

TEXARKANA, TEXAS SERVICE AREA

Original

Sheet No. 1-2.1/5

Replacing:

Sheet No.

CenterPoint Energy Arkla, a division of
CenterPoint Energy Resources Corp.

(Name of Company)

Kind of Service: Natural Gas Class of Service: Small
Commercial

PART I – Rate Schedule No. 2

**Title: SMALL COMMERCIAL FIRM SALES
SERVICE (SCS-1)**

Effective: June 12, 2003

2. SMALL COMMERCIAL FIRM SALES SERVICE (SCS-1)

2.1. AVAILABILITY

2.1.1. This rate schedule is available at points of adequate capacity and suitable pressure on the Company's existing facilities. This rate schedule is available to any consumer engaging in business, professional, institutional or other non-residential activity supplied at an individually metered point of delivery for all uses of gas. Natural gas supplied hereunder is for the individual use of the customer at the point of delivery and shall not be resold or shared with others. Standby service is not available under this rate schedule.

2.1.2. Gas consumption under this rate schedule is limited to 365,000 Ccf in any 12 consecutive month period. If at any time, it is anticipated, based on Company's estimate, that the customer will consume in excess of 365,000 Ccf per year in the succeeding 12 consecutive month period, the customer shall become subject to the applicable large commercial firm service rate schedule.

2.1.3. Company has historically allowed the volume usage of meters at business facilities under common ownership and subject to this rate schedule to be aggregated for the sole purpose of establishing eligibility for transportation as referenced in Part 3.1.3. of Rate Schedule LCS-1. Customers historically qualifying for transportation under this aggregation provision shall remain subject to the rates and charges under this rate schedule in addition to any additional specific rates, charges, or adjustment riders peculiar to the Transportation Supply Option set out in Rate Schedule LCS-1, such as, but not limited to, administrative fees. Customers aggregating volume shall be subject to all provisions and policies governing TSO option customers as specified in LCS-1, except as provided for herein. The TSO eligible customers qualifying under such

TEXARKANA, TEXAS SERVICE AREA

Original

Sheet No. 1-2.2/5

Replacing:

Sheet No.

CenterPoint Energy Arkla, a division of
CenterPoint Energy Resources Corp.
(Name of Company)

Kind of Service: Natural Gas Class of Service: Small
Commercial

PART I – Rate Schedule No. 2

**Title: SMALL COMMERCIAL FIRM SALES
SERVICE (SCS-1)**

Effective: June 12, 2003

aggregation provision prior to September 21, 2002, will remain unchanged with respect to existing and new locations. Future aggregation for the purpose of qualification, except as otherwise referenced herein, is prohibited. Each individual account of historically qualified customers shall be treated as a separate account and shall be subject to the same rates and charges under the originating rate schedule, and are additionally subject to any specific rates, charges or riders specific to the TSO.

For the purpose of establishing eligibility for the Transportation Supply Option (“TSO”) defined in the LSC rate schedule, customers experiencing or anticipating an average daily demand of 75 MMBtu per day during the preceding or succeeding twelve months will be eligible for the TSO. The TSO eligibility threshold will be lowered to an average daily demand of 50 MMBtu on April 30, 2003 and 25 MMBtu on April 30, 2004. Customers qualifying for transportation that do not demonstrate average daily demand of 100 MMBtu or greater shall be subject to rates and charges under the SCS rate schedule, and are additionally subject to any additional specific rates, charges or riders specific to the TSO.

- 2.1.4. Seasonal Transportation. Customer facilities experiencing more than 80% of annual load during the months April through October, and who experience or anticipate an average daily demand of more than 75 MMBtu per day during any consecutive 30-day period of the preceding or succeeding April through October, are eligible to transport on a seasonal basis. Customers meeting the aforementioned criteria, may elect the TSO option and choose a subsequent return to the SSO option only once during the calendar year. Customers electing the TSO option on a seasonal basis, pursuant to notice given prior to May 31st or thirty days prior to commencement of service, whichever is earlier, may receive transportation service for a continuous period of at least 30 days between

TEXARKANA, TEXAS SERVICE AREA

Original

Sheet No. 1-2.3/5

Replacing:

Sheet No.

CenterPoint Energy Arkla, a division of
CenterPoint Energy Resources Corp.
(Name of Company)

Kind of Service: Natural Gas Class of Service: Small
Commercial

PART I – Rate Schedule No. 2

**Title: SMALL COMMERCIAL FIRM SALES
SERVICE (SCS-1)**

Effective: June 12, 2003

April 1 and October 31. Customers electing the TSO option on a seasonal basis are subject to the TSO contract administration fee. Additionally, each participating location shall pay a \$300 set-up fee upon initial election and upon any subsequent return to transportation service.

2.2. CAPACITY DEMAND

2.2.1. Capacity Demand shall be the billing determinant for Fixed Storage Charges, Fixed Gas Supply Charges, and Fixed Transportation Charges (GSR Demand) under the Gas Supply Rate Rider. The Company's determination of CD shall be based on the higher of:

- (a) The Company's estimate of customer's winter peak requirement.
- (b) The Company's estimate of customer's average daily requirement.

The CD may be adjusted based upon a material and documentable change in customer's winter peak requirement or customer's average annual daily requirement.

2.3. RATES

2.3.1. Each customer receiving service under this rate schedule shall be charged the sum of (a), (b), and (c) as follows:

- (a) Monthly Customer Charge - \$13.00. The monthly customer charge shall be pro-rated in the months that the customer initiates and terminates gas service.
- (b) Distribution Rate:

TEXARKANA, TEXAS SERVICE AREA

Original

Sheet No. 1-2.4/5

Replacing:

Sheet No.

CenterPoint Energy Arkla, a division of
CenterPoint Energy Resources Corp.
(Name of Company)

Kind of Service: Natural Gas Class of Service: Small
Commercial

PART I – Rate Schedule No. 2

**Title: SMALL COMMERCIAL FIRM SALES
SERVICE (SCS-1)**

Effective: June 12, 2003

First 1,500 Ccf at \$0.12250
1,500 – 15,000 Ccf at \$0.08552
Over 15,000 Ccf at \$0.02000

(c) Gas Supply Rate - The Gas Supply Rate will be calculated and adjusted periodically as defined in the Company's Gas Supply Rate Rider.

2.3.2. Rates for customers historically qualifying for service under the Part 2.1.3. aggregation provision and customers qualifying for transportation under this rate schedule will be subject to thermal adjustment. Delivered volumes will be adjusted by the appropriate thermal content factor.

2.4. MINIMUM CHARGE

2.4.1. Monthly Customer Charge -- \$13.00. The monthly customer charge shall be pro-rated in the months that the customer initiates and terminates gas service.

2.5. TELEMETERING

2.5.1. In the event customer has in place working telemetering facilities and equipment; and the customer receives system supply service; and Company determines it necessary to keep the telemeter(s) operational, Company will arrange and pay for the associated telecommunications cost while the customer receives sales service under this rate schedule. Customers electing seasonal transportation service pursuant to Part 2.2. shall be responsible for the full installed cost of telemetry equipment of standard make and manufacture to determine hourly and daily flow at customer's point of delivery.

TEXARKANA, TEXAS SERVICE AREA

Original Sheet No. 1-2.5/5

Replacing: Sheet No.

CenterPoint Energy Arkla, a division of
CenterPoint Energy Resources Corp.
(Name of Company)

Kind of Service: Natural Gas Class of Service: Small
Commercial

PART I – Rate Schedule No. 2

**Title: SMALL COMMERCIAL FIRM SALES
SERVICE (SCS-1)**

Effective: June 12, 2003

2.5.2. Customer shall be responsible for installing and maintaining telecommunications lines. Should customer fail to maintain or repair telecommunications lines required to communicate with telemetry equipment, Company shall have the right to bill customer all labor and expense required to manually read the meter, at whatever intervals the Company may deem necessary.

2.6. RIDERS

2.6.1. In addition to the Gas Supply Rate Rider, the following riders are applicable to service under this rate schedule:

<u>Rider Name</u>	<u>Description</u>	<u>Identification on Customer Bills</u>
WNA	Weather Normalization Adjustment	Weather Normalization Adjustment

2.6.2. Service will be rendered under this rate schedule until service is discontinued to customer, the customer qualifies for service under the large commercial firm service rate schedule, or the schedule is superseded.

2.7. RULES AND REGULATIONS GOVERNING UTILITY SERVICE

2.7.1. The Commission's Special Rules of Practice and Procedure and Substantive Rules and the Company's Standard Rules and Regulations, as the same may from time to time be changed in accordance with the law, shall be applicable to service under this rate schedule.