

---

**ARKANSAS PUBLIC SERVICE COMMISSION**

---

Original

Sheet No. 4-8.1/7

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: All

PART IV – Rider Schedule No. 8

**Title: INTERIM SERVICES AT-RISK RIDER (RIDER SAR)**

PSC File Mark Only

---

**8. INTERIM SERVICES AT-RISK RIDER (RIDER SAR)**

8.1. The primary purpose of Rider SAR is to support the expedited relocation of selected meters and services that are considered at greater risk of damage, from their current locations near a customer's property lines ("property line services") to the customer's building wall of their primary structure. Coinciding with this relocation, the Company will, in each case, install, own, operate, and maintain a new service line running from the distribution main to the inlet side of the meter located at the primary structure.

Rider SAR also supports the expedited abandonment of service lines that no longer have an active customer ("vacant riser") in locations where it is not foreseeable that a customer would return to utilize the service. Collectively, these are "Services At-Risk".

A new service is a service line, or an extension to an existing service line, that is installed by the Company when the Company relocates property line services. An old service is a service that is retired by the Company when the Company relocates property line services or abandons unused service lines.

To accomplish this purpose, Rider SAR provides (1) a return on the net investment in new services to relocate meters by applying the approved pre-tax rate of return to the net investment, and (2) a return of the investment made in new services by applying the approved depreciation rates to the investment in new services and retired services. Net investment is defined as gross plant less the net book value of retired services, less accumulated depreciation, plus abandonment costs. The approved pre-tax rate of return and approved depreciation rates are those used to determine the rates and cost of service in Docket No. 15-098-U.

Since Rider SAR is not an exact recovery rider, there is no "true-up" mechanism required.

---

**ARKANSAS PUBLIC SERVICE COMMISSION**

---

Original

Sheet No. 4-8.2/7

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: All

PART IV – Rider Schedule No. 8

**Title: INTERIM SERVICES AT-RISK RIDER (RIDER SAR)**

PSC File Mark Only

---

- 8.1.1. The Company plans to relocate approximately 3,800 property line services and address 2,300 vacant risers annually over the course of 20 years. The Company will evaluate and address services that are at greater risk of damage due to their location near customer property lines and roadways.
- 8.1.2. Qualifying costs for recovery are defined as amounts that are in-service, including costs to abandon service lines, and all materials, labor, other costs, and adjustments related thereto must be recorded in the Gross Plant In Service FERC Account No. 380 – Services before being included in Rider SAR.
- 8.1.3. On the first business day of each month, the Company shall calculate its Rider SAR Revenue Requirement in the manner prescribed by parts 8.2 and 8.3 of the Rider and shall file an adjustment and the supporting documentation identified in part 8.1.4 of this Rider with the Arkansas Public Service Commission (“Commission”). The portion of the adjustment that is not in dispute shall become effective for bills rendered on or after the first day of the first month following the filing and shall be recovered from customers through the Company’s Rider SAR Adjustment as defined in Step 3 of Part 8.3. Any disputed amount will not go into effect as filed. Any disputed amounts or calculation errors shall be communicated to the Company in writing within 15 days of the Company’s filing.
- 8.1.4. Simultaneously with the filing of each adjustment, the Company will file the following information:
- (1) Separately identify whether each project included in the filing was to relocate a property line service or abandonment of a service line;
  - (2) Specifically identify the date plant costs are first included in the Rider SAR;

---

**ARKANSAS PUBLIC SERVICE COMMISSION**

---

Original

Sheet No. 4-8.3/7

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: All

PART IV – Rider Schedule No. 8

**Title: INTERIM SERVICES AT-RISK RIDER (RIDER SAR)**

PSC File Mark Only

---

(3) Specifically identify for each project included in the filing the number of new services installed by month per books and/or the number of old services retired by month per books.

8.1.5. Rider SAR establishes monthly Base Rate Adjustments for natural gas service provided under the Company's rate schedules specified in Section 8.7. Such Base Rate Adjustments shall be recovered from customers in accordance with Step 3 of Part 8.3.

8.1.6. The Commission shall hear and resolve any amounts that are in dispute with regard to the application of Rider SAR. The Company shall accept Commission rulings as final for Rider SAR purposes.

8.1.7. Rider SAR will not include any costs currently being recovered in base rates.

8.2. Rider SAR is to provide recovery of Rider SAR Revenue Requirement which shall only include:

8.2.1. Investment in new services (Account 380.001) to replace the services associated with a change in location of property line services times the Company's most recently approved depreciation rate of 6.89%. The depreciation rates will be applied consistently with the calculation of depreciation expense for book accounting purposes. All amounts calculated pursuant to this provision will ultimately be recorded in the accumulated depreciation account corresponding to Account 380.001 Services.

8.2.2. Retired services associated with a change in location of property line services or abandonment of old services times the Company's most recently approved depreciation rate of 6.89%.

---

**ARKANSAS PUBLIC SERVICE COMMISSION**

---

OriginalSheet No. 4-8.4/7

Replacing:

Sheet No.

CenterPoint Energy Resources Corp.d/b/a CenterPoint Energy Arkansas Gas

(Name of Company)

Kind of Service: Natural GasClass of Service: All

PART IV – Rider Schedule No. 8

**Title: INTERIM SERVICES AT-RISK RIDER (RIDER SAR)**PSC File Mark Only

---

8.2.3. Net investment in new services associated with a change in property line services and the costs of abandoning service lines (Account 380.001) times the Company's most recently authorized pre-tax rate of return of 6.44%. Net investment is defined as gross plant less the net book value of retired services, less accumulated depreciation, plus abandonment costs.

**8.3. CALCULATION OF RIDER SAR REVENUE REQUIREMENT**

The Rate Adjustments for each class shall be calculated as follows:

Step 1: Rider SAR Revenue Requirement. Rider SAR Revenue Requirement shall be calculated on an annual basis as follows:

	<u>Item</u>	<u>Source</u>
1.	New Distribution Services	Qualifying Replacements of Services - FERC Account No. 380.001
2.	Retired Distribution Services	Gross Plant retired using average cost
3.	Net Book Value of Retired Distribution Services	Line 2 * (1 – 56.97% [the applicable percent depreciated based on Docket No. 15-098-U])
4.	Removal Cost	Costs associated with the abandonment of service lines
5.	Accumulated Depreciation	(Line 8 ÷ 12) + Previous Month's balance

---

THIS SPACE FOR PSC USE ONLY

---

**ARKANSAS PUBLIC SERVICE COMMISSION**

---

OriginalSheet No. 4-8.5/7

Replacing:

Sheet No.

CenterPoint Energy Resources Corp.d/b/a CenterPoint Energy Arkansas Gas

(Name of Company)

Kind of Service: Natural GasClass of Service: All

PART IV – Rider Schedule No. 8

**Title: INTERIM SERVICES AT-RISK RIDER (RIDER SAR)**PSC File Mark Only

---

- |     |                                 |  |
|-----|---------------------------------|--|
| 6.  | Increase in Net Plant           | Line 1 – Line 3 + Line 4 – Line 5  |
| 7.  | Pre-Tax Return on Investment    | Line 6 * 6.44% (Approved Pre-Tax Rate of Return)                         |
| 8.  | New Annual Depreciation Expense | Line 1 * 6.89% (Approved Depreciation Rate for FERC Account No. 380.001) |
| 9.  | Old Annual Depreciation Expense | Line 2 * 6.89% (Approved Depreciation Rate for FERC Account No. 380.001) |
| 10. | Rider SAR Revenue Requirement   | Line 7 + Line 8 – Line 9   |

Step 2: Allocation of Rider SAR Revenue Requirement by Class. The Rider SAR Revenue Requirement determined under Step 1 shall be allocated to customer classes based on the allocation of services to the following Customer Classes approved in Docket No. 15-098-U:

<u>Customer Class</u>	<u>Percentage</u>
Residential (RS-1)	88.21%
Small Commercial Service (SCS-1)	11.36%
Small Commercial Service (SCS-2)	0.25%
Small Commercial Service (SCS-3)	0.01%
Large Commercial Service (LCS-1)	0.17%

Step 3: SAR Rate Adjustments. The SAR Rate Adjustment for each customer class will be a per Ccf or per MMBtu rate that is determined by dividing the Rider SAR Revenue Requirement by Customer Class determined in Step 2 by the annual volumes used to design rates in the Company's most recently completed rate case. For SCS transportation customers, the SAR

---

**ARKANSAS PUBLIC SERVICE COMMISSION**

---

Original

Sheet No. 4-8.6/7

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: All

PART IV – Rider Schedule No. 8

**Title: INTERIM SERVICES AT-RISK RIDER (RIDER SAR)**

PSC File Mark Only

---

rate adjustment will be converted to a MMBtu rate using the same factor as in Docket No. 15-098-U.

8.4. FUTURE RATE CASE APPLICATIONS AND FORMULA RATE PLAN FILINGS

8.4.1. In the event the Company files a general rate application, all qualifying replacements upon which a return was recovered pursuant to Rider SAR shall be included in rate base net of depreciation in calculating the revenue requirement.

8.4.2. Rider SAR shall remain in effect until the effective date of the Company's first Rider FRP rate adjustment or until the Company files a general rate case application.

8.5. COMPLIANCE AUDITS

8.5.1. Each monthly filing under Rider SAR will be subject to a compliance audit for a period of five (5) years after the date of the filing (the "compliance audit period"). If the Company does not timely provide the supporting documents identified herein, the five year compliance audit period will be extended for a period of time equal to the period of any such delay. Any pre-implementation review of monthly filings for mechanical correctness does not constitute a compliance audit. Interim inquiries, questions, informal conversations, and other communications do not constitute a compliance audit.

8.5.2. Staff will advise the Company in writing when it begins a compliance audit and will identify to the Company the Rider SAR filings that will be subject to an audit. At the conclusion of its compliance audit, Staff will report its findings to the Company and will file the results with the Commission. All charges under Rider SAR not conforming to the specific tariff language shall be subject to refund.

---

THIS SPACE FOR PSC USE ONLY

---

**ARKANSAS PUBLIC SERVICE COMMISSION**

---

Original

Sheet No. 4-8.7/7

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: All

PART IV – Rider Schedule No. 8

**Title: INTERIM SERVICES AT-RISK RIDER (RIDER SAR)**

PSC File Mark Only

---

8.6. SEPARATE LINE ITEM ON THE CUSTOMER’S BILL

8.6.1. The Company will list Rider SAR as a separate line item on customer bills labeled “Rider SAR”.

8.7. APPLICABLE RATE SCHEDULES

Residential Firm Sales Service (RS-1)

Small Commercial Firm Sales Service (SCS-1)

Small Commercial Firm Sales Service – Off Peak (SCS-2)

Small Commercial Firm Sales Service – NGV (SCS-3)

Large Commercial Firm Service (LCS-1)

Unmetered Gas Light Firm Sales Service (GL-1)