

CenterPoint Energy Resources Corp.
d/b/a CenterPoint Energy Oklahoma Gas 602
SW A Avenue
Lawton, Oklahoma 73501

(866) 275-5265 toll-free
(580) 351-9601

Original Sheet No. 4-3.1/2

Applies to State of Oklahoma

**POLICY SCHEDULE NO. 3
AVERAGE MONTHLY BILLING**

3. AVERAGE MONTHLY BILLING

3.1. Residential customers have the option of adopting the "Average Monthly Billing" plan ("AMB") for billing purposes as opposed to the normal billing procedure.

3.2. OPERATION OF THE "AVERAGE MONTHLY BILLING"

3.2.1. Each month, under the AMB a customer's bill will be computed by averaging to the nearest dollar, the amount billed to the customer's account during the last 12 months, plus or minus one-twelfth of the deferred budget balance. The average bill amount thus derived will be the payment amount for the month.

3.2.2. Actual billings will continue to be based upon the appropriate rate schedules, riders, tax factors, and meter readings used to determine consumption. The AMB amount 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 shown on the bill as a memo item for the customer's information.

3.2.3. The cumulative difference between actual billings and the AMB billings will be carried in a deferred budget balance that will accumulate both debits and credits and will adjust monthly.

3.2.4. The monthly payment amount will be automatically reviewed and adjusted each month.

3.2.5. In such instances where sufficient billing history is not available, a twelve-month billing history may be estimated.

| | | |
|--|--------------------------------|--------------------|
| Rates Authorized by the Oklahoma Corporation Commission: | Public Utility Division Stamp: | |
| (Effective) | (Order No.) | (Cause/Docket No.) |

| | | |
|-------------------|--------|---------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| December 29, 2004 | 499253 | PUD 200400187 |

CenterPoint Energy Resources Corp.
d/b/a CenterPoint Energy Oklahoma Gas 602
SW A Avenue
Lawton, Oklahoma 73501

(866) 275-5265 toll-free
(580) 351-9601

Original Sheet No. 4-3.2/2

Applies to State of Oklahoma

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

3.3. CUSTOMER QUALIFICATION FOR "AVERAGE MONTHLY BILLING" PLAN

3.3.1. The AMB shall be made available to residential customers only. The AMB is optional and will be available only on customer request, after an appropriate application for the AMB is completed, submitted and approved by the Company.

3.3.2. At the time a customer chooses to participate in the AMB, his account must be current. This means that the current billings must not be past due and no unpaid balance exists. Also, the customer must not have received more than two (2) late fees from the Company within the past twelve (12) months.

3.3.3. The customer may discontinue the AMB at any time by notifying the Company. The AMB will be discontinued if the customer requests a disconnect, if an account is final billed, or if the customer is turned off for non-payment as a result of past due amounts. Any outstanding balance owed to the Company at the time, including the deferred balance, will be due immediately. A delayed payment plan may be available to qualifying customers. Likewise, any credit due customer shall be applied to the next bill or refunded, as appropriate.

| | |
|--|--------------------------------|
| Rates Authorized by the Oklahoma Corporation Commission: | Public Utility Division Stamp: |
| (Effective) | (Cause/Docket No.) |

| | | |
|-------------------|--------|---------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| December 29, 2004 | 499253 | PUD 200400187 |