

Pennsylvania Residential and Small Commercial Disclosure Statement and Terms of Service

This is an agreement for electric generation service between Spark Energy, L.P. (Spark Energy) and you, for the service address or addresses set forth in your Welcome Letter or Electric Service Agreement. Together, this Disclosure Statement, including the terms of service set forth herein, and your Welcome Letter or Electric Service Agreement collectively describe your agreement with respect to your purchase of electric generation service from Spark Energy (Agreement). You will be bound by all the provisions of the Agreement, as they may be amended from time to time. Spark Energy is licensed by the Pennsylvania Public Utility Commission to offer and supply electric generation services in Pennsylvania. Our PUC license number is A-2009-2145787. We set the generation prices and charges that you pay. Your Electric Distribution Company will deliver the electric generation to you. The Public Utility Commission regulates distribution prices and services. The Federal Energy Regulatory Commission regulates transmission prices and services.

Definitions

- Small Commercial Customer – A nonresidential customer that has a peak demand of less than 25 kilowatts during the most recent consecutive 12-month period.
- Electric Distribution Company (EDC) – The public utility providing facilities for the distribution of electricity to retail customers.
- Generation Charge – Charge for production of electricity.
- Public Utility Commission (PUC) – the Pennsylvania Public Utility Commission.
- Transmission Charge – Charge for moving high voltage electricity from a generation facility to the distribution lines of an electric distribution company.

Right of Rescission - You may rescind this Agreement at any time before midnight of the third business day after receiving this disclosure statement.

Terms of Service

1. Basic Service Prices.

Your rate plan will be as specified in your Welcome Letter or Electric Service Agreement.

Fixed Rate Plan: You will pay the fixed rate per kWh as specified in your Welcome Letter or Electric Service Agreement for the length of your Term. You may also pay a monthly administrative fee, the amount of which, if applicable, is disclosed in your Welcome Letter or Electric Service Agreement.

Variable Rate Plan: A month-to-month plan where your rate may vary according to market conditions.

The rate you pay Spark Energy will include the Generation Charge, Transmission Charge, and gross receipts tax for services provided under this Agreement. Your price does not include applicable Pennsylvania sales tax or any local tax. You are responsible for any and all taxes (whether passed through to you on EDC's bill as a separate line item or as part of the price of electricity, as required by law, rule or regulation) and EDC charges for delivery and distribution services. Except as otherwise provided in this Agreement or as required by law, all taxes of whatsoever kind, nature and description, due and payable with respect to your performance of your obligations under this Agreement, will be paid by you. If you are a tax-exempt entity, you must provide Spark Energy with the necessary certificates and other documentation to qualify for such status.

2. Billing. Your EDC will continue to issue a monthly bill and the bill will include both your Transmission Charge and your Generation Charge, and any other charges incurred in accordance with this Agreement. Bills will continue to be based on actual or estimated meter readings. Spark Energy will use the same meter reading information from the EDC to derive your Generation Charges. Unless otherwise provided herein, your payment terms will be governed by the terms of the EDC's tariff. Spark Energy does not pay or arrange for the payment of any outstanding debts owed by you to the EDC or previous Electric Generation Supplier (EGS).

3. Length of Agreement (Term). The Term of this Agreement is as specified on your Welcome Letter or Electric Service Agreement. With the exception of a new meter installation or special meter reading date, you will buy your electric generation service for the service addresses set forth in your Welcome Letter or Electric Service Agreement from Spark Energy on the next regularly scheduled meter reading date available and will continue to do so for the entire Term. You have three business days to accept or decline this Agreement upon its receipt. This Agreement shall remain in effect until you notify Spark Energy in writing or by phone of your intent to cancel at least 30 days prior to your requested end date and until such time as the EDC completes the termination in accordance with its rules.

4. Penalties, Fees and Exceptions.

There is no fee for early termination of this Agreement. You may cancel this Agreement if you move to another location and provide a forwarding address and, if required, reasonable evidence that you no longer occupy the service address. You will be responsible for amounts due, up to the switch date, of all outstanding charges incurred prior to cancellation by you.

If you default in the prompt payment of amounts due under this Agreement, you will be liable for any and all fees or charges, including reasonable attorney fees and court costs, incurred in connection with the collection of delinquent balances. Spark Energy may use the services of debt collection agencies, consumer reporting agencies, and other remedies as allowed by law to

collect any unpaid balances on your account.

5. Cancellation Provisions. You may cancel this Agreement at any time by calling Spark Energy at 1-888-850-9146. If you request to cancel this Agreement, the cancellation will not take effect until the next actual meter read date following the date Spark Energy notifies your EDC. You will be responsible for all payments due hereunder until the cancellation of electric generation service is completed. If for any reason Spark Energy is no longer able to economically continue this Agreement, Spark Energy may terminate this Agreement at any time after complying with applicable regulations. This Agreement may be cancelled at the sole discretion of Spark Energy if you fail to meet any of the terms and conditions of this Agreement or if any of the information you have provided to Spark Energy is or becomes untrue. If this Agreement is canceled, expires, or otherwise terminated, you will receive uninterrupted service from the EDC until you designate another provider of electric generation service or service is shut off by the EDC. Only the EDC may shut off your electric power.

6. Agreement Expiration/Change in Terms. If you have a fixed term agreement with us and it is approaching the expiration date, or if we propose to change our terms of service, we will send you two advance notices either in your bill or in separate mailings between 45 and 90 days before either the expiration date or the effective date of the changes. We will explain your options in these two advance notices. Spark Energy will provide written notice to you, free of charge, and a copy of any material change to this Agreement prior to the date any such change becomes effective. Upon receipt of written notice of a material change, you may terminate this Agreement prior to the date such change becomes effective.

7. Information Release and Authorization. You designate Spark Energy as your authorized agent and hereby authorize Spark Energy to obtain credit history. Acceptance of this Agreement is an authorization for the release of the information. You also hereby authorize Spark Energy to arrange transmission and other services for the purpose of serving your account. This authorization will remain in effect during the Term and any renewal term of this Agreement. You may rescind your authorization at any time by providing written notice thereof to Spark Energy.

8. Dispute Procedures. Contact us with any questions concerning our terms of service. You may call the PUC if you are not satisfied after discussing your terms with us.

9. Warranties. SPARK ENERGY MAKES NO REPRESENTATIONS OR WARRANTIES, EITHER EXPRESSED OR IMPLIED, WITH REGARD TO THE PROVISION OF ELECTRIC GENERATION SERVICE AND DISCLAIMS ANY AND ALL WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ARISING OUT OF ANY COURSE OF DEALING OR USAGE OF TRADE.

10. Limitation of Liability. You will be deemed to be in exclusive control (and responsible for any damages or injury caused thereby) of the electric power after receipt at the delivery point or points. SPARK ENERGY WILL NOT BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES (INCLUDING LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES), WHETHER BY STATUTE, IN CONTRACT OR TORT, EVEN IF THE RESULT OF NEGLIGENCE (WHETHER SOLE, JOINT, CONCURRENT, ACTIVE OR PASSIVE). ALL OTHER LIABILITY WILL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, AND SUCH DIRECT ACTUAL DAMAGES WILL BE THE SOLE AND EXCLUSIVE REMEDY. YOU HEREBY WAIVE ALL OTHER REMEDIES AT LAW OR IN EQUITY. THERE ARE NO THIRD PARTY BENEFICIARIES TO THIS AGREEMENT. To the extent any damages required to be paid hereunder are liquidated, the parties acknowledge that the damages are not intended and shall not be construed as a penalty, such damages are difficult or impossible to determine, that otherwise obtaining an adequate remedy is inconvenient or impossible, and that the liquidated damages constitute a reasonable approximation of the harm or loss.

11. Miscellaneous.

(a) If Spark Energy is rendered unable to perform, in whole or in part, by a Force Majeure event, its performance under this Agreement will be excused for the duration of such event. "Force Majeure" means any act or event that is beyond the reasonable control of Spark Energy that adversely affects, interrupts, or precludes its performance. In addition, acts of other parties, including without limitation, RTOs, aggregators, other EGSs, qualified scheduling entities, EDCs, any governmental authority, and the respective employees and agents of such parties, will also be deemed to be events of Force Majeure.

(b) Your electric generation service will be provided in accordance with your existing connection requirements unless you request a change by the EDC and pay for the cost of that change. You may not resell or use any electric power provided under this Agreement as an auxiliary or supplement to any other source of power. The supply of electric power under this Agreement will be measured at the delivery point by the EDC providing the delivery service in accordance with the terms of the applicable tariff for electric generation service. Spark Energy and you will be bound by the measurement from the meters owned, installed, maintained and read by the EDC.

(c) This Agreement will be governed by, interpreted, construed and enforced in accordance with the laws of the State of Pennsylvania, without regard to principles of conflicts of laws.

(d) These Terms of Service, along with your Welcome Letter or Electric Service Agreement, constitute the entire agreement between you and Spark Energy relating to the subject matter hereof and supersede any other agreements, written or oral, between you and Spark Energy concerning the subject matter of the Agreement.

(e) You may not assign this Agreement or your obligations under this Agreement without Spark Energy's prior written consent. Spark Energy may assign this Agreement, together with all rights and obligations hereunder, to (i) Spark Energy's electricity supplier, or such supplier's designee, (ii) an affiliate of Spark Energy or to any other person succeeding to all or substantially all of Spark Energy's assets, or (iii) in connection with any financing or other financial arrangement.

(f) Any failure by Spark Energy to enforce any term or condition of your electric generation service or otherwise exercise any right it may have under this Agreement will not be deemed a waiver of any rights to thereafter enforce any or all of the terms or conditions of your service or to exercise rights under this Agreement.

(g) Should any provision of this Agreement for any reason be declared invalid or unenforceable by final and applicable order by a court or any regulatory body having jurisdiction, such decisions shall not affect the validity of the remaining portions, and the remaining portions shall remain in effect as if this Agreement had been agreed to without the invalid portion. If any provision of this Agreement is declared invalid, the remainder of this Agreement will be construed so as to give effect to its original intent and effect as near as possible.

(h) The provisions of this Agreement concerning payment, limitation of liability, and waivers will survive the termination or expiration of this Agreement.

12. Contact Information. Information regarding Spark Energy's generation energy sources, energy efficiency, environmental impacts, or historical billing data is available upon request. Residential customers and small commercial customers are entitled to receive at no charge and at least once a year, historical billing data from whomever reads their meter for billing purposes.

Electric Generation Supplier: Spark Energy, L.P.
PO Box 3015
Houston, TX 77253
1-877-374-8011
PA License No.: A-2009-2145787
www.sparkenergy.com
Hours of Operation: Monday through Friday (except holidays), 8:00 a.m. to 8:00 p.m., Eastern Standard Time

Electric Distribution Company & Provider of Last Resort: Pennsylvania Power & Light
PPL Electric Utilities
827 Hausman Road
Allentown, PA 18104-9392
1-800-342-5775
www.pplelectric.com

In the case of an outage, call: 1-800-342-5775, press option #1

Public Utility Commission: Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Utility Choice Hotline: 1-800-692-7380

Low Income Assistance Programs. The Low-Income Home Energy Assistance Program (LIHEAP) offers help if you're struggling to pay your home heating bills. LIHEAP is funded by the federal government and administered by the Pennsylvania Department of Public Welfare. The program provides cash grants to help families with heating bills and crisis grants to help families that are at risk of losing their power or coping with heating emergencies, like equipment breakdowns. For more information about the program, call your county agency or PPL Electric Utilities at 1-800-DIAL-PPL (1-800-342-5775) from 8 a.m. to 5 p.m. Monday through Friday. Your EDC may provide other payment assistance programs. Call PPL at 1-800-358-6623 to discuss other payment arrangements available to you.