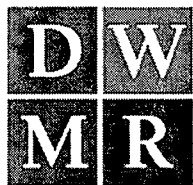


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February 13, 2020

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PUBLIC UTILITY COMMISSION
FILING CLERK

Chairman DeAnn T. Walker
Commissioner Arthur C. D'Andrea
Commissioner Shelly Botkin
Public Utility Commission of Texas
1701 N. Congress Avenue
Austin, Texas 78701

**RE: PUC Docket No. 49494, SOAH Docket No. 473-19-4421 - Application of
AEP Texas Inc. for Authority to Change Rates**

Dear Chairman Walker, Commissioner D'Andrea, and Commissioner Botkin:

AEP Texas Inc. (AEP Texas) is pleased to present the Commission with the attached Stipulation and Settlement Agreement (Agreement) in the above referenced proceeding, along with the Agreement's supporting schedules and associated tariffs. Please note that the Agreement leaves the resolution of one issue, whether a ring-fencing provision providing for a dividend restriction should be imposed upon AEP Texas, to the Commission. Concurrent with filing of the Agreement, AEP Texas and Commission Staff are filing the supporting testimony of AEP Texas witness Ms. Leigh Anne Strahler and Commission Staff witness Mr. Darryl Tietjen, respectively.

AEP Texas looks forward to the Commission taking up the Agreement at its February 27, 2020 Open Meeting.

Sincerely,

Patrick Pearsall
Attorney for AEP Texas Inc.

**PUC DOCKET NO. 49494
SOAH DOCKET NO. 473-19-4421**

APPLICATION OF AEP TEXAS INC. FOR AUTHORITY TO CHANGE RATES	§ § §	BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS
--	----------------------	--

STIPULATION AND SETTLEMENT AGREEMENT

The parties to this stipulation and settlement agreement (Agreement) are AEP Texas Inc. (AEP Texas or the Company); the Staff of the Public Utility Commission of Texas (Staff); Office of Public Utility Counsel (OPUC); Cities Served by AEP Texas (Cities); Texas Industrial Energy Consumers (TIEC); South Texas Electric Cooperative, Inc. (STEC); Public Utilities Board of the City of Brownsville; Alliance for Retail Markets (ARM); Texas Cotton Ginners' Association; the Department of the Navy on behalf of the Federal Executive Agencies (FEA); Texas Energy Association for Marketers (TEAM); and Walmart, Inc. (Walmart). Golden Spread Electric Cooperative, Inc. is not a signatory to the settlement agreement, but does not oppose it.

The parties who are signing as signatories to the Agreement shall be referred to individually either as a Signatory or by the respective acronyms assigned above, and collectively as the Signatories. The Signatories agree to support the Commission's implementation of the Agreement. The Agreement provides for the resolution of all base rate, rate rider, tariff, and rate case expense issues in connection with this proceeding¹ and Commission Docket No. 49556.²

¹ This Agreement provides for the Commission to decide whether to adopt the proposed dividend restriction ring-fencing provisions, as discussed below in Article I, Section I.

² See *Review of Rate Case Expenses Incurred by AEP Texas and Municipalities in Docket No. 49494*, Docket No. 49556, SOAH Order No. 1 (May 21, 2019) (establishing new docket to address rate case expenses).

RECITALS

WHEREAS, on May 1, 2019, AEP Texas filed an application for authority to change rates (Application), to be effective June 5, 2019; and

WHEREAS, the Signatories wish to avoid the uncertainty, time, inconvenience and expense of further litigation of this proceeding by compromising and resolving this proceeding.

NOW, THEREFORE, the Signatories, through their undersigned representatives, hereby enter into this Agreement on the following terms:

ARTICLE I

A. Overall Revenues

AEP Texas' total base rate revenue requirement should be decreased by a "black box" amount of \$40 million, as detailed in the schedule attached hereto and incorporated by reference as Exhibit A. If the Commission issues a final order on or before February 29, 2020, then the approved rates should be effective on March 30, 2020, the first billing cycle in April. If the Commission issues a final order after February 29, 2020, then the approved rates will be effective on the date of the first billing cycle of the month occurring a minimum of 45 days after issuance of a Final Order.

B. Cost of Capital

Beginning with the effective date of the new rates authorized in this proceeding AEP Texas' Weighted Average Cost of Capital (WACC) shall be 6.45% based upon a 4.2758% Cost of Debt, an agreed Return on Equity (ROE) of 9.4%, and an agreed regulatory capital structure of 57.5% long-term debt and 42.5% equity. The foregoing WACC, Cost of Debt, ROE, and Capital

Structure are in accord with Public Utility Regulatory Act (PURA) §§ 36.051 and 36.052,³ and will apply, in accordance with the PURA and Commission rules, in all Commission proceedings or Commission filings requiring the application of the WACC, Cost of Debt, ROE, or Capital Structure established in this case.

C. Future Base Rate Proceeding

AEP Texas will file a base rate case no later than four years from the date of the Commission's final order in this docket and will not request a delay of the filing of its next base rate case using the provisions of 16 Texas Administrative Code (TAC) § 25.247(b)(2). Nothing in this paragraph shall prohibit AEP Texas from filing, or any regulatory authority from requiring pursuant to applicable law, a base rate case earlier than four years from the date of the Commission's final order in this docket.

D. Revenue Allocation

The revenue requirement, including the revenue decrease authorized under Article I, Paragraph I.A. above, shall be distributed among the functions and customer classes per the allocation set forth in Exhibit B attached to and incorporated into this Agreement.

In accordance with this Agreement, AEP Texas will recover all existing and future transmission-related costs through its transmission cost recovery factor (TCRF) instead of through base rates. AEP Texas will file a combined compliance TCRF incorporating the March 2020 approved matrix.

³ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

E. Consolidation of Rates

AEP Texas' proposal to consolidate the rates and tariffs of its Central and North Divisions, which is consistent with the existing organizational and operational structure of AEP Texas, is reasonable and should be approved.

F. Rate Moderation

AEP Texas agrees to provide its North Division Transmission class a credit equal to \$300,000 per year for two years, to be funded by AEP Texas. The credit will be a \$150,000 credit made with AEP Texas' TCRF filing made twice per year.

G. Primary Substation Class Study

AEP Texas agrees to provide a class cost of service study in its next rate case that includes a primary substation class, but makes no commitment to support the adoption of a primary substation class.

H. Rate Design and Tariff Approval

The tariff sheets in Exhibit C, attached to and incorporated into this Agreement, set out the rate design agreed to by the Signatories and incorporate the total base revenue decrease provided for in Article I, Paragraph I.A above.

AEP Texas' proposed tariff text changes and rates for the various classes, including the revisions to AEP Texas' transmission line extension policy, are consistent with this Agreement and should be approved by the Commission.

AEP Texas agrees that, no later than six months from date of the final order in this case, AEP Texas shall file a proceeding in which it proposes and supports a tariff provision that would allow transmission-level customers to construct and own substations at the customers' facilities

interconnected to AEP Texas. AEP Texas will confer with TIEC in developing the proposed tariff provision.

AEP Texas agrees to withdraw its request for approval of the Inadvertent Gain Fee.

I. Ring-Fencing

The following ring-fencing measures, which are a product of compromise between the Signatories and subject to Article II, Paragraph II.C below, are adopted for AEP Texas:

- a. AEP Texas must not share its credit facility with any unregulated affiliates.
- b. AEP Texas debt must not be secured by non-AEP Texas assets.
- c. AEP Texas assets must not secure the debt of AEP or its non-AEP Texas affiliates.
- d. AEP Texas assets must not be pledged for any other entity.
- e. AEP Texas must work to ensure that its credit ratings at S&P and Moody's remain at or above AEP Texas' current credit ratings.
- f. Except as may be otherwise ordered by the Commission, AEP Texas must take the actions necessary to ensure the existence of an AEP Texas standalone credit rating.
- g. AEP Texas must not hold out its credit as being available to pay the debt of any AEP affiliates.
- h. Except for access to the Utility Money Pool and the use of shared assets governed by the Commission's affiliate rules, AEP Texas must not commingle its assets with those of other AEP affiliates.
- i. AEP Texas must not pledge its assets with respect to, or guarantee, any debt or obligation of AEP affiliates.
- j. AEP Texas must not transfer any material assets or facilities to any affiliates, other than a transfer that is on an arm's-length basis consistent with the Commission's affiliate standards applicable to AEP Texas.
- k. AEP Texas will not seek to recover from customers any costs incurred as a result of a bankruptcy of AEP Texas or any of its affiliates.
- l. Without prior approval of the Commission, neither AEP nor any affiliate of AEP (excluding AEP Texas) may incur, guaranty, or pledge assets in respect of any

incremental new debt that is dependent on: (1) the revenues of AEP Texas in more than a proportionate degree than the other revenues of AEP; or (2) the stock of AEP Texas.

The Signatories further agree that the Commission will decide whether to adopt dividend restriction ring-fencing provisions for AEP Texas based on the record and the parties' briefing currently on file with the Commission, unless the Commission requests additional briefing. The dividend restrictions were described in the Proposal for Decision (PFD) as follows:

- Dividend Restriction Commitment. AEP Texas must limit the payment of dividends by AEP Texas to an amount not to exceed AEP Texas's net income (as determined in accordance with [GAAP]).
- AEP Credit Ratings and Dividends. AEP Texas must work to ensure that its credit ratings at S&P and [Moody's] remain at or above AEP Texas's current credit ratings, and if AEP Texas's credit rating at either of these ratings agencies falls below BBB+ [footnote omitted] (or its equivalent) for AEP Texas's senior secured debt, then AEP Texas must suspend payment of dividends or other distributions, except for contractual tax payments, until otherwise allowed by the Commission. AEP Texas must notify the Commission if its credit issuer rating or corporate rating as rated by either of the major rating agencies falls below investment-grade level.
- Debt-to-Equity Ratio Commitment. AEP Texas's debt must be limited so that its debt-to-equity ratio is at or below the debt-to-equity ratio established from time to time by the Commission for ratemaking purposes in AEP Texas's rate proceedings. The Commission has authority to determine what types of debt and equity are included in a utility's debt-to-equity ratio. AEP Texas must not make any payment of dividends or other distributions, except for contractual tax payments, where such dividends or other distributions would cause AEP Texas to be out of compliance with the Commission-approved debt-to-equity ratio. Additionally, neither AEP nor any of its affiliates may issue stock or ownership interest that supersede the foregoing obligations of AEP Texas.

Any appeal of the Commission's ring-fencing decision will be limited to the Commission's decision related to dividend restrictions.

J. Invested Capital

AEP Texas' invested capital, including its plant in service through the end of the test year (December 31, 2018), as reflected on Exhibit D attached to this Agreement and incorporated by reference, is used and useful in providing service, and prudent and properly included in rate base.

AEP Texas shall remove \$23 million from rate base, the removal of which is incorporated into Exhibit D. In addition, AEP Texas will refund \$30 million over one year with no carrying costs. This refund represents amounts collected in rates associated with capital that was subject to reconciliation in this proceeding. The \$30 million will be functionalized as \$20 million to transmission and \$10 million to distribution.

The Signatories agree that AEP Texas' rate base as of the close of the test year (December 31, 2018), as reflected on Exhibit D attached to this Agreement and incorporated by reference, will not be revisited in subsequent rate proceedings.

For purposes of AEP Texas' Earnings Monitoring Reports for reporting years beginning in 2020, AEP Texas' total company Cash Working Capital is negative \$13,408,892.

K. Capitalized Incentive Compensation

Parties reserve the right to take any position with respect to prospective treatment of incentive compensation capitalized after the close of the test year (December 31, 2018) in AEP Texas' next base rate proceeding. Unless legislation is passed permitting the recovery of incentive compensation, the incremental investment included in AEP Texas' interim transmission cost of service (TCOS) and distribution cost recovery factor (DCRF) proceedings will exclude any

financially based incentive compensation capitalized after the close of the test year (December 31, 2018) until AEP Texas' next base rate case.

L. Vegetation Management Capitalization Policy

Since the end of the test year in AEP Texas' last rate case (July 1, 2006) through December 31, 2018, AEP Texas capitalized, rather than expensed, \$25,612,338 incurred to expand an existing right-of-way (ROW) or to remove trees with a diameter of greater than 18 inches from the originally cleared ROW. Consistent with the PFD, AEP Texas agrees to remove the above-described \$25,612,338 from rate base and defer the costs as a regulatory asset to be amortized through a rider over a five-year period. The parties agree that AEP Texas will defer the 2019 amount capitalized under AEP Texas' vegetation management capitalization policy into a regulatory asset to be recovered in a future proceeding.

AEP Texas agrees that going forward from January 1, 2020, it will treat only the first initial clearing of land for a ROW as capital.

M. Certain Tax Matters

a. Income Tax Refund (ITR) Rider. To address the effects of the *Tax Cuts and Jobs Act of 2017* (TCJA), AEP Texas agrees to refund a total of \$108,020,034, which reflects: (1) the difference between the revenues collected under existing rates and the revenues that would have been collected had the existing rates been set using the 21% tax rate enacted under the TCJA until the new rates are implemented; (2) amounts associated with the change in the amortization of protected excess deferred federal income taxes (EDIT) as a result of the TCJA from January 1, 2018, until the date the protected EDIT is included in new rates; and (3) unprotected EDIT

associated with the TCJA tax rate change.⁴ The \$108,020,034 is being refunded through separate riders for distribution and transmission customers. AEP Texas will refund \$76,531,681 to distribution customers through its proposed ITR Rider over a one-year period. The ITR Rider will be implemented separately for each division. AEP Texas will refund \$31,488,353 to transmission customers as a one-time credit through the Company's TCOS.

b. Proceeding Related to Securitized EDIT. The Signatories agree that no proceeding should be initiated to review AEP Texas' or its affiliate's ADFIT balances on AEP Texas' or its affiliate's bonds associated with the securitization of transition to competition costs and that no Signatory will raise issues related to the appropriate treatment of EDIT amounts associated with those bonds in future Commission proceedings related to AEP Texas or its affiliates.

N. Rate Case Expenses

AEP Texas agrees to reimburse Cities for all rate case expenses incurred in all dockets for which recovery of rate case expenses was sought in Docket 49494. AEP Texas agrees to not seek recovery of rate case expenses in Docket No. 49556, including expenses incurred by Cities or AEP Texas associated with this proceeding, Docket No. 49494. AEP Texas will reimburse Cities for any appeals of the Commission's final order in this proceeding, but AEP Texas may request recovery of those expenses in a future proceeding. Cities shall provide AEP Texas with invoices for all rate case expenses incurred within 10 days of a final order in this proceeding. AEP Texas shall reimburse Cities for rate case expenses included on invoices submitted in accordance with

⁴ AEP Texas reflected the new 21% FIT rate for its retail rates through its DCRF effective September 1, 2018, and for its transmission rates through its TCRF effective July 1, 2018.

this timeline within 30 days of a final order in this proceeding. AEP Texas will move to dismiss Docket No. 49556 within 30 days of a final order in this proceeding.

O. Statutory Requirements and Baseline Values

a. Affiliate Expenses. The affiliate amounts included in the rates developed through this Agreement, are reasonable and necessary, are allowable, and are charged to AEP Texas at a price no higher than was charged by the supplying affiliate to other affiliates. Each Signatory reserves the right, in a future AEP Texas proceeding and for prospective application, to dispute whether and in what amount, AEP Texas may include in rate base or expense, amounts related to affiliate services.

b. Self-Insurance Reserve. AEP Texas' proposed annual accrual of \$4.27 million to the storm reserve to account for annual expected operations and maintenance (O&M) losses from storm damage in excess of \$500,000 and to build towards a new target reserve of \$13.3 million—consisting of \$10.6 million for the Central Division, and \$2.7 million for the North Division—is reasonable and should be approved.

c. Depreciation. Beginning with the effective date of the new rates authorized in this proceeding, AEP Texas will use the depreciation rates as recommended for approval in the PFD. These rates are shown on Exhibit E.

d. Interim Update of Transmission Rates. When AEP Texas files an application to update its transmission rates on an interim basis pursuant to 16 TAC § 25.192(h), the baseline values to be used in that application are as provided in Exhibit F attached to and incorporated into this Agreement. The baseline values are a product of compromise between the Signatories. The fact that the Signatories have agreed to the use of these baseline values as specified in this section

does not reflect an agreement on any methodology that may or may not have been used to derive those baselines.

e. Transmission Cost Recovery Factor (TCRF). The rates set following this proceeding will reflect AEP Texas' updated TCRF, as approved in Docket No. 50291. When AEP Texas files an application to update its TCRF under 16 TAC § 25.193, the baseline values to be used in that application are as provided in Exhibit G attached to and incorporated into this Agreement.

By February 28, 2022, AEP Texas will file an application pursuant to 16 TAC § 25.193(c) to update the TCRF allocators based on its 2021 four-coincident-peak (4CP) data. AEP Texas will consult with parties to this Agreement regarding its proposed updated TCRF allocators prior to filing its application. The TCRF allocator update will be a separate proceeding from AEP Texas' petition to update its TCRF pursuant to 16 TAC § 25.193(b) and will neither impact the 45 day deadline for an order establishing AEP Texas' revised TCRF under 16 TAC § 25.193(b)(1) nor the effective date of AEP Texas' September 1, 2022 TCRF update.

AEP Texas will implement its September 2022 TCRF update using the 2021 4CP data to determine its TCRF class allocation factors. Additionally, AEP Texas' TCRFs filed after September 2022 will be implemented using the 2021 4CP data until AEP Texas files its next base rate case, unless the Commission provides otherwise by rule or order.

f. Distribution Cost Recovery Factor (DCRF). When AEP Texas files an application for a DCRF pursuant to 16 TAC § 25.243, the baseline values to be used in that application are as provided in Exhibit H attached to and incorporated into this Agreement. The baseline values are a product of compromise between the Signatories. The fact that the Signatories have agreed to the

use of these baseline values as specified in this section does not reflect an agreement on any methodology that may or may not have been used to derive those baselines.

g. Rate Matrix. AEP Texas will publish a rate matrix on its website showing the riders applicable to each division.

ARTICLE II

A. Proposed Order

The terms of this Agreement are fair, reasonable, and in the public interest, and the Commission should enter the proposed order attached as Exhibit I to this Agreement, which is consistent with the terms of this Agreement, or an order consistent with all terms of this Agreement. The Signatories agree to fully support this Agreement in all respects and to use all reasonable efforts to request prompt entry of the proposed order attached hereto.

B. Effect of Modification of Agreement

If the Commission issues a final order that is inconsistent with the terms of the Agreement, each Signatory has the right to withdraw from the Agreement, to submit testimony, and to obtain a hearing and advocate any position it deems appropriate with respect to any issue in this Agreement. The Signatories further agree that the terms and conditions in this Agreement are interdependent and that the various provisions of this Agreement are not severable.

C. No Precedent

Because the matters resolved herein are resolved on the basis of compromise and settlement, nothing in this Agreement should be considered precedent. No Signatory shall be

deemed to have agreed to the propriety of any theory or principle that may be said to underlie any of the issues resolved by this Agreement. Because this is a settlement, the Signatories recognize that no Signatory is under any obligation to take the same position in any other docket, except as specifically required by this Agreement, whether or not the docket presents the same or similar circumstances. This Agreement is binding on each of the Signatories only for the purpose of settling the issues herein and for no other purpose. Oral and written statements made during the course of settlement negotiations shall not be used as an admission or concession of any sort or as evidence in this or any other proceeding.

D. Entire Agreement

This Agreement is the entire understanding and agreement of the Signatories to this Agreement, and it supersedes prior understandings and agreements, if any, among the Signatories with respect to the subject matter of the Agreement. There are no representations, agreements, arrangements, or understandings, oral or written, concerning the subject matter hereof between and among the Signatories to this Agreement which are not fully expressed herein.

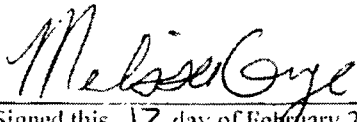
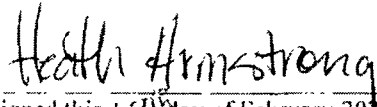

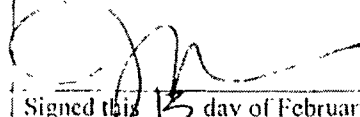
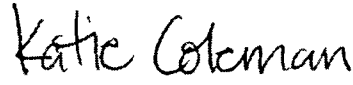

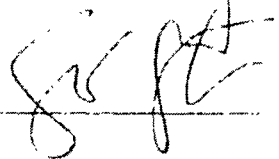
E. Authorization to Sign


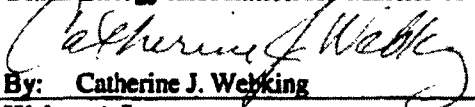
Each person executing this Agreement represents that he or she is authorized to sign the Agreement on behalf of the Signatory represented.

F. Countersigned Originals

This document may be countersigned by each Signatory on separate originals. Each signature shall be treated as if it is an original signature.

This Agreement has been executed, approved, and agreed to by the Signatories hereto in multiple counterparts, each of which shall be deemed an original, on the date indicated below by the Signatories hereto, by and through their undersigned duly authorized representatives. This Agreement shall be effective and binding when it is signed by all Signatories.

AEP Texas Inc. By: Melissa A. Gage Jerry N. Huerta William Coe Patrick Pearsall	Signed this <u>13</u> day of February 2020 
Staff of the Public Utility Commission of Texas <u>w/permission</u> By: Heath D. Armstrong Office of Public Utility Counsel	Signed this <u>13</u> day of February 2020 
By: Chris Ekoh Jessie DeMoss	Signed this <u>13th</u> day of February 2020 
Cities Served by AEP Texas By: Thomas L. Brocato Jamie L. Mauldin	Signed this <u>13th</u> day of February 2020 
Texas Industrial Energy Consumers <u>w/permission</u> By: Katie Coleman Benjamin Hallmark Michael McMillin	Signed this <u>13</u> day of February 2020 
South Texas Electric Cooperative, Inc. <u>w/permission</u> By: Diana M. Liebmann Jennifer N. Littlefield	Signed this <u>13</u> day of February 2020 
Public Utilities Board of the City of Brownsville By: Scott Smyth	Signed this <u>13th</u> day of February 2020 

Alliance for Retail Markets <i>w/ permission</i> By: Carrie Collier-Brown Matthew Arth	Signed this 13 day of February 2020 <i>Carrie Collier-Brown</i>
Texas Cotton Ginners' Association  By: Zachary S. Brady	Signed this 12th day of February 2020
Department of the Navy on behalf of the Federal Executive Agencies <i>w/ permission</i> By: Rita M. Liotta	Signed this 13 day of February 2020 <i>Rita Liotta</i>
Texas Energy Association for Marketers  By: Catherine J. Webking	Signed this 13th day of February 2020
Walmart, Inc. <i>w/ Permission</i> By: Julie A. Clark	Signed this 13 day of February 2020 <i>Julie Clark</i>

PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO 49494
TEST YEAR ENDING 12/31/2018
BASE REVENUE REQUIREMENTS SUMMARY

AEPTX Requested per PFD		AEPTX Settlement
--	--	-----------------------------

Retail Delivery Present Base Revenues	907,718,452	907,718,452
Retail Delivery Proposed Base Revenues	966,794,603	908,461,159
Retail Delivery Increase - \$s	59,076,151	742,707
Retail Delivery Increase - %	6.51%	0.08%
Wholesale Transmission Present Base Revenues	423,372,871	423,372,871
Wholesale Transmission Proposed Base Revenues	420,213,369	382,515,949
Wholesale Transmission Increase - \$s	-3,159,502	-40,856,922
Wholesale Transmission Increase - %	-0.75%	-9.65%
Total Present Base Revenues	1,331,091,323	1,331,091,323
Total Proposed Base Revenues	1,387,007,972	1,290,977,108
Total Base Revenue Increase - \$s	55,916,649	-40,114,215
Total Base Revenue Increase - %	4.20%	-3.01%

PUBLIC UTILITY COMMISSION OF TEXAS
AEP TEXAS INC
IV-J-1 REVENUE SUMMARY
TEST YEAR ENDING 12/31/2018
DOCKET NO. 49494 SETTLEMENT

		1	2	3	4	5	6	7	8
Line No	Description	Settlement Revenue Requirement Total	Residential	Secondary =< 10 kW	Secondary > 10 kW	Primary	Transmission	Lighting	Total TX Retail
1	Transmission (TRAN) March 2020								-
2	Distribution (DIST)	489,707,642	261,424,946	11,660,319	157,563,245	32,558,225	4,186,691	22,314,216	489,707,642
3	Metering (MET)	53,786,802	35,610,875	4,675,045	11,108,952	1,590,939	776,731	24,260	53,786,802
4	Customer - Billing (TBIL) - T&D Customer Service (TDCS)	18,132,186	14,718,787	1,499,445	1,775,428	92,206	7,628	38,692	18,132,186
5									
6	Base Revenue Requirement	\$ 561,626,630	\$ 311,754,608	\$ 17,834,809	\$ 170,447,626	\$ 34,241,370	\$ 4,971,050	\$ 22,377,168	561,626,630
7									
8	Regulatory Asset Recovery Rider (Vegetation Management)	\$5,122,468	2,797,140	99,258	1,700,217	455,941	-	69,911	5,122,468

**TARIFF
FOR
RETAIL DELIVERY SERVICE**

AEP TEXAS

AEP TEXAS
TARIFF FOR ELECTRIC DELIVERY SERVICE
Applicable: Certified Service Area
Chapter: 1
Chapter Title: Definitions
Revision: Original Effective Date: March 30, 2020

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AEP TEXAS

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area

Chapter: 1

Chapter Title: Definitions

Revision: Original Effective Date: March 30, 2020

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CHAPTER 1: DEFINITIONS

The following definitions apply to Company's Tariff for Delivery Service, including the service rules and regulations, policies, Rate Schedules and Riders, and to any Service Agreements made pursuant to this Tariff, unless specifically defined otherwise therein.

ACTUAL METER READING. A Meter Reading whereby Company has collected information from the Meter either manually or through a direct reading, through telemetry, or other electronic communications.

ADVANCED METERING SYSTEM (AMS). As defined in P.U.C. SUBST. R. 25.130, Advanced Metering.

AMS-M METER. A Meter that has all the functionality of a Standard Meter except for remote disconnection and reconnection.

ADVANCED METERING SYSTEM (AMS) OPERATIONAL DAY. Any day but Sunday or a holiday as defined in Section 3.18, HOURS OF OPERATION.

AFFILIATED RETAIL ELECTRIC PROVIDER. A Retail Electric Provider that is affiliated with or the successor in interest of an electric utility certificated to serve an area.

APPLICABLE LEGAL AUTHORITIES. A Texas or federal law, rule, regulation, or applicable ruling of the Commission or any other regulatory authority having jurisdiction, an order of a court of competent jurisdiction, or a rule, regulation, applicable ruling, procedure, protocol, guide or guideline of the Independent Organization, or any entity authorized by the Independent Organization to perform registration or settlement functions.

BANKING HOLIDAY. Any day on which the bank designated by Company as the repository for payment of funds due to Company under this Tariff is not open for business.

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BILLING DEMAND. Demand used for billing purposes as stated in the applicable Rate Schedule or Rider.

BILLING DETERMINANTS. Measured, calculated, or specified values used to determine Company's Delivery Charges that can be transmitted to the CR on an approved TX SET electronic transaction. These values may include, but are not limited to, measurements of kilowatt-hours (kWh), actual monthly Non-Coincident Peak (NCP) Demand, annual NCP Demand, annual 4-CP Demand (coincident peak for four summer months), Billing Demand, Power Factor, fixed charges, number of lamps, Rate Schedules, and rate subclass.

BUSINESS DAY. Any day that Company's corporate offices are open for business, in accordance with Section 3.18, HOURS OF OPERATION.

CENTRAL PREVAILING TIME, CPT. As established by national time standards, either Central Standard Time or Central Day-Light time.

CHRONIC CONDITION RESIDENTIAL CUSTOMER. As defined in P.U.C. SUBST. R. 25.497, Critical Load Industrial Customers, Critical Load Public Safety Customers, Critical Care Residential Customers, and Chronic Condition Residential Customers.

CODES. Federal, state, or local laws, or other rules or regulations governing electrical installations.

COMMISSION, PUC, or PUCT. The Public Utility Commission of Texas.

COMPANY. The transmission and distribution utility providing Delivery Service pursuant to this Tariff, and its respective officers, agents, employees, successors, and assigns.

COMPANY'S DELIVERY SYSTEM. The portion of the Delivery System that is owned by Company.

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COMPETITIVE RETAILER (CR). A Retail Electric Provider, or a Municipally Owned Utility, or an Electric Cooperative that offers customer choice in the restructured competitive electric power market or any other entity authorized to provide Electric Power and Energy in Texas. For purposes of this Tariff, a Municipally Owned Utility or an Electric Cooperative is only considered a Competitive Retailer where it sells retail Electric Power and Energy outside its certified service territory.

CONSTRUCTION SERVICE. Services related to the construction, extension, installation, modification, repair, upgrade, conversion, relocation, or removal of Delivery System facilities, including temporary facilities.

CONSTRUCTION SERVICE CHARGE. Commission authorized charges to recover costs associated with Construction Services.

CRITICAL CARE RESIDENTIAL CUSTOMER. As defined in P.U.C. SUBST. R. 25.497, Critical Load Industrial Customers, Critical Load Public Safety Customers, Critical Care Residential Customers, and Chronic Condition Residential Customers.

CRITICAL LOAD INDUSTRIAL CUSTOMER. As defined in P.U.C. SUBST. R. 25.497, Critical Load Industrial Customers, Critical Load Public Safety Customers, Critical Care Residential Customers, and Chronic Condition Residential Customers .

CRITICAL LOAD PUBLIC SAFETY CUSTOMER. As defined in P.U.C. SUBST. R. 25.497, Critical Load Industrial Customers, Critical Load Public Safety Customers, Critical Care Residential Customers, and Chronic Condition Residential Customers.

DELIVERY. The movement of Electric Power and Energy through Company's electric lines and other equipment, including transformers, from the Point of Supply to the Point of Delivery.

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DELIVERY CHARGES. Commission authorized rates and charges for the use of Company's Delivery System. Delivery Charges are comprised of Delivery System Charges and Discretionary Charges.

DELIVERY SERVICE. The service performed by Company pursuant to this Tariff for the Delivery of Electric Power and Energy. Delivery Service comprises Delivery System Services and Discretionary Services.

DELIVERY SERVICE AGREEMENT. The standard, pro-forma document set forth in this Tariff in which Company and Competitive Retailer agree to be bound by the terms and conditions of Company's Tariff.

DELIVERY SYSTEM. The electric lines, and other equipment, including transformers, owned by Company and the Meters, including Non-Company Owned Meters, used in the Delivery of Electric Power and Energy.

DELIVERY SYSTEM CHARGES. Commission authorized charges to recover costs associated with Delivery System Services.

DELIVERY SYSTEM SERVICES. Delivery Services whose costs are attributed to all Retail Customers that receive Delivery Service from Company and charged to Competitive Retailers serving Retail Customers under the Rate Schedules specified in Section 6.1.1, DELIVERY SYSTEM CHARGES. Delivery System Services are all Tariffed Delivery Services provided by Company that are not specifically defined as Discretionary Services.

DEMAND. The rate at which electric energy is used at any instant or averaged over any designated period of time and which is measured in kW or kVA.

DEMAND RATCHET. As defined in P.U.C. SUBST. R. 25.244, Billing Demand for Certain Utility Customers.

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DISCRETIONARY SERVICE CHARGES. Commission authorized charges to recover costs associated with Discretionary Services.

DISCRETIONARY SERVICES. Customer-specific services for which costs are recovered through separately priced Rate Schedules specified in Chapter 6.

ELECTRIC COOPERATIVE. An electric cooperative as defined in PURA §11.003(9), Definitions.

ELECTRIC POWER AND ENERGY. The kWh, the rate of Delivery of kWh, and ancillary services related to kWh that a Competitive Retailer provides to Retail Customers.

ELECTRIC RELIABILITY COUNCIL OF TEXAS (ERCOT). The Electric Reliability Council of Texas, Inc. as defined in P.U.C. SUBST. R. 25.5, Definitions.

ELECTRIC SERVICE IDENTIFIER or ESI ID. The basic identifier assigned to each Point of Delivery used in the registration system and settlement system managed by ERCOT or another Independent Organization.

ESTIMATED METER READING. The process by which Billing Determinants are estimated when an Actual Meter Reading is not obtained.

FACILITY EXTENSION POLICY. The Company policy that covers such activities as extensions of standard facilities, extensions of non-standard facilities, extensions of facilities in excess of facilities normally provided for the requested type of Delivery Service, upgrades of facilities, electric connections for temporary services, and relocation of facilities.

FACILITY EXTENSION AGREEMENT. The Service Agreement pursuant to this Tariff that must be executed by Company and the entity (either a Retail Customer or Retail Electric Provider) requesting certain Construction Services before Company can provide such Construction Services to the requesting entity.

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FIELD OPERATIONAL DAY. Any day but Saturday, Sunday, or a holiday designated in or pursuant to Section 3.18, HOURS OF OPERATION.

FIRST AVAILABLE SWITCH DATE (FASD). As defined in ERCOT Nodal Protocols Section 15, CUSTOMER REGISTRATION.

GOOD UTILITY PRACTICE. As defined in P.U.C. SUBST. R. 25.5, Definitions.

INDEPENDENT ORGANIZATION or IO. The organization authorized to perform the functions prescribed by PURA §39.151.

INTERVAL DATA. Meter data that reports electricity usage in 15-minute intervals.

INTERVAL DATA RECORDER (IDR) METER. Metering Equipment that is designed to provide Interval Data and does not otherwise qualify as a Standard Meter or an AMS-M Meter.

KILOVOLT-AMPERES (kVA). 1,000 volt-amperes.

KILOWATT (kW). 1,000 watts.

KILOWATT-HOUR (kWh). 1,000 watt-hours.

LOAD FACTOR. The ratio, usually stated as a percentage, of actual kWh used during a designated time period to the maximum kW of Demand times the number of hours occurring in the designated time period.

METER or BILLING METER. A device, or devices for measuring the amount of Electric Power and Energy delivered to a particular location for Company billing, CR billing and as required by ERCOT. Meters for residential Retail Customers shall be Company owned unless otherwise determined by the Commission. Commercial and industrial Retail Customers required by the Independent Organization to have an IDR Meter may choose a Meter Owner in accordance with P.U.C. SUBST. R. 25.311, Competitive Metering Services.

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METER DATA. The data contained within, or generated by, the Meter that is used by Company to calculate charges for service pursuant to this Tariff. This term includes Interval Data.

METER OWNER. Entity authorized by the Retail Customer to own the Meter. Entity could be Retail Customer, Competitive Retailer, or other entity designated by the Retail Customer as permitted by Applicable Legal Authorities. If the Retail Customer is not eligible for competitive metering or does not choose to participate in competitive metering, the Meter Owner shall be Company.

METER READING. The process whereby Company collects the information recorded by a Meter. Such reading may be obtained manually, through telemetry or other electronic communications, or by estimation, calculation or conversion in accordance with the procedures and practices authorized under this Tariff.

METER READING SCHEDULE. No later than December 15 of each calendar year, Company shall post its schedule for reading each Meter on its website so that Competitive Retailers and Retail Customers may access it. Company shall notify Competitive Retailer of any changes to this schedule 60 days prior to the proposed change. Company is responsible for reading the Meter within two Business Days of the date posted in this schedule.

METER REMOVAL. Removal of a Meter by Company as authorized under this Tariff.

METERING EQUIPMENT. Required auxiliary equipment that is owned by Company and used with the Billing Meter to accurately measure the amount of Electric Power and Energy delivered. Metering equipment under this definition does not include communication, storage, and equipment necessary for customer access to data.

MUNICIPALLY OWNED UTILITY. A utility owned, operated, and controlled by a municipality or by a nonprofit corporation, the directors of which are appointed by one or more municipalities, as defined in PURA §11.003(11), Definitions.

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NON-BUSINESS DAY. Any day that Company's corporate offices are not open for business, in accordance with Section 3.18, HOURS OF OPERATION.

NON-COMPANY OWNED METER. A Meter on the ERCOT-approved competitive Meter list that is owned by an entity other than the Company. Unless otherwise expressly provided herein, a Non-Company Owned Meter shall be treated under this Tariff as if it were a Meter owned by the Company.

NON-STANDARD METER. A Meter that is not a Standard Meter because it lacks the ability to provide one or more of the following functions: automated or remote Meter Reading, two-way communications, remote disconnection and reconnection capability, or the capability to provide Interval Data. A Non-Standard Meter includes a Meter that is otherwise a Standard Meter but has one or more of the aforementioned functionalities disabled.

NON-STANDARD METERING SERVICE. Service using a Non-Standard Meter.

POINT OF DELIVERY. The point at which Electric Power and Energy leaves the Delivery System.

POINT OF SUPPLY. The point at which Electric Power and Energy enters the Delivery System.

POWER FACTOR. The ratio of real power, measured in kW, to apparent power, measured in kVA, for any given load and time, generally expressed as a percentage.

PREMISES. A tract of land or real estate or related commonly used tracts, including buildings and other appurtenances thereon.

PROVIDER OF LAST RESORT (POLR). A REP certified in Texas that has been designated by the Commission to provide a basic, standard retail service package to requesting or default customers.

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PUBLIC UTILITY REGULATORY ACT (PURA). Public Utility Regulatory Act, Texas Utilities Code, Title II.

RATE SCHEDULE. A statement of the method of determining charges for Delivery Service, including the conditions under which such charges and method apply. As used in this Tariff, the term Rate Schedule includes all applicable Riders.

REGISTRATION AGENT. Entity designated by the Commission to administer settlement and Premises data and other processes concerning a Retail Customer's choice of Competitive Retailer in the competitive retail electric market in Texas.

RETAIL CUSTOMER. An end-use customer who purchases Electric Power and Energy and ultimately consumes it. Whenever used in the context of Construction Services, the term Retail Customer also includes property owners, builders, developers, contractors, governmental entities, or any other organization, entity, or individual that is not a Competitive Retailer making a request for such services to the Company. For purposes of Sections 4.2.1 and 5.2.1 of Company's Tariff, Retail Customer includes any organization, entity, or individual who consumes Electric Power and Energy but does not purchase it and includes, but is not limited to, guests, occupants, and tenants.

RETAIL CUSTOMER'S ELECTRICAL INSTALLATION. All conductors, equipment, or apparatus of any kind on Retail Customer's side of the Point of Delivery, except the Meter and Metering Equipment, used by or on behalf of Retail Customer in taking and consuming Electric Power and Energy delivered by Company.

RETAIL CUSTOMER'S ELECTRICAL LOAD. The power and energy required by all motors and other electricity-consuming devices located on Retail Customer's Premises that are operated simultaneously using Electric Power and Energy delivered by Company.

RETAIL ELECTRIC PROVIDER or REP. As defined in PURA §31.002(17), Definitions.

RETAIL SEASONAL AGRICULTURAL CUSTOMER. A customer whose Demand is subject to significant seasonal variation and that is primarily engaged in producing crops or

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processing crops subsequent to their harvest to prepare or store them for market or other processing, including, but not limited, to cotton ginning, irrigation, and the drying or storing of rice and grain. To be qualified as an irrigation customer under this definition, the pumping load must be for water that is used to raise agricultural crops.

RIDER. An attachment to a Rate Schedule that defines additional service options, pricing, conditions, and limitations for that class of service.

SCHEDULED METER READING DATE. Date Company is scheduled to read the Meter according to the Meter Reading Schedule.

SERVICE AGREEMENT. Any Commission-approved agreement between Company and a Retail Customer or between Company and a Competitive Retailer, which sets forth certain information, terms, obligations and/or conditions of Delivery Service pursuant to the provisions of this Tariff.

SERVICE CALL. The dispatch of a Company representative to a Delivery Service address or other designated location for investigation of a complete or partial service outage, irregularity, interruption or other service related issue.

STANDARD METER. A Meter that the Company has deployed in accordance with P.U.C. SUBST. R. 25.130(d), with the capabilities defined in P.U.C. SUBST. R. 25.130(g), including automated or remote Meter Reading, two-way communications, remote disconnection and reconnection capability, and the capability to provide Interval Data.

SWITCHING FEE. Any fee or charge assessed to any Retail Customer or Competitive Retailer upon switching the Competitive Retailer that does not relate to recovering any utility cost or expenses already included in Commission-approved Delivery Charges included in Chapter 6 of this Tariff.

TAMPER or TAMPERING. Any unauthorized alteration, manipulation, change, modification, or diversion of the Delivery System, including Meter and Metering Equipment, that could

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adversely affect the integrity of billing data or the Company's ability to collect the data needed for billing or settlement. Tampering includes, but is not limited to, harming or defacing Company facilities, physically or electronically disorienting the Meter, attaching objects to the Meter, inserting objects into the Meter, altering billing and settlement data or other electrical or mechanical means of altering Delivery Service.

TARIFF. The document filed with, and approved by, the PUC pursuant to which Company provides Delivery Service. It is comprised of Rate Schedules, Riders, and service rules and regulations. The service rules and regulations include definitions, terms and conditions, policies, and Service Agreements.

TEXAS SET, TX SET or SET. A Standard Electronic Transaction as defined by the protocols adopted by the Commission or the Independent Organization.

TRANSITION CHARGES or TC. Charges established pursuant to a financing order issued by the Commission.

UNMETERED SERVICE. Delivery Service to Premises without a Meter.

VALID INVOICE. An invoice transaction that contains all the information required by TX SET and is in compliance with TX SET standards as set forth in the TX SET Implementation Guides and Commission rules, and have not been rejected in accordance with the TX SET Implementation Guides and Commission Rules.

CHAPTER 2: DESCRIPTIONS OF COMPANY'S CERTIFIED SERVICE AREA

2.1 SERVICE TERRITORY

AEP Texas is a Transmission and Distribution Utility (TDU) that owns and operates facilities used to transmit and distribute electricity throughout large portions of South and West Texas. AEP Texas delivers electricity to approximately 1 million retail and wholesale customers in 375 communities/cities and in all or parts of 93 counties in Texas.

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Chapter: 2 Section: 2.2

Section Title: Areas Previously Served by AEP Texas Central Company

Revision: Original Effective Date: March 30, 2020

2.2 AREAS PREVIOUSLY SERVED BY AEP TEXAS CENTRAL COMPANY

Counties Served

Aransas	Edwards	Kinney	San Patricio
Atascosa	Frio	Kleberg	Starr
Bee	Goliad	La Salle	Uvalde
Brooks	Gonzales*	Live Oak	Val Verde
Caldwell*	Guadalupe*	Matagorda	Victoria
Calhoun	Hidalgo	Maverick	Webb
Cameron	Jackson	Medina*	Wharton*
Colorado*	Jim Hogg	McMullen*	Willacy
DeWitt*	Jim Wells	Nueces	Wilson*
Dimmit	Karnes	Real	Zavala
Duval	Kenedy	Refugio	Zapata

* Located on edge of Company's territory. Only a portion served.

Communities Served

Abram-Perezville	Crystal City	Hillje
Adams Garden	Dacosta	Indian Lake
Agua Dulce	Del Rio	Inez
Alamo	Derby	Ingleside
Alice	Devine	Ingleside on the Bay
Alleyton	Dilley **	Jourdanton **
Alton	Donna	Karnes City
Aransas Pass	Driscoll	Kenedy
Asherton	Eagle Lake	Kingsville
Austwell **	Eagle Pass	Knippa
Banquete	Edcouch	La Blanca
Barksdale	Edinburg	La Casita-Garciasville
Bay City	Edna	La Feria
Bayside	Edroy	La Grulla **
Bayview	El Campo	La Joya
Beeville	El Cenizo **	La Pryor
Belmont	El Indio	La Villa
Benavides	El Maton	Laguna Heights

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Berclair	Elsa	Laguna Vista
Big Wells	Encinal **	Lake City **
Bishop	Encino	Lakeside **
Blessing	Escobares	Lamar
Blewett	Falfurrias **	Laredo
Bloomington	Freer	Laureles
Bluetown	Fronton	Leakey
Brackettville	Fulton	Leesville
Brownsville *	Ganado	Leming
Bruni	Garwood	Long Mott
Camp Wood	George West	Los Ebanos
Carrizo Springs	Gillett	Los Fresnos
Catarina	Glidden	Los Indios
Chapman Ranch	Goliad	Louise
Charlotte	Granjeno	Lozano
Christine **	Gregory	Luling *
Columbus	Guadalupe	Lyford
Combes	Hargill	Lytle
Comstock	Harlingen	Madero
Concepcion	Havana	Markham
Corpus Christi	Hebbronville	Matagorda
Cotulla **	Hidalgo	Mathis
Matthews	Port Aransas	San Perlita **
McAllen	Port Isabel	San Ygnacio
Mercedes	Port Lavaca	Sandia
Midfield	Port Mansfield	Santa Maria
Millett	Portland	Santa Monica
Mirando City	Poteet	Santa Rosa
Mission	Premont **	Seadrift **
Monte Alto	Primera	Sebastian
Moore	Progreso	Seco Mines
Nada	Progreso Lakes	Sejita
Natalia **	Quemado	Seven Sisters
Nixon **	Rabb	Sinton
Nordheim	Ramireno	Skidmore
Normandy	Ramirez	Smiley
Normanna	Rancho Viejo	South Padre Island
Oakville	Raymondville	Spofford **
Odem	Realitos	Sullivan City
Oilton	Refugio	Taft
Olmito	Ricardo	Three Rivers
Orange Grove	Rio Bravo **	Tivoli

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Palacios	Rio Grande City	Tuleta
Palm Valley	Rio Hondo	Tulsita
Palmhurst **	Rios	Tynan
Palmview	Rivera	Uvalde
Pawnee	Rockport	Victoria
Pearsall	Rocksprings	Violet
Penitas	Roma-Los Saenz	Wadsworth
Pernitas Point **	Runge	Weesatche
Petronila	Sabinal	Weslaco
Pettus	San Benito	Westhoff
Pharr	San Carlos	Winter Haven
Placedo	San Diego	Woodsboro
Pleasanton	San Juan	Yorktown
Point Comfort **	San Patricio **	Zapata

All communities are in the State of Texas

* AEP Texas serves only a portion of each of these cities.

** Original jurisdiction ceded to the Public Utility Commission of Texas by the city.

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Applicable: Certified Service Area

Chapter: 2 Section: 2.3

Section Title: Areas Previously Served by AEP Texas North Company

Revision: Original Effective Date: March 30, 2020

**2.3 AREAS PREVIOUSLY SERVED BY
AEP TEXAS NORTH COMPANY**

Counties Served

Baylor	Gillespie	Presidio
Brewster	Hall	Reagan
Briscoe	Hardeman	Reeves
Brown	Haskell	Runnels
Callahan	Irion	Schleicher
Childress	Jeff Davis	Shackelford
Coke	Jones	Stephens
Coleman	Kent	Sterling
Concho	Kimble	Stonewall
Cottle	King	Sutton
Crane	Knox	Taylor
Crockett	Mason	Throckmorton
Dickens	McCulloch	Tom Green
Eastland	Menard	Upton
Edwards	Motley	Wilbarger
Fisher	Nolan	
Foard	Pecos	

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Chapter: 2 Section: 2.2

Section Title: Areas Previously Served by AEP Texas North Company

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Communities Served

Abilene	Flomot **	Menard **	Sagerton **
Acme **	Fort Chadbourne **	Mereta **	San Angelo
Afton **	Fort Davis **	Merkel **	Santa Anna **
Albany **	Gasoline **	Mertzon **	Saragosa **
Alpine **	Girard **	Miles **	Scranton **
Anson **	Girvin **	Moran **	Sedwick **
Aspermont **	Glenn **	Munday	Shafter **
Avoca **	Goodlett **	Nimrod **	Sheffield **
Baird **	Goree **	Noodle **	Sherwood **
Bakersfield **	Grayback **	Norton **	Sonora
Ballinger **	Hamlin **	O'Brien **	Spur **
Balmorhea **	Harrold **	Odell **	Stamford
Barnhart **	Haskell **	Oklaunion **	Sterling City **
Benjamin	Hatchell **	Old Glory **	Swenson **
Best **	Hawley	Ovalo **	Sylvester **
Big Lake	Hefner **	Ozona **	Talpa **
Blackwell **	Impact **	Paducah	Tankersley **
Bradshaw **	Imperial **	Paint Rock **	Thalia **
Bronte **	Iraan **	Peacock **	Throckmorton **
Buffalo Gap **	Jayton **	Pioneer **	Toyahvale **
Burkett **	Junction **	Potosi **	Trent **
Caps **	Kirkland **	Presidio **	Truscott **
Carlsbad **	Knickerbocker **	Putnam	Turkey **
Childress	Knox City	Quanah	Tuscola **
Chillicothe **	Lawn **	Quitaque **	Tye **
Christoval **	Lockett **	Rankin **	Valentine **
Cisco	Longworth **	Rayland **	Valera **
Clyde **	Lueders **	Redford **	Veribest **
Cross Cut **	Marathon **	Rising Star **	Vernon
Cross Plains **	Marfa **	Roaring Springs **	View **
Crowell **	Margaret **	Robert Lee **	Wall **
Dickens **	Matador **	Roby **	Water Valley **
Eden	May **	Rochelle **	Weinert **
Eldorado **	McAdoo **	Rochester	Whiteland **
Elliot **	McCamey **	Rotan **	Wilmeth **
Elton **	McCaulley **	Rowena **	Wingate **
Eola **	Medicine Mound **	Royston **	Winters
Eula **	Melvin **	Rule **	Woodson **
Farmers Valley **			

** Original jurisdiction ceded to the Public Utility Commission of Texas by the city.

CHAPTER 3: GENERAL SERVICE RULES & REGULATIONS

3.1 APPLICABILITY

This Tariff governs the rates, terms of access and conditions of the provision of Delivery Service by Company to Competitive Retailers and Retail Customers. The provisions of this Tariff shall uniformly apply to all Competitive Retailers and Retail Customers receiving Delivery Service from Company. This Tariff does not apply to the provision of service to wholesale customers. To the extent that a financing order of the PUCT relating to securitization conflicts with any portion of this Tariff, the terms of such order shall be controlling.

Company will use reasonable diligence to comply with the operational and transactional requirements and timelines for provision of Delivery Service as specified in this Tariff and to comply with the requirements set forth by Applicable Legal Authorities to effectuate the requirements of this Tariff.

3.2 GENERAL

Company will construct, own, operate, and maintain its Delivery System in accordance with Good Utility Practice for the Delivery of Electric Power and Energy to Retail Customers that are located within the Company's service territory and served by Competitive Retailers. Company has no ownership interest in any Electric Power and Energy it delivers. Company will provide to all Competitive Retailers access to the Delivery System pursuant to this Tariff, which establishes the rates, terms and conditions, and policies for such access. Company will provide Delivery Services to Retail Customers and Competitive Retailers pursuant to this Tariff. Company shall provide access to the Delivery System on a nondiscriminatory basis to all Competitive Retailers and shall provide Delivery Service on a nondiscriminatory basis to all Retail Customers and Competitive Retailers.

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TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area

Chapter: 3

Section Title: General Service Rules & Regulations

Revision: Fourth Effective Date: January 1, 2017

This Tariff is intended to provide for uniform Delivery Service to all Competitive Retailers within Company's service area.

3.3 DESCRIPTION OF SERVICE

Company will provide Delivery Service for Electric Power and Energy of the standard characteristics available in the locality in which the Premises to be served are situated. All types of Delivery Service offered by Company are not available at all locations. Company will provide Delivery Service at Company's standard voltages. Requestors of Delivery Service should obtain from Company the phase and voltage of the service available before committing to the purchase of motors or other equipment, and Company is not responsible if the requested phase and voltage of service are not available. The standard Delivery System Service offered by Company is for alternating current with a nominal frequency of 60 hertz (cycles per second). Delivery Services may be provided at the secondary, primary, or transmission voltage level as specified under the appropriate Rate Schedule.

The provision of Delivery Service by Company is subject to the terms of any Service Agreements, the terms and conditions of this Tariff, and Applicable Legal Authorities.

3.4 CHARGES ASSOCIATED WITH DELIVERY SERVICE

All charges associated with a Delivery Service provided by Company must be authorized by the Commission and included as a Tariffed charge in Section 6.1, RATE SCHEDULES.

3.5 AVAILABILITY OF TARIFF

Copies of this Tariff are on file with the Commission and are also available for inspection at any business office of the Company. Company will provide a Competitive Retailer and Retail Customer, upon request and at no cost, a copy of the Rate Schedule under which Delivery Service is provided to Retail Customer. Additional copies of its Rate Schedules, or any portion of this Tariff, shall be provided by Company pursuant to the Rate Schedules included in this

Tariff. Company shall post on its Internet site a copy of its current, complete Tariff in a standard electronic format for downloading free of charge.

3.6 CHANGES TO TARIFF

This Tariff may be revised, amended, supplemented or otherwise changed from time to time in accordance with the laws of the State of Texas and the rules and regulations of the PUC, and such changes, when effective, shall have the same force and effect as the present Tariff. Company retains the right to file an application requesting a change in its rates, charges, classifications, services, rules, or any provision of this Tariff or agreement relating thereto and will comply with all laws and rules concerning the provision of notice concerning any such application. Any agreement made pursuant to this Tariff shall be deemed to be modified to conform to any changes in this Tariff as of the date of the effectiveness of such change. No agent, officer, director, employee, assignee or representative of Company has authority to modify the provisions of this Tariff or to bind Company by any promise or representation contrary to the terms of this Tariff except as expressly permitted by the PUC. In the event that Company determines it necessary to change its application of an existing Tariff provision, Company shall notify the designated contact of all Competitive Retailers certified to serve customers in its service territory, at least 30 Business Days in advance of any change in application of an existing Tariff provision.

3.7 NON-DISCRIMINATION

Company shall discharge its responsibilities under this Tariff in a neutral manner, not favoring or burdening any particular Competitive Retailer or Retail Customer. Company will comply with Applicable Legal Authorities regarding relations with affiliates, or the Affiliated Retail Electric Provider in its service territory and, unless otherwise authorized by such Applicable Legal Authorities, will not provide its affiliates, or the Affiliated Retail Electric Provider in its service territory, or Retail Customers doing business with its affiliates, any preference over non-affiliated retailers or their Retail Customers in the provision of Delivery Services under

this Tariff. Company shall process requests for Delivery Services in a non-discriminatory manner without regard to the affiliation of a Competitive Retailer or its Retail Customers, and consistent with Applicable Legal Authorities.

3.8 FORM AND TIMING OF NOTICE

A notice, demand, or request required or authorized under this Tariff to be given by any party to any other party shall be in paper format or conveyed electronically, as specified in the section of this Tariff requiring such notice. Electronic notice shall be given in accordance with the appropriate TX SET protocol if a TX SET transaction exists. If a TX SET transaction does not exist, electronic notice shall be provided to the authorized representative for the Competitive Retailer in accordance with Section 3.9. Any notice, demand, or request provided electronically, other than those for which a standard market transaction exists, shall be deemed delivered when received by the designated contact. Notice provided in paper format shall either be personally delivered, transmitted by telecopy or facsimile equipment (with receipt confirmed), sent by overnight courier or mailed, by certified mail, return receipt requested, postage pre-paid, to the designated contact. Any such notice, demand, or request in paper format shall be deemed to be given when so delivered or three days after mailed unless the party asserting that such notice was provided is unable to show evidence of its delivery. The designated contact is the contact designated in the Delivery Service Agreement or contact(s) otherwise agreed to by the parties, except that for notices required under Sections 4.4.6 and 4.6 of this Tariff, the “designated contact” shall be the contact(s) designated in the Delivery Service Agreement.

The timelines for the provision of notice from Company to Competitive Retailer are specified in applicable sections in this Tariff.

3.9 DESIGNATION OF COMPANY CONTACT PERSONS FOR MATTERS RELATING TO DELIVERY SERVICE

Company shall designate a person(s) who will serve as the Company's contact for all matters relating to Delivery Service provided to Competitive Retailers. Company shall also designate a person(s) who will serve as the Company's contact for all matters relating to Delivery Service provided to Retail Customers. Company shall identify to the Commission a Delivery Service contact person(s), either by name or by title, and shall provide convenient access through its Internet website to the name or title, telephone number, mailing address and electronic mail address of its Delivery Service contact person(s). Company may change its designation by providing notice to the Commission, and Competitive Retailers utilizing Delivery Service by the Company, updating such information on the Company's website, and by direct notice to Retail Customer requesting Construction Service.

3.10 INVOICING TO STATE AGENCIES

Notwithstanding any provisions in this Tariff with respect to when invoices become past due and imposing an increased amount if invoices are not paid within a specified time, all invoices rendered directly to a "State Agency," as that term is defined in Chapter 2251 of the Texas Government Code, shall be due and shall bear interest if overdue as provided in Chapter 2251.

3.11 GOVERNING LAWS AND REGULATIONS

Company's provision of Delivery Service is governed by all Applicable Legal Authorities as defined herein. This Tariff is to be interpreted to conform therewith. Changes in applicable laws, rules, or regulations shall become effective with regard to this Tariff, and any Service Agreements made pursuant to it, as of the effective date of such law, rule, or regulation.

3.12 GOOD-FAITH OBLIGATION

Company, Competitive Retailer, and Retail Customer will cooperate in good-faith to fulfill all duties, obligations, and rights set forth in this Tariff. Company, Competitive Retailer, and Retail Customer will negotiate in good-faith with each other concerning the details of carrying out their duties, obligations, and rights set forth in this Tariff.

3.13 QUALITY OF DELIVERY SERVICE

Company will use reasonable diligence to provide continuous and adequate Delivery of Electric Power and Energy in conformance with Applicable Legal Authorities, but Company does not guarantee against irregularities or interruptions.

3.14 COOPERATION IN EMERGENCIES

Company, Competitive Retailer, and any Retail Customer shall cooperate with each other, the Independent Organization, and any other affected entities in the event of an emergency condition affecting the Delivery of Electric Power and Energy or the safety and security of persons and property.

3.15 SUCCESSORS AND ASSIGNS

This Tariff shall inure to the benefit of, and be binding upon, Company, Competitive Retailer, and Retail Customer and their respective successors and permitted assigns.

3.16 EXERCISE OF RIGHT TO CONSENT

Company, Competitive Retailer, or Retail Customer shall not unreasonably withhold, condition, or delay giving any consent required for another party to exercise rights conferred under this Tariff that are made subject to that consent. Company, Competitive Retailer, or Retail Customer further shall not unreasonably withhold, condition, or delay their performance of any obligation or duty imposed under this Tariff.

3.17 WAIVERS

The failure of Company, Competitive Retailer, or Retail Customer to insist in any one or more instances upon strict performance of any of the provisions of this Tariff, or to take advantage of any of its rights under this Tariff, shall not be construed as a general waiver of any such provision or the relinquishment of any such right, but the same shall continue and remain in full force and effect, except with respect to the particular instance or instances.

3.18 HOURS OF OPERATION

Company's normal hours of operation are 8:00 AM – 5:00 PM CPT on Monday – Friday, excluding holidays. Company recognizes the following holidays on their day of federal observance: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Company may establish additional holiday observances by posting the additional holiday observance on Company's website no later than October 31 of the preceding calendar year. Company may expand its normal hours of operation at its discretion. Notwithstanding its designated hours of operation, Company shall ensure that personnel and other resources are available to process and complete service orders in compliance with Chapter 6 and other Applicable Legal Authorities. Company shall also ensure that personnel and other resources are available to respond to emergencies at all times.

3.19 PUBLIC SERVICE NOTICE

Company shall, as required by the Commission after reasonable notice, provide public service notices.

3.20 HEADINGS

The descriptive headings of the various sections of this Tariff have been inserted for convenience of reference only and shall in no way define, modify or restrict any of the terms and provisions hereof.

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CHAPTER 4: SERVICE RULES AND REGULATIONS RELATING TO ACCESS TO DELIVERY SYSTEM OF COMPANY BY COMPETITIVE RETAILERS

4.1 GENERAL SERVICE RULES AND REGULATIONS

4.1.1 APPLICABILITY OF CHAPTER

This Chapter governs the terms of access to and conditions of the provision of Delivery Service by Company to Competitive Retailers, whether the Competitive Retailer has entered into a Service Agreement or not. This Chapter also applies to Competitive Retailers utilizing the Delivery System of the Company unlawfully or pursuant to unauthorized use. The provisions of this Chapter shall uniformly apply to all Competitive Retailers receiving Delivery Service from Company.

4.1.2 REQUIRED NOTICE

Notice to Competitive Retailer and Company shall be provided pursuant to Section 3.8, FORM OF NOTICE.

4.2 LIMITS ON LIABILITY

4.2.1 LIABILITY BETWEEN COMPANY AND COMPETITIVE RETAILERS

This Tariff is not intended to limit the liability of Company or Competitive Retailer for damages, except as expressly provided in this Tariff.

Company will make reasonable provisions to supply steady and continuous Delivery Service, but does not guarantee the Delivery Service against fluctuations or interruptions. Company will not be liable for any damages, whether direct or consequential, including, without limitation, loss of profits, loss of revenue, or loss of production capacity, occasioned by fluctuations or interruptions, unless it be shown that

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Company has not made reasonable provision to supply steady and continuous Delivery Service, consistent with the Retail Customer's class of service, and in the event of a failure to make such reasonable provisions (whether as a result of negligence or otherwise), Company's liability shall be limited to the cost of necessary repairs of physical damage proximately caused by the service failure to those electrical Delivery facilities of Retail Customer which were then equipped with the protective safeguards recommended or required by the then current edition of the National Electrical Code.

Company will make reasonable provisions to provide Construction Service, but does not guarantee the timeliness of initiating or completing such Construction Service nor the suitability of such facilities for Retail Customer's specific uses. Company will not be liable for any damages, whether direct or consequential, including, without limitation, loss of profits, loss of revenue, or loss of production capacity, occasioned by the failure to provide timely or suitable Construction Service. The term "Construction Service" in this paragraph includes any and all services that (a) are provided, (b) fail to be provided, or (c) fail to be timely provided by Company, from the time Retail Customer first contacts Company with respect to the provision of any type of Construction or Delivery Service.

However, if damages result from failure to provide timely or suitable Construction Service or fluctuations or interruptions in Delivery Service that are caused by Company's or Competitive Retailer's gross negligence or intentional misconduct, this Tariff shall not preclude recovery of appropriate damages when legally due.

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4.2.2 LIMITATION OF DUTY AND LIABILITY OF COMPETITIVE RETAILER

Competitive Retailer has no ownership, right of control, or duty to Company, Retail Customer, or third party, regarding the design, construction, or operation of Company's Delivery System. Competitive Retailer shall not be liable to any person or entity for any damages, direct, indirect, or consequential, including, but without limitation, loss of business, loss of profits or revenue, or loss of production capacity, occasioned by any fluctuations or interruptions of Delivery Service caused, in whole or in part, by the design, construction, or operation of Company's Delivery System.

4.2.3 DUTY TO AVOID OR MITIGATE DAMAGES

Company and Competitive Retailer shall use reasonable efforts to avoid or mitigate its damages or losses suffered as a result of the other's culpable behavior under Section 4.2.1, LIABILITY BETWEEN COMPANY AND COMPETITIVE RETAILERS.

4.2.4 FORCE MAJEURE

Neither Company nor Competitive Retailer shall be liable for damages for any act or event that is beyond such party's control and which could not be reasonably anticipated and prevented through the use of reasonable measures, including, but not limited to, an act of God, act of the public enemy, act of terrorism, war, insurrection, riot, fire, explosion, labor disturbance or strike, wildlife, unavoidable accident, equipment or material shortage, breakdown or accident to machinery or equipment, or good-faith compliance with a then valid curtailment, order, regulation or restriction imposed by governmental, military, or lawfully established civilian authorities, including any order or directive of the Independent Organization.

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4.2.5 EMERGENCIES AND NECESSARY INTERRUPTIONS

Company may curtail, reduce voltage, or interrupt Delivery Service in the event of an emergency arising anywhere on the Company's Delivery System or the interconnected systems of which it is a part, when the emergency poses a threat to the integrity of its Delivery System or the systems to which it is directly or indirectly connected if, in its sole judgment, such action may prevent or alleviate the emergency condition. Company may interrupt service when necessary, in the Company's sole judgment, for inspection, test, repair, or changes in the Delivery System, or when such interruption will lessen or remove possible danger to life or property, or will aid in the restoration of Delivery Service.

Company shall provide advance notice to Competitive Retailer of such actions, if reasonably possible. Such notice may be provided by electronic notice to all certificated Competitive Retailers operating within the Company's service territory with specific identification of location, time, and expected duration of the outage. If reasonably possible, Company shall provide notice to Competitive Retailer no later than one hour after the initiation of the curtailment, interruption, or voltage reduction that occurs due to the emergency if the emergency occurs during the Company's normal hours of operation as defined in Section 3.18. If the emergency occurs outside Company's normal hours of operation, Company shall provide notice as soon as reasonably possible under the circumstances to Competitive Retailer after the initiation of the curtailment, interruption, or voltage reduction that occurs due to the emergency. Advanced notice shall also be provided, if reasonably possible, to those Retail Customers designated as Critical Care Residential Customers, Chronic Condition Residential Customers, Critical Load Industrial Customers, and Critical Load Public Safety Customers.

Nothing herein shall prevent the Company from being liable if found to be grossly negligent or to have committed intentional misconduct with respect to its exercise of its authority in this Tariff.

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The operation of broadband over power line (BPL) shall not interfere with or diminish the reliability of Company's Delivery System. Should a disruption in the provision of Delivery Service occur due to BPL, Company shall prioritize restoration of Delivery Service prior to restoration of BPL-related systems.

4.2.6 LIMITATION OF WARRANTIES BY COMPANY

Company makes no warranties with regard to the provision of Construction Service or Delivery Service and disclaims any and all warranties, express or implied, including, but without limitation, warranties of merchantability or fitness for a particular purpose.

4.3 SERVICE

4.3.1 ELIGIBILITY

A Competitive Retailer is eligible for Delivery Service when:

- (1) The Competitive Retailer and Company have received written notice from the Independent Organization certifying the Competitive Retailer's successful completion of market testing, including receipt of the digital certificate pursuant to Applicable Legal Authorities. Market testing will be conducted in accordance with a test plan as specified by Applicable Legal Authorities. Company and Competitive Retailer shall use best efforts to timely complete market testing; and
- (2) Competitive Retailer and Company execute a Delivery Service Agreement; or
- (3) In the event that subsection (1) has been satisfied, and Competitive Retailer has executed and delivered the Delivery Service Agreement to Company but Company has failed to execute the agreement within two Business Days of its receipt, Competitive Retailer shall be deemed eligible for Delivery Service during an interim period of Commission investigation by filing the unexecuted Delivery

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Service Agreement with the Commission for investigation into the reasons for such non-execution by Company.

4.3.2 INITIATION OF DELIVERY SYSTEM SERVICE (SERVICE CONNECTION)

For purposes of this section, “initiation of Delivery System Service” refers to the actions taken by Company to energize a Retail Customer’s connection to the Delivery System.

4.3.2.1 INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE NOT REQUIRED

Where existing Company facilities will be used for Delivery System Service and no Construction Service is needed, Company shall initiate Delivery System Service for Retail Customer if requested by Competitive Retailer through the Registration Agent unless:

- (1) The Retail Customer’s Electrical Installation is known to be hazardous or interferes with the service of other Retail Customers; or
- (2) The Competitive Retailer is not eligible for Delivery Service under Section 4.3.1, ELIGIBILITY or the Competitive Retailer or Retail Customer is in default under this Tariff. Retail Customer is considered to be in default if Retail Customer fails to satisfy any material obligation under this Tariff after being given notice of the failure and at least ten days to cure.

Company may decline to initiate Delivery Service if it cannot be provided consistent with Good Utility Practice. Company shall provide service and if a charge has been authorized by the Commission, Company may assess a charge for service connection pursuant to Section 6.1, RATE SCHEDULES.

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4.3.2.2 INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE REQUIRED

Where Construction Services are required prior to the initiation of Delivery System Service, Competitive Retailer may request initiation of Delivery System Service on behalf of Retail Customer. All such requests shall be governed by the provisions in Section 5.7, FACILITIES EXTENSION POLICY. After completion of Construction Service, Company shall initiate Delivery System Service in accordance with Section 4.3.2.1, INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE NOT REQUIRED.

4.3.3 REQUESTS FOR DISCRETIONARY SERVICES INCLUDING CONSTRUCTION SERVICES

A Competitive Retailer may request Discretionary Services from Company. Such requests for Discretionary Service must include the following information and any additional data elements required by Applicable Legal Authorities:

- (1) Retail Customer contact name;
- (2) Retail Customer contact phone number;
- (3) ESI ID, if in existence;
- (4) Service address (including City and zip code) and directions to location, and access instructions as needed;
- (5) Discretionary Services requested; and
- (6) Requested date for Company to perform or provide Discretionary Services.

For an electronic service request sent by Competitive Retailer, Company will acknowledge receipt of Competitive Retailer's electronic service request and will notify Competitive Retailer upon completion of the service request as required by Applicable Legal Authorities. Such notification shall include the date when the service was completed in the field. For requests involving Construction Services, Company will contact the

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designated person to make proper arrangements for Construction Service pursuant to
Section 5.7, FACILITIES EXTENSION POLICY.

Competitive Retailer shall be responsible for informing its Retail Customers how to obtain
Discretionary Services, including Construction Services, consistent with the requirements
of Section 4.11, OUTAGE AND SERVICE REQUEST REPORTING.

4.3.4 CHANGING OF DESIGNATED COMPETITIVE RETAILER

Company shall change a Retail Customer's designated Competitive Retailer upon receipt
of proper notification from the Registration Agent, in accordance with Applicable Legal
Authorities, unless the new Competitive Retailer is in default under this Tariff.
Competitive Retailer may request a Meter Reading for the purpose of a self-selected switch
subject to charges and timeframes specified in Chapter 6. Charges for a Meter Reading for
the purpose of self-selected switch shall be applied only if data is collected for an Actual
Meter Reading. As provided by Chapter 6, separate charges may apply in the event a trip
is made to collect the data, but collection of data is prevented due to lack of access to the
Meter, or estimation is necessary to complete a mass transition of customers within a
specified time, as required by Applicable Legal Authorities. Otherwise, no charge shall be
applied if Billing Determinants are estimated. Company shall honor the requested switch
date contained in the TX SET transaction in accordance with Applicable Legal Authorities
to the extent that Company has received the request within the timeframes established in
Applicable Legal Authorities. Company shall release proprietary customer information to
the designated Competitive Retailer in a manner prescribed by the Applicable Legal
Authorities.

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4.3.5 SWITCHING FEE

Company shall not charge Competitive Retailer for a change of designation of a Retail Customer's Competitive Retailer.

4.3.6 IDENTIFICATION OF THE PREMISES AND SELECTION OF RATE SCHEDULES

The establishment, assignment, and maintenance of ESI IDs shall be as determined by Applicable Legal Authorities. In addition, Company shall:

1. Assign a unique ESI ID for each Point of Delivery, or in the case of non-Metered load, a unique ESI ID to each Premises, in accordance with Applicable Legal Authorities;
2. Establish separate and distinct ESI IDs for temporary and permanent service. The temporary ESI ID shall be retired after all market transactions associated with the temporary ESI ID have been completed. If the temporary Meter has been used for the same Premises for which the permanent Meter will be used, the same ESI ID may be used for temporary and permanent service;
3. Identify, assign, and maintain ESI IDs with the appropriate load profile, Meter Reading cycle, and other information necessary for accurate settlement of the wholesale market, unless such functions are undertaken by the Independent Organization;
4. Notify the Competitive Retailer and Independent Organization, using the appropriate TX SET transaction, of revisions in the assignment of a Rate Schedule; and
5. Maintain accurate United States Postal Service compliant services addresses, when available, to comply with Applicable Legal Authorities. When there are two or more ESI IDs for the same service address, the service address shall include information to distinguish between the Points of Delivery at the service address.

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The Rate Schedules included in this Tariff state the conditions under which Company's Delivery Services are available and the applicable rates for each Delivery Service. For service to a new Retail Customer at an existing Premises, the Company shall reset all Demand Ratchets and Retail Customer's Billing Demand and charges for Delivery Service shall not be determined based upon Premises history not associated with the new Retail Customer or on Retail Customer's previous history at a prior location unless Company's current base rates were set based upon the assumption that the Demand Ratchet would not be reset, in which case, Company shall begin resetting Demand Ratchets for new Retail Customers no later than the conclusion of its next general rate case. If requested by the Competitive Retailer, Company will assist in selecting the Rate Schedule that is best suited to existing or anticipated Retail Customer's Delivery Service requirements. However, Company does not assume responsibility for the selection of the Rate Schedule or for any failure to select the most appropriate Rate Schedule for the Retail Customers' Delivery Service requirements. Upon the request of the Retail Customer's Competitive Retailer, the Company shall switch a Retail Customer's Rate Schedule to any applicable Rate Schedule for which the Retail Customer is eligible.

Subsequent to the selection of a Rate Schedule, the Competitive Retailer shall notify Company of any change of which it is aware in the Retail Customer's Electrical Installation or use of Premises that may affect the applicability of a Rate Schedule.

Upon notice to the Competitive Retailer, Company may change a Retail Customer's Rate Schedule if Company is made aware that the Retail Customer is no longer eligible to receive service under its current Rate Schedule.

A change in Rate Schedule that does not require a change in Billing Determinants, shall be applicable for the entire billing cycle in which the change in Rate Schedule is made if the request is made at least two Business Days before the Scheduled Meter Reading Date for

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that Retail Customer. If a change in the Company's facilities, the Meter used to serve a Retail Customer, or a Rate Schedule requires a different methodology or different Billing Determinants, then such change shall be effective in the next full billing cycle.

4.3.7 PROVISION OF DATA BY COMPETITIVE RETAILER TO COMPANY

Competitive Retailer shall timely supply to Company all data, materials, or other information specified in this Tariff, including current customer names, telephone number, and mailing address, in connection with Company's provision of Delivery Services to Competitive Retailer's Retail Customers, if required. Such information shall be used only for Company operations or in transitions of customers to another REP or POLR in accordance with Applicable Legal Authorities and will be subject to the provisions of the code of conduct rule, P.U.C. SUBST. R. 25.272(g), Code of Conduct for Electric Utilities and Their Affiliates.

Regardless of any information provided on an outage or service request, and regardless of the option chosen, a Competitive Retailer shall provide to Company, on the TX SET transaction intended for maintenance of current Retail Customer contact information, the information needed to verify Retail Customer's identity (name, address and telephone number) for a particular Point of Delivery served by Competitive Retailer and shall periodically provide Company updates of such information, in the manner prescribed by Applicable Legal Authorities.

4.3.8 SUSPENSION OF DELIVERY SERVICE

Company shall notify, as soon as reasonably possible, the affected Retail Customer's Competitive Retailer of a suspension of Delivery Service pursuant to Section 5.3.7.1.

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4.3.9 CRITICAL CARE, CHRONIC CONDITION, CRITICAL LOAD CUSTOMER DESIGNATION

4.3.9.1 CRITICAL CARE RESIDENTIAL CUSTOMER OR CHRONIC CONDITION RESIDENTIAL CUSTOMER STATUS

Upon receipt of the Application for Chronic Condition or Critical Care Residential Status, Company shall:

- (1) Follow the procedures specified in P.U.C. SUBST. R. 25.497 for processing the application and designating a Retail Customer as a Critical Care Residential Customer or Chronic Condition Residential Customer and for notifying the Competitive Retailer and Retail Customer of any designation and any change in Retail Customer's designation;
- (2) Follow the requirements under P.U.C. SUBST. R. 25.497 for sending renewal notices to a Retail Customer designated as a Critical Care Residential Customer or Chronic Condition Residential Customer; and
- (3) Ensure ESI IDs are properly identified for Critical Care Residential Customer or Chronic Condition Residential Customer status in Company systems and on applicable retail market transactions.

4.3.9.2 CRITICAL LOAD INDUSTRIAL CUSTOMER OR CRITICAL LOAD PUBLIC SAFETY CUSTOMER

Upon receipt of a request for designation as a Critical Load Industrial Customer or Critical Load Public Safety Customer, Company shall:

- (1) Follow the Company-established process for evaluating the request for designation as a Critical Load Industrial Customer or Critical Load Public Safety Customer in collaboration with the Retail Customer's Competitive Retailer and Retail Customer and determine Retail Customer's eligibility for Critical Load Industrial Customer or Critical Load Public Safety

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Customer designation within one month of Company's receipt of the application;

- (2) Upon request, provide to Competitive Retailer or Retail Customer a paper or electronic copy of the Company-established process for appeal;
- (3) Follow the Company-established process for appeal and notify the Competitive Retailer and Retail Customer of any change in eligibility based on the appeal; and
- (4) Ensure ESI IDs are properly identified for Critical Load Industrial Customer or Critical Load Public Safety Customer status in Company systems and on applicable retail market transactions.

4.3.9.3 OTHER COMPANY RESPONSIBILITIES

Company shall fulfill any other responsibilities pursuant to P.U.C. SUBST. R. 25.497.

4.3.10 NOTICED SUSPENSION NOT RELATED TO EMERGENCIES OR NECESSARY INTERRUPTIONS

Upon notice to Competitive Retailer, Company may suspend Delivery Service to Retail Customer:

- (1) In the event of unauthorized use, unauthorized connection or reconnection, or diversion of service or Tampering with the Meter or Metering Equipment or bypassing same;
- (2) In the event of Retail Customer's violation of the provisions of Company's Tariff pertaining to the use of Delivery Service in a manner which interferes with the Delivery Service of others or the operation of nonstandard equipment, or as otherwise specified by written agreement, and a reasonable opportunity has been provided to remedy the situation;

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- (3) Upon Retail Customer's failure to comply with the terms of any written agreement made between Company and Retail Customer, upon default of Retail Customer under such an agreement, or upon failure to pay any charges billed by Company directly to Retail Customer pursuant to Section 5.8.2, BILLING TO RETAIL CUSTOMER BY COMPANY after a reasonable opportunity has been provided to remedy the failure;
 - (4) For Retail Customer's failure to provide Company with reasonable access to Company's facilities or the Meter located on Retail Customer's Premises after a reasonable opportunity has been provided to remedy the situation; or
 - (5) Upon Company's receipt of a notice requiring such action, in the form and from the party specified by Applicable Legal Authorities. Company will not be responsible for monitoring or reviewing the appropriateness of any such notice except as provided in Section 5.3.7.4, PROHIBITED SUSPENSION OR DISCONNECTION.

Company shall provide electronic notice pursuant to Section 3.8, FORM OF NOTICE, of any noticed suspension of service to Competitive Retailers, operating in its service territory specifically identifying the time, location (if possible), cause and expected duration of such suspension. Company shall perform all suspensions or disconnects in accordance with Section 5.3.7.4, PROHIBITED SUSPENSION OR DISCONNECTION.

4.3.11 RESTORATION OF DELIVERY SERVICE

Company will conduct restoration efforts as soon as possible following the alleviation or correction of the conditions that cause a suspension or disconnection and provide notice of restoration of service as soon as practicably possible.

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**4.3.12 DISCONNECTION OF SERVICE TO RETAIL CUSTOMER'S
FACILITIES AT THE REQUEST OF COMPETITIVE RETAILER**

Except as provided in Section 5.3.7.4, PROHIBITED SUSPENSION OR DISCONNECTION, Company will not be responsible for monitoring or reviewing the appropriateness of any notice from a Competitive Retailer requesting connection, disconnection, or suspension of Delivery Service to Retail Customer.

4.3.12.1 MOVE OUT REQUEST

In the event that Retail Customer is vacating the Premises and Competitive Retailer no longer desires to be associated with the Point of Delivery, Competitive Retailer shall notify the Registration Agent of the date Competitive Retailer desires Company to discontinue Delivery Service to a particular Point of Delivery through a move-out transaction and Company shall discontinue Delivery Service to the Point of Delivery in accordance with Section 6.1, RATE SCHEDULES. Competitive Retailer shall not be responsible for any Delivery Services provided to that Point of Delivery after the move-out is effectuated unless specifically requested by the Competitive Retailer, and applicable to the time the Competitive Retailer was the Competitive Retailer of Record.

**4.3.12.2 DISCONNECTION DUE TO NON-PAYMENT OF
COMPETITIVE RETAILER CHARGES; RECONNECTION
AFTER DISCONNECTION**

Competitive Retailer may request disconnection for non-payment by Retail Customer or reconnection thereafter as authorized by the Commission's customer protection rules and in accordance with Chapter 6 of this Tariff. The execution of a disconnection for non-payment does not relieve the Competitive Retailer of responsibility for any Delivery Services provided to that Point of Delivery. Company shall provide service and if a charge has been authorized by the

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Commission, Company may assess a charge pursuant to Section 6.1, RATE
SCHEDULES.

4.3.12.3 COORDINATED DISCONNECTION

Competitive Retailer and Company may coordinate the disconnection of a master-metered Premises; a Chronic Condition Residential Customer, Critical Load Industrial Customer, Critical Load Public Safety Customer, or Critical Care Residential Customer Premises; or any other Premises that presents a life-threatening or otherwise hazardous condition. When appropriate, the coordinated disconnection of service may occur between 5:00 PM and 7:00 AM CPT.

4.3.13 CUSTOMER REQUESTED CLEARANCE

At the request of Competitive Retailer for Retail Customer related construction, alteration, or other temporary clearance, Company shall disconnect Retail Customer's facilities in accordance with Chapter 6.

4.3.14 EXTREME WEATHER

When Company discontinues performing disconnections for non-payment due to an extreme weather emergency determined pursuant to P.U.C. SUBST. R. 25.483, Company shall notify the PUCT as described in P.U.C. SUBST. R. 25.483. Additionally, Company shall provide notice to Competitive Retailers at the same time, pursuant to Section 3.8, FORM AND TIMING OF NOTICE.

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4.4 BILLING AND REMITTANCE

**4.4.1 CALCULATION AND TRANSMITTAL OF DELIVERY SERVICE
INVOICES**

Not later than three Business Days after the scheduled date of a Meter Reading for a Point of Delivery, Company shall transmit an electronic invoice for the Company's total Delivery System Charges associated with that Point of Delivery, to the Competitive Retailer supplying Electric Power and Energy to that Point of Delivery. Company shall separately identify the Delivery System Charges and Billing Determinants on the electronic invoice, to the extent that the transaction allows them to be reported, for each Point of Delivery served by a Competitive Retailer. Company shall provide information on any Billing Determinants not provided on the electronic transaction free of charge to Competitive Retailer upon request, within two Business Days from the receipt of the request. The start and end dates for the billing period contained on the invoice shall match the start and end dates of the Meter Reading for the Premises.

Charges for Discretionary Services, other than Construction Services, provided to a particular Point of Delivery shall be separately identified on the invoice. Electronic invoices shall be transmitted using the appropriate TX SET transaction and shall be consistent with the terms and conditions of this Tariff. The Competitive Retailer shall acknowledge the receipt of the invoice and indicate whether the transaction conformed with ANSI X12 using the appropriate TX SET transaction within 24 hours of the receipt of the invoice. If Company receives a negative acknowledgement indicating the transaction failed ANSI X12 validation, Company shall correct any Company errors and re-issue the transaction within two Business Days of receipt of the negative acknowledgement. Following a positive acknowledgement indicating the transaction passed ANSI X12 validation, the Competitive Retailer shall have five Business Days to send a rejection response in accordance with the TX SET Implementation Guides and

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Commission Rules. However, if the Competitive Retailer receives an invoice relating to an ESI ID for which the Competitive Retailer has sent an enrollment or move-in request but has not received a response transaction from ERCOT, then the Competitive Retailer shall allow four Business Days to receive the response. If the Competitive Retailer has still not received the response transaction, the Competitive Retailer shall not reject the invoice, but will utilize an approved market process to resolve the issue. Additionally, a Competitive Retailer shall not reject an invoice, claiming it is not a Valid Invoice, outside the timelines specified in this subsection, or without supplying appropriate rejection reasons in accordance with TX SET Implementation Guides and Commission Rules. A Competitive Retailer may dispute a Valid Invoice under Section 4.4.8, INVOICE DISPUTES, but not reject it.

4.4.2 CALCULATION AND TRANSMITTAL OF CONSTRUCTION SERVICE CHARGES

Construction Service Charges shall be invoiced to the entity requesting such service. If Competitive Retailer has requested such a service, Company shall include the Construction Service Charge associated with that service as a separately identified item on the invoice provided pursuant to Section 4.4.1, CALCULATION AND TRANSMITTAL OF DELIVERY SERVICE INVOICES.

4.4.3 INVOICE CORRECTIONS

Invoices shall be subject to adjustment for estimation or errors, including, but not limited to, arithmetic errors, computational errors, Meter inaccuracies, and Meter Reading errors. Company shall cancel and re-bill the original invoice that was incorrect and apply any payments made as provided by Applicable Legal Authorities. If it is determined that Company over-billed for Delivery Charges, Company will make adjustment(s) associated with the Point of Delivery for the entire period of over-billing. Interest shall be paid on any overcharge not corrected within three billing cycles of the occurrence of the error (or

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estimation) at a rate set by the Commission, compounded monthly, from the date of payment of the overcharged amount through the date of the refund. If it is determined that Company under-billed for Delivery Charges, Company will promptly issue a corrected invoice. Company may not charge interest on underbilled amounts unless such amounts are found to be the result of theft of service. Company may not issue an invoice for underbillings for adjustments more than 150 days after the date the original invoice was issued or should have been issued.

All invoices with estimations shall be trued-up within 150 days of the estimation. If Company does not true-up an underbilling within 150 days, Company may not bill for the difference it has underbilled. If Company has over-billed due to an estimation, Company shall refund the difference for the entire period.

Company shall render a corrected invoice within seven days of the date of resolution of the error unless otherwise prohibited by this section. Company shall provide notice to an affected Competitive Retailer pursuant to Section 3.8, FORM AND TIMING OF NOTICE, at least one Business Day before the rendition of corrected invoices affecting a total number of 100 or more ESI IDs served by Competitive Retailer when the rebilling corrects the same issue.

Disputes about invoice corrections shall be governed by Section 4.9, DISPUTE RESOLUTION PROCEDURES.

4.4.4 BILLING CYCLE

Unless otherwise stated in the applicable Rate Schedule or as provided in Section 4.8.1.3, OUT-OF-CYCLE METER READS, invoiced charges shall be based on a cycle of approximately one month.

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The Competitive Retailer shall have the right to request a one-time adjustment to a Retail Customer's Meter Reading/billing cycle. The Competitive Retailer must select another Company-defined Meter Reading Schedule, if available for that account, unless the Retail Customer has remote Meter Reading capability, in which case the Competitive Retailer has the right to arrange for any Meter Read/billing cycle subject to processing capabilities for Company's Meter Data and ERCOT's settlement data. Company shall notify Competitive Retailer of any permanent changes in billing cycle or Meter Reading Schedules. Notification shall be provided in accordance with appropriate TX SET protocol. Company's Meter Reading Schedules will be made available on Company's website for the next year by December 15. Company shall provide 60 days' notice for any changes in the Meter Reading Schedule.

4.4.5 REMITTANCE OF INVOICED CHARGES

Payments for all Delivery Charges invoiced to Competitive Retailer shall be due 35 calendar days after the date of Company's transmittal of a Valid Invoice. The 35 calendar day payment provision shall not apply to invoices that have been rejected using Applicable Legal Authorities. Disputed invoiced amounts shall be governed by Section 4.4.8, INVOICE DISPUTES. Payments are due without regard to whether or when the Competitive Retailer receives payment from its Retail Customer(s). The Company shall specify the due date on the invoice, and the due date shall be the 35th calendar day after the transmittal date of the Valid Invoice, unless the 35th day falls on a weekend or Banking Holiday, in which case the due date shall be the following Business Day that is not a Banking Holiday. Electronic invoices transmitted after 5:00 p.m. CPT shall be considered transmitted on the next calendar day.

Notwithstanding the above, Company and Competitive Retailer may mutually agree to different billing and payment timelines for Discretionary Services, provided that such terms are afforded on a non-discriminatory basis to all Competitive Retailers.

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Competitive Retailer shall pay the invoice by electronic funds transfer (EFT) or by wire transfer (WT) to a bank designated by Company. Payment will be considered received on the date Company's bank receives the EFT or WT and the appropriate remittance advice is received by Company in accordance with the requirements specified by Applicable Legal Authorities.

4.4.6 DELINQUENT PAYMENTS

Payments for Delivery Charges invoiced to Competitive Retailer shall be considered delinquent if not received by 5:00 p.m. CPT of the due date stated on the Valid Invoice. Delinquent payments will be subject to a one-time late fee of 5% of the delinquent balance existing on the day after the due date stated on the Valid Invoice. Competitive Retailer shall be considered in default only after a ten calendar day grace period has passed without the Competitive Retailer fully paying the delinquent balance. Upon delinquency of Competitive Retailer, Company shall provide notice in writing to Competitive Retailer stating that Competitive Retailer is delinquent and shall be in default if payment is not received within ten calendar days. If the amount of the penalty is the sole remaining past-due amount after the ten calendar day grace period, the Competitive Retailer shall not be considered to be in default unless the penalty is not paid within an additional 30 calendar days.

4.4.7 PARTIAL PAYMENTS

Unless otherwise governed by Schedule TC of this Tariff or P.U.C. SUBST. R. 25.108, Financial Standards for Retail Electric Providers Regarding the Billing and Collection of Transition Charges, partial payments will be applied pro-rata to all separately stated charges.

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4.4.8 INVOICE DISPUTES

Unless otherwise governed by Schedule TC of this Tariff or P.U.C. SUBST. R. 25.108, Financial Standards for Retail Electric Providers Regarding the Billing and Collection of Transition Charges, Competitive Retailer shall pay all undisputed portions of an invoice within the remittance timeframes of Section 4.4.5, REMITTANCE OF INVOICED CHARGES, unless otherwise agreed to by Company and Competitive Retailer. If a Competitive Retailer disputes all or a portion of an invoice, the Competitive Retailer may refuse to pay the disputed amount. If it does so, it shall provide written notice of the dispute to the Company's designated contact under Section 3.9, DESIGNATION OF COMPANY CONTACT PERSONS FOR MATTERS RELATING TO DELIVERY SERVICE and shall include in the notice, at a minimum, an explanation of the disputed portion of the invoice, the basis of the dispute, and a proposed resolution.

Company may dispute the reason for which a Competitive Retailer rejects an invoice as prescribed in Section 4.4.1, CALCULATION AND TRANSMITTAL OF DELIVERY SERVICE INVOICES. Company shall provide written notice of the dispute to the Competitive Retailer's designated contact and shall include in the notice, at a minimum, an explanation of the disputed rejection, the basis of the dispute and a proposed resolution.

Upon notice of a dispute, the responding party shall investigate and respond in writing to the disputing party within ten Business Days of transmittal of the notice. Such response shall include a proposed resolution. Within 20 Business Days of the response, either party may initiate the dispute resolution procedures set forth in Section 4.9, DISPUTE RESOLUTION PROCEDURES. If Company does not receive notification of a dispute within 11 months from the due date of the invoice in question, said invoice shall be deemed conclusive and binding.

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Upon resolution of the dispute, the appropriate adjustments will be reflected on the first subsequent invoice after resolution. If the Competitive Retailer has remitted amounts found to be improperly invoiced, Company shall pay interest on such amounts from the date payment was received by Company until the date of refund of such amounts at the interest rate set in accordance with Tex. Utilities Code Ann. Chapter 183. If the Competitive Retailer has been found to have withheld amounts properly invoiced, Competitive Retailer shall pay interest on the disputed amount from the due date on the invoice at the interest rate set in accordance with TEX. UTIL. CODE ANN. Chapter 183.

If the dispute is resolved in favor of the Company, Company shall not hold Competitive Retailer in default for non-payment of the original invoice based on the original due date. The invoice shall be due within one Business Day of resolution of the dispute.

A Competitive Retailer shall not dispute a methodology used to estimate a Meter Reading if the estimation methodology has been approved by the Commission.

4.4.9 SUCCESSOR COMPETITIVE RETAILER

A Competitive Retailer shall not be obligated to pay the delinquent balance of another Competitive Retailer as a condition of providing service to Retail Customers. The prior Competitive Retailer, however, shall in no case be relieved of any previously invoiced charges or late fees incurred in the use of Company's Delivery System.

4.5 SECURITY DEPOSITS AND CREDITWORTHINESS

4.5.1 SECURITY RELATED TO TRANSITION CHARGES

If Company is subject to a financing order, Competitive Retailer shall provide security for Transition Charges in accordance with Schedule TC of this Tariff in addition to other requirements in P.U.C. SUBST. R. 25.108, Financial Standards for Retail Electric Providers Regarding the Billing and Collection of Transition Charges. For purposes of establishing

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any required deposit for Transition Charges, a Competitive Retailer shall provide any required deposit within ten calendar days of receipt of the first Valid Invoice from the Company. Company shall ensure that its deposit calculations are reproducible and able to be calculated by Competitive Retailer.

4.5.2 SECURITY RELATED TO OTHER DELIVERY CHARGES

4.5.2.1 DEPOSIT REQUIREMENTS

Except as provided for in Schedule TC of this Tariff and P.U.C. SUBST. R. 25.108, Financial Standards for Retail Electric Providers Regarding the Billing and Collection of Transition Charges, or as provided in P.U.C. SUBST. R. 25.107, Certification of Retail Electric Providers, Company shall not require deposits for a Competitive Retailer that has not defaulted under Section 4.6, DEFAULT AND REMEDIES ON DEFAULT, within the past 24 months. If a Competitive Retailer has defaulted under Section 4.6 within the past 24 months, Company shall require the Competitive Retailer to provide a deposit as security for payments of amounts billed under this Tariff. Competitive Retailers who do not provide and maintain the security required by this section shall be considered in default, as provided in Section 4.6.

4.5.2.2 SIZE OF DEPOSIT

Deposits shall be equal to one-sixth of the estimated annual amount to be billed under this Tariff by Company to Competitive Retailer. The computation of the size of a required deposit shall be mutually agreed upon by the Competitive Retailer and Company. The amount of deposit shall be adjusted, if necessary, during the first month of each calendar quarter to ensure that the deposit accurately reflects the required amount.

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4.5.2.3 FORM OF DEPOSIT

Deposits under this section shall be in the form of cash, surety bond, letter of credit, affiliate guaranty, or any combination thereof at the Competitive Retailer's option. Competitive Retailer and Company may mutually agree to other forms of security, provided that Company offers such terms on a non-discriminatory basis to all Competitive Retailers. The Company shall be the beneficiary of any affiliate guaranty, surety bond or letter of credit. Providers of affiliate guaranty, surety bonds or letters of credit must have and maintain long-term unsecured credit ratings of not less than "BBB-" or "Baa3" (or equivalent) from Standard and Poor's or Moody's Investor Service, respectively. Other forms of security may be mutually agreed to by Company and Competitive Retailer. If the credit rating of the provider of the surety bond, affiliate guarantee, or letter of credit is downgraded below BBB- or Baa3 (or equivalent), Competitive Retailer must provide a deposit in accordance with this Tariff within ten Business Days of the downgrade.

4.5.2.4 INTEREST

Cash deposits shall accrue interest payable to Competitive Retailer. Company shall pay all interest to Competitive Retailer upon refund of the deposit, or during the quarterly review under Section 4.5.2.2, SIZE OF DEPOSIT, if such interest causes the size of the deposit to exceed the required amount. Interest shall be paid at the Commission-approved interest rate for customer deposits.

4.5.2.5 HISTORICAL DEPOSIT INFORMATION

Company shall maintain records showing the name and address of a depositor, the amount of the deposit, and each transaction concerning the deposit. Records of each unclaimed deposit shall be maintained for at least four years, during which time Company will make reasonable efforts to return the deposit and any accrued interest.

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4.5.2.6 REFUND OF DEPOSIT

Deposits, plus any accrued interest, shall be returned to Competitive Retailer after deduction of all charges and other debts that the Competitive Retailer owes Company, including any applicable late fees, when:

- (1) Competitive Retailer ceases operations within Company's service territory;
- (2) Other arrangements are made for satisfaction of deposit requirements; or
- (3) 24 months have elapsed without Competitive Retailer defaulting on any payment obligations, unless Section 4.5.2.1 permits Company to require a deposit.

All unclaimed deposits will be held by Company for four years from the date the Competitive Retailer ceases operations in the Company's service territory.

4.6 DEFAULT AND REMEDIES ON DEFAULT

4.6.1 COMPETITIVE RETAILER DEFAULT

A Competitive Retailer shall be considered to be in default under this Tariff if the Competitive Retailer:

- (1) Fails to remit payment to the Company as set forth in Section 4.4.6, DELINQUENT PAYMENTS;
- (2) Fails to satisfy any material obligation under this Tariff, including failure to fulfill the security requirements set forth in Section 4.5, SECURITY DEPOSITS AND CREDITWORTHINESS; or
- (3) Is no longer certified as a Retail Electric Provider.

4.6.2 REMEDIES ON DEFAULT

4.6.2.1 DEFAULT RELATED TO FAILURE TO REMIT PAYMENT OR MAINTAIN REQUIRED SECURITY

Upon Competitive Retailer's default related to failure to remit payment or maintain required security, Company may pursue any or all of the following remedies:

- (1) Apply to delinquent balances Competitive Retailer's cash deposit, if any, and any accrued interest, or seek recourse against any letter of credit or surety bond for the amount of delinquent charges due to Company, including any penalties or interest;
- (2) Avail itself of any legal remedies that may be appropriate to recover unpaid amounts and associated penalties or interest;
- (3) Implement other mutually suitable and agreeable arrangements with Competitive Retailer, provided that such arrangements are available to all Competitive Retailers on a non-discriminatory basis;
- (4) Notify the Commission that Competitive Retailer is in default and request suspension or revocation of Competitive Retailer's certificate; and
- (5) Require Competitive Retailer to do one of the following:
 - (A) Immediately arrange for all future remittances from Retail Customers of the Competitive Retailer in default to be paid into a dedicated account controlled by Company. Amounts collected in a dedicated account shall first be applied to amounts due Company, including any late fees and penalties with remaining amounts released to Competitive Retailer. Competitive Retailer shall bear all costs of such mechanism; or
 - (B) Require Competitive Retailer to transition customers to another Competitive Retailer or POLR.

A Competitive Retailer that has defaulted shall choose and notify Company as to which option under (5) above it shall implement, but, if the Competitive Retailer fails to immediately implement one of those options, Company shall immediately implement option (B). If Company or Competitive Retailer chooses option (B), Competitive Retailer shall provide all needed customer information to the POLR within three Business Days so that the POLR can bill Retail Customers. Competitive Retailer shall notify its Retail Customers of its choice of option (A) or (B) as soon as possible.

4.6.2.2 DEFAULT RELATED TO FAILURE TO SATISFY OBLIGATIONS UNDER TARIFF

Upon failure of Competitive Retailer to satisfy material obligations under this Tariff, Company shall provide notice of default to Competitive Retailer that explains the reason(s) for default. Competitive Retailer shall have ten Business Days from the date of receipt of notification to cure such default. Upon the Competitive Retailer's failure to remedy the default by the expiration of the notice period, Company may pursue any or all of the following:

- (1) Implement mutually suitable and agreeable arrangements with Competitive Retailer, provided that such arrangements are available to all Competitive Retailers on a non-discriminatory basis;
- (2) Notify the Commission that Competitive Retailer is in default and request that certification be suspended or revoked;
- (3) Notify the Commission that the Municipally Owned Utility or Electric Cooperative is in default, and request that its Retail Customers in Company's service territory be immediately served by another qualified Competitive Retailer or the POLR.

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4.6.2.3 DEFAULT RELATED TO DE-CERTIFICATION

Upon loss of Commission certification as a Retail Electric Provider, Competitive Retailer shall abide by P.U.C. SUBST. R. 25.107, Certification of Retail Electric Providers, with respect to notice and transfer of Retail Customers to another qualified Competitive Retailer or the POLR. In the event Competitive Retailer fails to abide by this rule, the Commission may instruct the Registration Agent to immediately transfer the customers to the POLR.

4.6.3 CURE OF DEFAULT

Upon payment of all past due amounts and associated penalties and late fees, establishment of any security required pursuant to Section 4.5 SECURITY DEPOSITS AND CREDITWORTHINESS, and cure of any failure to fulfill its material obligations under this Tariff, Competitive Retailer will no longer be considered in default and will not be required to comply with Section 4.6, DEFAULT AND REMEDIES ON DEFAULT.

4.7 MEASUREMENT AND METERING OF SERVICE

4.7.1 MEASUREMENT

All charges for electricity consumed or demanded by a Retail Customer shall be based on Meter measurement except where otherwise provided for by the applicable Rate Schedule or this Tariff. Meters for residential Retail Customers shall be Company owned unless otherwise determined by the Commission. Retail Customers required by the Independent Organization to have an IDR Meter may choose a Meter Owner, other than Company, in accordance with Applicable Legal Authorities; otherwise, the Meter shall be owned by the Company.

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When mutually agreed to by Company and Competitive Retailer, if Retail Customer takes Delivery Service at primary distribution or transmission voltage, Company may meter Delivery Service on the low side of Retail Customer's transformers and adjust measurements to account for losses as set forth in Chapter 6.

4.7.2 METER READING

Company is responsible for reading the Meter on a monthly basis in accordance with the published Meter Reading Schedule. Company shall make a reasonable effort to complete an Actual Meter Reading. Company must obtain an Actual Meter Reading within two Business Days of the date published in the Meter Reading Schedule, except as otherwise provided herein, and shall submit the Data from the Meter Reading to the Registration Agent within three Business Days of the Scheduled Meter Reading Date. If an Actual Meter Reading cannot be completed, an Estimated Meter Reading shall be performed for invoicing purposes in accordance with this Chapter, the Rate Schedules in Section 6.1, RATE SCHEDULES, and Applicable Legal Authorities. Unless otherwise provided in this section or in the Rate Schedule, a Meter Reading shall not be estimated more than three times consecutively. Company shall establish validation procedures that prohibit zero usage and extreme value Meter Readings unless good reason exists for the readings. Company shall ensure that invoices and Meter Reading transactions with zero usage or usage with extreme and unlikely values are not issued to Competitive Retailer or Retail Customer unless Company has good reason to believe that the value is correct.

In any month where the Meter Reading fails the validation process, Company shall perform a second Meter Reading at no cost to the Competitive Retailer or Retail Customer.

4.7.2.1 DENIAL OF ACCESS BY RETAIL CUSTOMER

If in any month Retail Customer prohibits Company access to read the Meter (due to Premises being locked, presence of a threatening animal, physical threats to

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Company, or other similar reason), Company shall provide the Retail Customer a door hanger requesting access the following month and informing the Retail Customer of the consequences for continuing to fail to provide access. If there is no door on which to leave a door hanger, Company may leave the door hanger at a point of ingress. If no point of ingress is available, Company may choose not to leave the door hanger and must notify Competitive Retailer of the inability to leave the door hanger. Company shall inform Competitive Retailer that Company was unable to gain access and the reason that Company was unable to gain access, providing enough detail that Competitive Retailer can explain to the Retail Customer and inform Competitive Retailer of the number of consecutive months Company has been denied access by the Retail Customer. If the Competitive Retailer is notified that a Retail Customer denied Company access to read the Meter, Competitive Retailer shall contact the Retail Customer to request access for Company the following month and inform the Retail Customer of the consequences for continuing to fail to provide access. Competitive Retailer contact may be either by mail, telephone or door to door contact.

After three consecutive months of denial of access by the Retail Customer to Company to read the Meter, the Retail Customer has the following options:

- a) Disconnection of service;
- b) Installation of a remotely read Meter at the Retail Customer's expense and billed directly by Company to Competitive Retailer; or
- c) Relocation of the Meter to make Meter accessible at the Retail Customer's expense.

If Retail Customer does not choose an option, the Competitive Retailer shall choose the option on behalf of the Retail Customer. If the Competitive Retailer does not

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choose an option, the Company shall choose the option on behalf of the Competitive Retailer and Retail Customer.

Company may continue to perform Estimated Meter Reading for an additional 60 days in order to implement one of the options.

For a Critical Load Public Safety Customer or a Critical Load Industrial Customer, if the additional 60-days have expired and Company has failed to implement an option that provides access to a Critical Load Public Safety Customer or Critical Load Industrial Customer because the Retail Customer failed to grant access to implement the solution, Company may charge a fee each month of continued denial of access until an option authorized by this section can be implemented, in accordance with Chapter 6. Company must provide documentation of its attempts to implement the option to the Competitive Retailer, Retail Customer or the Commission upon request.

4.7.2.2 ESTIMATES FOR REASONS OTHER THAN FOR DENIAL OF ACCESS BY RETAIL CUSTOMER

The Company shall not perform Estimated Meter Reading for more than three consecutive Scheduled Meter Reading Dates for Retail Customer's Premises when Retail Customer has not denied access.

Company's failure to complete an Actual Meter Reading for reasons other than the Retail Customer's failure to provide access shall not be considered a break in a series of consecutive months of denial of access under Section 4.7.2.1, DENIAL OF ACCESS BY RETAIL CUSTOMER, but shall not be considered a month in which the Retail Customer has denied access.

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Estimated Meter Reading performed by Company for the purpose of a mass transition of Retail Customers when Actual Meter Reading is infeasible or Applicable Legal Authorities dictate an Estimated Meter Reading shall not be considered a break in a series of consecutive months of Estimated Meter Reading, and shall not be considered a month in a series of consecutive Estimated Meter Reading performed by Company.

4.7.2.3 STANDARD METER DATA

Company shall provide Meter Data, other than Interval Data, consistent with its Meter Reading Schedule. In addition, Company shall provide to Competitive Retailer access to, and provide to Registration Agent, complete Interval Data for the prior calendar day for each Standard Meter in accordance with Applicable Legal Authorities. The inclusion of missing Interval Data does not meet the requirement of complete Interval Data.

Company shall use reasonable efforts to ensure that the sum of all Interval Data reported by Company for a Standard Meter equals the monthly usage for the same billing period within the acceptable range established by the NAESB Uniform Business Practices (UBP), or any range established in a superseding Applicable Legal Authority. Despite Company's reasonable efforts, however, there will be instances when the Interval Data and the monthly usage for the same billing period are not equal within the acceptable range. Upon request, Company shall provide to Competitive Retailer a detailed explanation when the sum of the Interval Data does not equal the monthly usage within the acceptable range.

4.7.3 REPORTING MEASUREMENT DATA

Company shall report measurement data for a Point of Delivery as required by this Chapter and Applicable Legal Authorities.

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4.7.4 METER TESTING

Company will test the Meters in accordance with the schedule and standards of the American National Standards Institute, Incorporated ("ANSI"), as adopted by the Commission, and P.U.C. SUBST. R. 25.124, Meter Testing. Upon a request by any authorized person in accordance with Applicable Legal Authorities, Company will perform additional tests of the accuracy of the Meter no later than ten Business Days after the request is received, provided the Meter is a self-contained single phase, kWh Meter and subject to obtaining Access as provided in Section 5.4.8, ACCESS TO RETAIL CUSTOMER'S PREMISES and completing any necessary coordination with the Retail Customer or a third party. In the event the Meter is other than a self-contained, single phase kWh Meter, Company will perform the additional tests no later than 30 calendar days after the request is received. The additional tests will be performed preferably on the Retail Customer's Premises, but may, at Company's discretion, be performed at a Meter test laboratory. The additional tests will be free of charge if the Meter is determined to be outside the accuracy standards established by ANSI or if a test has not been requested and performed in the previous four years, Company will provide a copy of the complete results of that test to the requesting party as soon as possible but within the timeframes allowed for testing of the Meter. Competitive Retailer or Retail Customer may request a new test if one has been performed within the previous four years, but if the Meter tests within ANSI accuracy standards, Company will charge Competitive Retailer for the additional tests in accordance with the Rate Schedules in Section 6.1, RATE SCHEDULES. Following the completion of any additional test, Company will promptly advise the party requesting the test of the date of removal of the Meter, the date of the test, the result of the test, who conducted the test, and where the test was performed. Company will provide more detailed information to customer upon request at no additional charge to the customer.

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A Competitive Retailer may request testing of a Non-Company Owned Meter. Company shall invoice any charges resulting from the request, to the Competitive Retailer. If a Non-Company Owned Meter is determined to be outside the accuracy standards established by ANSI, the Company shall remove the Meter and install a replacement Meter. Company must immediately notify Competitive Retailer upon removal of the Meter.

4.7.5 INVOICE ADJUSTMENT DUE TO METER INACCURACY, METER TAMPERING OR THEFT

If any Meter is determined to be non-compliant with the accuracy standards prescribed by Commission rules, Company shall render an adjusted bill pursuant to Commission rules.

4.8 DATA EXCHANGE

Company shall make proprietary Retail Customer information available to Competitive Retailer as prescribed by Applicable Legal Authorities. Company shall not assess separate charges to Competitive Retailer for the provision of the most recent 12 months of Meter Data used by Company for billing the Premises; however charges may apply for the provision of such data beyond the most recent 12 months.

4.8.1 DATA FROM METER READING

Company shall make available to the Registration Agent within three Business Days of the Scheduled Meter Reading Date, all of the data recorded in the Meter that is used for Company billing and is required by the Retail Customer's settlement profile (such as kWh, kW, kVA) and, if applicable, Power Factor and any Meter Data required by Applicable Legal Authorities for Competitive Retailer to bill the Retail Customer. Competitive Retailer has the right to physical access of the Meter to the same extent Retail Customer has access, in accordance with the provisions of Section 5.10.2, RETAIL CUSTOMER RESPONSIBILITY AND RIGHTS, to obtain Meter Data if:

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- (1) The Retail Customer authorizes the Competitive Retailer to access the Meter;
 - (2) Data integrity is not compromised; and
 - (3) Access is technically feasible.

Meter Data, except as specified in Section 4.8.1.3, METER READINGS FOR THE PURPOSE OF A SELF-SELECTED SWITCH OR TO VERIFY ACCURACY OF METER READING, will be sent to the Competitive Retailer in complete billing periods.

All Meter Data values for IDR Meters and Standard Meters will contain an associated date/time field as a time stamp, consistent with protocols implemented through Applicable Legal Authorities. All time stamps will be reported in CPT. Meter Data from all other Meters will have a date field.

Unless procedures are established for historical usage information to be provided by the Independent Organization, Company shall provide, in accordance with P.U.C. SUBST. R 25.472, Privacy of Customer Information and within three Business Days if requested by Competitive Retailer in a switch request, access to the most recent 12 months of historical usage and/or Interval Data for a Retail Customer to Competitive Retailer through the appropriate TX SET protocol.

Unless procedures are established for access to historical usage information to be provided by the Independent Organization, Company shall provide access to Retail Customer's historical usage and/or Interval Data, to Retail Customer and with the Retail Customer's permission, current and/or prospective Competitive Retailers within three Business Days of the receipt of the request. Company shall maintain at least 12 months of Meter Data, including Interval Data for any Premises for which Company records Interval Data. If access is not provided by the Independent Organization, Company shall provide access to these data for each Retail Customer served using an IDR Meter, AMS-M Meter, or Standard Meter through a web-portal or other means such that the historical data are

accessible at any time. Company shall ensure confidentiality of Retail Customer data through the unique Retail Customer passwords or personal identification numbers (PINs) established by the Retail Customer.

4.8.1.1 DATA RELATED TO INTERVAL METERS

Data from Standard Meters and IDR Meters will be sent as kWh during each interval. The kWh will be reported for each interval. Each recording interval shall be labeled according to Applicable Legal Authorities.

4.8.1.2 DATA REPORTED BY VOLUMETRIC (kWh) METERS

Data reported by volumetric (kWh) Meters will include: the start-of-period date, usage for period, Demand readings (if available), end-of-period date, and end-of-period reading. Exceptions, which include initial Meter Reads and Meter changes for start-of-period reading, shall be appropriately labeled and provided in accordance with Applicable Legal Authorities.

Upon termination of a Retail Customer's Delivery Service at a particular Point of Delivery through a successfully executed move-out transaction, Company will provide Meter Data to the Registration Agent within three Business Days of the date that the move-out was executed.

4.8.1.3 METER READINGS FOR THE PURPOSE OF A SELF- SELECTED SWITCH OR TO VERIFY ACCURACY OF METER READING

If a Competitive Retailer requests a self-selected switch, Company shall perform the associated Meter Reading in accordance with the timelines provided in Chapter 6. Meter Readings for the purpose of a self-selected switch shall be provided to both the new and previous Competitive Retailers on the next Business Day

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following the Meter Reading date. For the new Competitive Retailer, the billing period begins with the date of the Meter Reading for the purpose of a self-selected switch, and for the previous Competitive Retailer, the billing period ends with the date of the Meter Reading for the purpose of a self-selected switch.

A Meter Reading to verify the accuracy of an original Meter Reading of a Non-Standard Meter, other than an AMS-M Meter, shall be performed and the new reading shall be transmitted to Competitive Retailer within five Business Days of Company's receipt of the request. If, based upon the Meter re-read, it is determined that the original monthly Meter Reading was in error, the Meter Reading and Billing Determinants for that billing period shall be corrected in accordance with Section 4.4.3, INVOICE CORRECTIONS, and no Discretionary Service Charge will be applied by Company. If the Meter re-read determines that the original monthly Meter Reading was correct, a charge may be assessed for the re-read in accordance with Chapter 6.

4.8.1.4 ESTIMATED USAGE

Company is responsible for reading Meter on a monthly basis in accordance with the published Meter Reading Schedule. Company shall make a reasonable effort to complete an Actual Meter Reading. If Company does not complete an Actual Meter Reading, Company shall perform an Estimated Meter Reading for invoicing purposes in accordance with this Tariff. Estimated usage must be identified as "Estimated" in the TX SET transactions.

Unless an Applicable Legal Authority has prescribed an estimation methodology, Company shall perform an Estimated Meter Reading consistent with the following: In no event shall estimated usage equal zero for a known active Meter, or equal or exceed double the usage from the previous month's Actual Meter Reading unless

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Company has good reason to believe that this value is a reasonable estimate and can provide its reason upon request to Competitive Retailer.

For Meters other than Standard Meters, AMS-M Meters, and IDR Meters, when an Actual Meter Reading is taken after two or more consecutive months of estimation, Company shall allocate any over or under-estimated usage over the entire estimation period. The allocation shall be based on the average daily consumption for the Retail Customer for the period between Actual Meter Readings. For Standard Meters, AMS-M Meters, and IDR Meters, Company shall consistently use reasonable methodologies to develop Estimated Billing Determinants. When Company must estimate Interval Data, it shall estimate the interval usage based on a methodology that reasonably accounts for the Retail Customer's consumption and consumption patterns. If requested, Company shall provide the estimation methodology used.

A Meter Reading for a Standard Meter, AMS-M Meter, or an IDR Meter shall not be considered an Estimated Meter Reading if an Actual Meter Reading was completed and Company had to estimate a limited number of intervals of data to fill in gaps in the data collected.

4.8.1.5 METER/BILLING DETERMINANT CHANGES

Upon a Meter change, the data for each Meter shall be reported as a separate set of data within a single SET corresponding to the Retail Customer's billing period.

If a Meter is replaced, an estimation of Meter Data may be made. The period of estimated Meter Data will be reported with the old Meter number.

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If changes occur in Rate Schedule Billing Determinants, the new Billing Determinants will not become part of billing until the new Billing Determinants are available for a full Meter Reading cycle.

**4.8.1.6 NOTICE OF PLANNED AND UNPLANNED INTERRUPTIONS
TO MARKET COMMUNICATIONS AND DATA EXCHANGE**

Company shall provide at least seven days advance notice to Competitive Retailer of any planned interruption to Company's ability to engage in market transactions or provide Meter Data to Competitive Retailer. Company shall provide notice of any significant unplanned interruptions to Company's market transactions or provision of Meter Data to Competitive Retailer no later than one hour after discovery or knowledge of the interruption. Notice is not required for short-term disruptions where market transactions or the provision of Meter Data are not affected or where there is no impact on Competitive Retailer. Company shall provide updates to Competitive Retailer in the event of changes to the expected duration of the interruption and inform Competitive Retailer when the interruption has concluded.

4.8.2 DATA FOR UNMETERED LOADS

For Unmetered Service, the following standards apply:

- (1) One usage value will be posted for an account, which may encompass multiple Points of Delivery;
- (2) If a change in an account's inventory of Points of Delivery is discovered for a past billing period, the entire amount of usage for the account should be reported as an adjustment; and
- (3) If an account goes from unmetered to metered service, metered usage starts with the first full billing cycle after the Meter is installed.

4.8.3 ADJUSTMENTS TO PREVIOUSLY TRANSMITTED DATA

Re-sending or adjusting of previously transmitted data arises from revisions to estimated Meter Data, data maintenance activities (e.g., response to inquiries, needs to restore data files, and responses to problems with posted data), and Meter maintenance activities (e.g., adjustments as improved information becomes available due to discovery of incorrect Meter Data, crossed Meters, non-registering Meters, slow or fast Meters, incorrect multipliers, etc.).

The following standards apply to such previously transmitted data:

- (1) When corrections are made to previously sent TX SET data, the original TX SET data shall be first cancelled. Replacement TX SET data (labeled as replacement data) shall then be transmitted within one Business Day of the cancelled TX SET data;
- (2) When corrections are made to previously sent TX SET data, the complete set of TX SET data pertaining to a Meter and billing cycle shall be provided in the replacement transaction. When sending or correcting TX SET data, each billing cycle for the affected Meter shall be in a distinct TX SET data set. Only the TX SET data for the affected billing cycle and Meter shall be transmitted;
- (3) In the case of "crossed Meters," in which Meter numbers have been incorrectly reported for sets of usage data, the original TX SET data shall be cancelled and new TX SET data shall be transmitted that correctly reports the TX SET data, ESI ID, and other associated TX SET data;
- (4) Company shall make corrected TX SET data available to the original recipients in a timely manner no matter when the correction is made;
- (5) Company shall provide a reason for any correction to Competitive Retailer when the adjustment is made in the TX SET data;

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- (6) All transactions containing corrections to a previously submitted TX SET transaction must be sent in accordance with TX SET standards as set forth in TX SET Implementation Guidelines and Commission rules; and
 - (7) For Interval Data associated with Standard Meters, for any replacement data that become available to Company due to corrected or revised actual or estimated intervals, Company shall timely replace the original Meter Data in the impacted intervals with such replacement data.

4.8.4 DATA EXCHANGE PROTOCOLS

The following standards and protocols are a baseline, or minimum set, necessary to facilitate data exchange between parties. Parties shall also comply with data exchange protocols established by the Commission or Independent Organization.

- (1) A uniform premise identifier number, ESI ID, will be utilized by the Company;
- (2) The ESI ID number will be used in all data exchanges specific to related premise data transactions;
- (3) ESI ID is a unique, permanent, and non-intelligent number, used to facilitate communications in an unbundled electric market. The format shall be as determined by the protocols adopted by the Independent Organization; and
- (4) An ESI ID will be assigned by the Company for each Point of Delivery in accordance with protocols adopted by the Independent Organization.

4.9 DISPUTE RESOLUTION PROCEDURES

4.9.1 COMPLAINT PROCEDURES

For complaints about Delivery Service including billing disputes, Competitive Retailer may contact the Company during normal business hours.

Company and Competitive Retailer shall use good-faith and commercially reasonable efforts to informally resolve all disputes arising out of the implementation or interpretation

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of this Tariff and/or the activities relating to retail access. Unless otherwise provided for in this Tariff, all disputes shall be conducted pursuant to the following procedures:

- (1) Company or Competitive Retailer may initiate the dispute process by presenting to the other party a notice of the dispute/complaint in writing, unless the dispute involves an invoice and notice has already been given under Section 4.4.8, INVOICE DISPUTES. Notice shall include, at a minimum, a clear description of the dispute, the nature of the dispute, a contact name and telephone number, and a proposed resolution;
- (2) Disputes shall be referred as promptly as practicable to a designated senior representative of each of the parties for resolution on an informal basis;
- (3) The receiving party shall investigate the complaint and provide a response to the complaining party and a proposed resolution in writing as soon as possible, but not later than ten Business Days following receipt of the complaint;
- (4) In the event that the designated representatives are unable to resolve the dispute within 30 calendar days, from the date of the complaining party's initial notice under this Section, such dispute, by mutual agreement, may be referred to mediation or be submitted to binding arbitration and resolved in accordance with the current Commercial Arbitration Rules of the American Arbitration Association; and
- (5) In the event that binding arbitration is not chosen and resolution is not obtained within 30 calendar days after the initial notice or another mutually agreed upon timeline, an affected party may file a complaint with the Commission.

4.9.2 COMPLAINT WITH REGULATORY AUTHORITY

Nothing in this section shall restrict the rights of Company or Competitive Retailer to file a complaint with the Commission, or to exercise all other legal rights and remedies.

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4.10 SERVICE INQUIRIES

Competitive Retailer may contact Company regarding the Delivery Service in situations that include, but are not limited to, the following:

- (1) Inquiries regarding site specific Delivery Services;
- (2) Construction of new lines, installation of a Meter, modification of existing equipment or change in Point of Delivery;
- (3) Special circumstances such as Delivery Service requirements that are of non-standard size or characteristics; or
- (4) Initiation of Delivery System Service to Retail Customer.

A Competitive Retailer seeking information about the above items may contact Company as appropriate during normal business hours.

4.11 OUTAGE AND SERVICE REQUEST REPORTING

4.11.1 NOTIFICATION OF INTERRUPTIONS, IRREGULARITIES, AND SERVICE REQUESTS

Competitive Retailer shall be responsible for informing its Retail Customers how to report interruptions, irregularities, outages, and how to report service requests. Competitive Retailer shall meet this obligation in one of three ways:

- (1) Competitive Retailer may direct Retail Customers to call the Competitive Retailer for such reporting or requests and electronically forward outage information to the Company. Such arrangements shall ensure that all necessary information is communicated in a manner such that Company can respond to requests in a timely fashion and that Competitive Retailers are kept informed of the status of restoration efforts and service requests;

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- (2) Competitive Retailer may direct Retail Customer to call Competitive Retailer for such reporting or requests and then forward the call to Company; or
 - (3) Competitive Retailer may direct Retail Customers to directly call Company to make such reports or requests.

Competitive Retailer choosing option (1) must ensure that all necessary information is electronically communicated to Company in a timely manner using the appropriate TX SET protocol or other communication alternative agreed to by Company and Competitive Retailer, so as not to unnecessarily delay Company's response. Upon notification by a Competitive Retailer that the Competitive Retailer plans to forward outage information or service order requests to Company electronically, Company shall be capable of receiving data electronically from Competitive Retailer within 18 months, unless mutually agreed otherwise by Company and Competitive Retailer or Company obtains a waiver from the Commission. The data necessary includes the following information:

- (1) Customer name, and if different, contact name;
- (2) Contact phone number;
- (3) ESI ID;
- (4) Service address (including City and zip code) and directions to location when necessary; and
- (5) Description of problem or requested service.

A Competitive Retailer choosing option (2) shall ensure that calls are properly forwarded to a Company supplied toll free telephone number. A Competitive Retailer choosing option (3) shall provide Retail Customers, in accordance with the Commission's customer protection rules, with the Company supplied toll free telephone number and indicate that Retail Customer should call this number for interruptions, irregularities, outages, and/or service requests.