

ARKANSAS PUBLIC SERVICE COMMISSION

Original Sheet No. 5-3A.1/3

Replacing: Sheet No.

CenterPoint Energy Resources Corp.
d/b/a CenterPoint Energy Arkansas Gas
(Name of Company)

Kind of Service: Natural Gas Class of Service: Residential and
SCS

PART V – Policy Schedule No. 3A

Title: LEVELIZED PAYMENT PLAN

PSC File Mark Only

3A. LEVELIZED PAYMENT PLAN

3A.1. Pursuant to the provisions of Section 3A.3, residential customers and small commercial customers having less than 500 MMBtu annual usage may have the option of participating in the "Levelized Payment Plan" (LPP) for billing purposes as opposed to the normal billing procedure.

3A.2. Operation of the Levelized Payment Plan

3A.2.1. Under the LPP a customer's bill will be computed by averaging to the nearest dollar, the amount derived by applying the current applicable rate schedule, cost-of-gas adjustment, and applicable tax factor to each of the most recent twelve months historical volumes. The average bill amount thus derived will be the monthly payment amount for each of the succeeding six months.

3A.2.2. Actual billings will continue to be based upon the applicable rates and meter readings obtained to determine consumption. The amount due under the LPP will be identified as a separate item on the customer's bill so the customer will know the amount to pay. The actual bill amount will also be reflected on the bill as a memo item for the customer's information.

3A.2.3. The cumulative difference between actual billings and the levelized billings under the LPP will be carried in a deferred balance that will accumulate both debit and credit differences.

3A.2.4. The monthly payment amount will be automatically reviewed and adjusted six months after the anniversary date. This adjustment will be made to assure that the difference between actual payments and average payments under the LPP will be minimal. The new LPP payment amount will be computed by averaging the sum of the most recent six months actual billings and a projected amount for the next six months. The projected amount will

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be derived by applying the current applicable rate schedule, cost-of-gas adjustment, and applicable tax factor to each of the most recent year's historical volumes for the corresponding months. This amount will be rounded to the nearest dollar and will be the monthly LPP payment amount for the next six months.

3A.2.5. On the initial and subsequent anniversary dates a new levelized payment amount is calculated by averaging to the nearest dollar, the amount of the deferred balance and the amount derived by applying the current applicable rate schedule, cost-of-gas adjustment, and applicable tax factor to each of the most recent twelve months historical volumes. This new LPP amount will then be in effect until the time of the next six-months review. On each subsequent anniversary date a new levelized payment amount will be calculated in this manner.

3A.2.6. In such instances where sufficient billing history is not available, a twelve-month billing history will be estimated by the local office. The estimated history will be based on actual billings for those months in which actual billing data is available and estimated based on the service address or a similar location for those months in which no such actual billing is available.

3A.2.7. Participation in the LPP will have no effect on the Company's approved rate schedules or other billing charges used to calculate the customer's actual monthly billing.

3A.3. Customer Qualification for "Levelized Payment Plan"

3A.3.1. No additional customers shall be added to the LPP. The Company will, however, maintain the LPP for those customers participating in the LPP prior to September 21, 2002.

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3A.3.2. Customer may discontinue LPP at any time by notifying the Company. If a customer requests termination, if an account is final billed, or if the customer is suspended by the Company as a result of past due amounts on an account, any outstanding balance owed to the Company at the time, including any differences between billings under the LPP and billings which would have been rendered under normal billing procedures shall be immediately due and payable. Likewise, any credit due customer shall be applied to the next bill or refunded, as appropriate.