customer Service Contact Center at: 1-888-734-0741 or 1-844-814-9426 (Residential Door-to-Door customers only), Monday through Friday 8:00 a.m. - 8:00 p.m. EST and Saturday 8:00 a.m. - 5:00 p.m. EST (contact center hours are subject to change without prior notice). You may also contact us through our website at: [www.directenergy.com](http://www.directenergy.com). You may also write to us at: PO Box 180, Tulsa, OK 74101-0180.

**19. To Contact Your NGDC and Supplier of Last Resort.** Contact information for your NGDC in an emergency or for general inquiries, are as follows:

**Columbia Gas of Pennsylvania** at 1-888-460-4332 for general inquiries or emergencies. You can also write to 121 Champion Way, Suite 100, Canonsburg, PA 15317.

**PECO Gas** at 1-800-841-4141 for emergencies. For general inquiries, please call 1-800-494-4000. You can also write to 2301 Market Street, Philadelphia, PA 19103.

**UGI Gas Service and Penn Natural Gas** at 1-800-276-2722 for general inquiries or emergencies. You can also write to UGI Utilities Headquarters at 2525 North 12<sup>th</sup> Street Suite 360, Reading, PA 19605.

**20. To Contact the PUC.**

To contact the PUC's Utility Choice Hotline number, call 1-888-782-3228. To write to the PUC: Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, PA 17105-3265.