

ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
SOURCEGAS ARKANSAS INC. FOR APPROVAL)	DOCKET NO. 13-079-U
OF A GENERAL CHANGE IN RATES AND)	ORDER NO. 12
TARIFFS)	

ORDER

Procedural History

On September 9, 2013, SourceGas Arkansas, Inc. (SGA) filed an Application with the Arkansas Public Service Commission (Commission) requesting approval of a general change in rates and tariffs. SGA requested a non-gas rate revenue requirement of \$76,540,300, asserting a revenue deficiency of \$18,743,418. SGA also requested a 10.25% return on equity, a 6.241% overall rate of return and a capital structure of 49% debt to 51% equity. SGA estimated that the impact of its request on an average residential customer's monthly bill would be an increase of \$6, or 27.86%.

SGA identified the major drivers for its requested rate increase as being substantial new investments in utility plant, a higher requested return on equity, changes in depreciation rates, increased operating costs and decreased revenues. See Application at ¶ 7. Of the \$18.74 million increase sought, SGA stated that approximately \$10.07 million was due to SGA's investments in plant and equipment. Jerrad Hammer Direct at 13, 14.

In support of its Application, SGA filed the Direct Testimonies and Exhibits of Jerrad S. Hammer, Stephen L. Rocheleau, Wendy H. Robbins, Dane A. Watson, Donna R. Campbell, Meyer W. Belovicz, Michael J. Vilbert, William J. Weekley, and Ronald B. Edelstein. In addition to SGA, the parties to this docket are the University of Arkansas



System (UA), the Customer Intervenors, the Arkansas Attorney General (AG), and the General Staff (Staff) of the Commission.¹

Staff filed the Direct Testimonies and Exhibits of Robert Booth, Robert Daniel, Rick Dunn, Erin Brown, Ronald G. Garner, Robert E. Henry, Nina K. Jones, Don Malone, Michael Marchand, Robert H. Swaim, Karen L. Wheatley, and Gail P. Fritchman. Staff recommended a non-gas revenue requirement of \$69,731,861 with a revenue deficiency of \$8,395,541. Staff recommended a return on equity of 9.3% and an overall rate of return of 5.65%. Fritchman Direct at 6; Marchand Direct at 42.

UA filed the Direct Testimonies and Exhibits of Steven A. Ward, Jessica Jeffries, Mark E. Garrett, William E. Tinsley, Lawrence Turley, and Dr. Peter Kohler. The Customer Intervenors filed the Direct Testimonies and Exhibits of Brian C. Collins and Michael P. Gorman. The Arkansas Attorney General (AG) filed the Direct Testimonies and Exhibits of Sarah R. Tacker and William B. Marcus.

SGA filed the Rebuttal Testimonies and Exhibits of Karen B. Wassenberg, Dane A. Watson, Mark A. Patterson, Donna R. Campbell, Stephen L. Rocheleau, Jerrad S. Hammer, Meyer W. Belovicz, Ronald B. Edelstein, Wendy H. Robbins, Michael J. Vilbert, and William J. Weekley. On Rebuttal, SGA revised its revenue requirement to reflect an increased revenue deficiency, however, SGA indicated that it continued to request the revenue requirement requested in its Application. *See Rocheleau Rebuttal at 16; See also SGA's updated Schedules filed on March 19, 2014.* SGA continued to advocate a return on equity of 10.25%. Vilbert Rebuttal at 52.

¹ The Customer Intervenors are comprised of the following entities: Tyson Foods, Inc., Simmons Foods, Inc., Cargill, Inc., Cloyes Gear and Products, Inc., Evonik Corporation, Packaging Specialties, Inc., Georges, Inc., and Washington Regional Medical Center.

After filing the Surrebuttal Testimonies and Exhibits of its witnesses, on April 22, 2014, Staff filed the Second Errata to the Surrebuttal Testimony and Exhibits of Gail P. Fritchman. Pursuant to the Second Errata to the Surrebuttal testimony of Gail P. Fritchman, Staff recommended a revenue deficiency of \$12,458,818 with a non-gas revenue requirement of \$73,660,626. Fritchman Second Errata Surrebuttal at 7.

After filing the Sur-Surrebuttal testimonies and exhibits of its witnesses, SGA submitted Revised Sur-Surrebuttal Cost of Service Schedules. Although SGA's Sur-Surrebuttal Schedules indicated an increase to SGA's non-gas revenue requirement and a revised revenue deficiency, SGA indicated that it did not change the amount of the rate increase it requested in its Application. *See* SGA Schedule A-1 and cover letter filed April 11, 2014.

On May 12, 2014, all the parties to this Docket filed a *Joint Motion To Approve Settlement Agreement* (Joint Motion) with the parties' *Stipulation and Settlement Agreement* (Agreement) attached as a Joint Exhibit. The Agreement was offered in full resolution of all outstanding issues in this Docket. In support of the Joint Motion and Agreement, SGA filed the Settlement Testimony of Jerrad S. Hammer; UA filed the Settlement Testimony of William E. Tinsley and Lawrence Turley; the AG filed the Testimony of M. Shawn McMurray; and Staff filed the Settlement Testimonies of Robert Booth and Matthew S. Klucher.

On May 22, 2014, the Commission held an evidentiary hearing at its offices in Little Rock to review the proposed settlement and receive public comments. On May 27, 2014, and May 29, 2014, the Commission held public comment hearings in Fayetteville, Arkansas, and Blytheville, Arkansas, respectively. No public comments were offered at

any of these hearings. Because SGA had inadvertently neglected to publish notice of the public comment hearings as required by Order No. 4, the Commission held additional public comment hearings in Fayetteville on July 1, 2014, and in Blytheville on July 2, 2014. SGA published notice of these hearings and filed proof of publication with the Commission. No public comments were received at either of the additional hearings.

Litigation Positions of the Parties

SGA

In its Direct case, SGA presented a cost of service study (COS). The results of SGA's COS developed in support of its Application are summarized below in Table 1.

**Table 1
Company's COS Study
Summary**

Customer Class (a)	Non-Gas Present Rate Schedule Revenues (b)	Non-Gas Rate Schedule Revenue Requirement (c)	Revenue Deficiency / (Surplus) (d) = (c) - (b)	% Change in Rate Schedule Revenue Requirement (e) = (d)/(b)
Residential	\$35,763,334	\$45,728,419	\$9,965,085	27.86%
Gaslight	\$4,981	\$9,026	\$4,045	81.20%
B-1	\$8,954,446	\$11,731,566	\$2,777,120	31.01%
B-2	\$4,497,172	\$6,313,339	\$1,816,167	40.38%
B-3	\$2,305,263	\$3,635,140	\$1,329,877	57.69%
B-4	\$1,442,257	\$1,985,830	\$543,573	37.69%
B-5	\$4,829,429	\$7,136,980	\$2,307,551	47.78%
Total Arkansas Retail	\$57,796,882	\$76,540,300	\$18,743,418	32.43%

Wheatley Direct at 6.

SGA requested a 10.25% return on equity, a 6.241% overall rate of return, and proposed a hypothetical capital structure of 49% debt and 51% equity. *See* Application Schedule D-1-2; Hammer Direct at 11.

Currently, SGA's authorized return on equity is 9.45% and its overall rate of return is 6.21%. SGA estimated the impact of its requested rate request for an average residential customer's monthly bill would be an increase of \$6 per month. *See* Application Schedule A-1; Application cover sheet; Hammer Direct at 11. SGA witness Hammer noted that \$10.07 million of the revenue deficiency presented in SGA's direct case arises from SGA's investment in plant and equipment. He also testified that \$5.02 million of the requested revenue deficiency was due to increases in operating costs. He testified that changes in the provision for income tax and other taxes accounted for an additional \$3.06 million of the revenue deficiency. The proposed revenue increase also includes \$1.43 million that SGA was recovering pursuant to an Act 310 surcharge authorized by the Commission in Docket No. 13-072-U. *See* Hammer Direct at 13, 14.

SGA proposed two new riders in its Application. First, SGA proposed the Main Replacement Program Rider (MRP Rider) to recover costs of the expedited replacement of bare steel mains, coated steel mains that are not cathodically protected, and mains that are the subject of a federal or state agency advisory, as well as the costs of services associated with these types of mains. *Weekley Direct* at 6-15; *Campbell Direct* at 43. For main costs to be recovered under the rider, the replacement mains must be placed in-service, and the costs must be recorded in FERC Account Nos. 367, 376, or 380. *Campbell Direct* at 43-44. Under its proposal, SGA would file supporting documentation and calculations on the first business day of each month, with

undisputed adjustments becoming effective 30 days after the filing. Campbell Direct at 44.

SGA plans to systematically replace all the bare steel and unprotected coated steel mains and associated services lines in the its system, as well as any type of main that becomes the subject of government agency advisories in the future. *Id.* at 7. The purpose is to accelerate the replacement of the aging and at-risk mains within its system, thus increasing overall system safety, integrity, and reliability. Weekley Direct at 7.

Second, SGA proposed the At Risk Meter Replacement Program Rider (ARMRP). The primary purpose of this rider is to recover costs of relocating customer gas meters, as well as installing new services and retiring old services associated with such "at-risk meters." SGA defines an "at-risk" meter as a meter in a location susceptible to being struck by a motor vehicle. Generally, the program would relocate meters from their current locations near customers' property lines to locations on or near customers' primary structures.

SGA estimated that a total of 30,000 meters need to be relocated. SGA plans to carry out the replacement program over the course of 20 years, with approximately 1,500 meters relocated each year. Weekley at 18. SGA has estimated that it will cost \$1,500 to relocate each meter, with a total project cost of \$45,000,000 for 30,000 meters. SGA witness Weekley testified that SGA's customers would benefit from fewer meters hit by vehicles, fewer injuries to motorists, and fewer releases of gas and possible ignitions. Weekley Direct at 19.

SGA also proposed changes to its Rate Schedule 2.10 Extension of Facilities tariff to provide customers four additional monthly payment options to pay their share of the cost of main extensions over 100 feet. Hammer Direct at 11, 12. Rate Schedule 2.10 currently provides that for a proposed extension of a gas main in excess of 100 feet, SGA will conduct a feasibility study. If the study shows that SGA can expect to recover its costs, then SGA will pay for the extension; if SGA cannot expect to recover its costs, then SGA requires the customer served by the extension to contribute to the cost of the extension. Campbell Direct at 33-34. For a customer who may not be able to pay such a contribution, SGA proposes a Main Extension Surcharge (MES) which sets out the four payment options to allow payment over a period of time. The MES will be in addition to the existing option for customers to pay the costs up front. *Id.* at 34, 35.

In its Rebuttal Testimonies and Rebuttal Cost of Service Schedules, filed after its Direct Case, SGA revised its revenue deficiency request, however, SGA indicated it was not changing the amount of rate increase from that requested in its Application. *See* Rebuttal Schedule A-1 and cover letter filed on March 19, 2014. SGA continued to advocate a return on equity of 10.25%. Vilbert Rebuttal at 52. SGA modified its requested capital structure request to 50% debt and 50% equity. Rocheleau Rebuttal at 17. SGA agreed with Staff witness Robert Daniel's recommendations for modification and clarifications of the proposed language of revised Rate Schedule 2.10. Campbell Rebuttal at 36-38. Regarding Rider MRP, SGA accepted Staff Witness Daniel's recommendation that SGA include an offset for avoided leak repair costs. Weekley Rebuttal at 8. Mr. Weekley also testified that the Rider is justified because an expedited main replacement program furthers public safety. *Id.* at 11. SourceGas generally

disagreed with the AG regarding SGA's HomeServe marketing. Patterson Rebuttal 6 – 19.

In its Sur-Surrebuttal Cost of Service Schedules, SGA revised its non-gas revenue requirement and revised revenue deficiency. However, SGA continued to state that it was not changing the amount of the rate increase from that requested in its Application. See SGA Schedule A-1 and cover letter filed April 11, 2014. SGA continued to request a capital structure of 50% equity to 50% debt. Rocheleau Sur-Surrebuttal at 6.

Additionally, SGA continued to support its proposed MRP program noting that the Commission had recently approved a similar MRP Rider for CenterPoint. Weekley Sur-Surrebuttal at 2-7. The CenterPoint Rider uses the same formula that SGA proposes. SGA objected to filing annual adjustments to billing determinants. Campbell Sur-Surrebuttal at 18. SGA also objected to UA's proposal for the Commission to open a rulemaking to address when a gas utility may use a rider for capital projects. Campbell Sur-Surrebuttal at 19.

Regarding the ARMRP Rider, on Sur-Surrebuttal, SGA witness Campbell testified that it is appropriate to recover meter costs in a customer charge, which provides pricing stability for both the customer and SGA. Campbell Sur-Surrebuttal at 21. SGA opposed UA's recommendation that SGA's Rate Schedule 2.10 Extension of Facilities Tariff should be modified to cover changes to existing facilities as well as extensions of facilities. SGA witness Campbell said she believed the rate schedule should apply only to extensions of facilities. *Id.* at 17. SGA generally disagreed with the AG's Surrebuttal recommendations on the marketing of the HomeServe products, with the exception of

the AG's recommendation regarding the use of the word "our". Patterson Surrebuttal Testimony at 3 – 7.

Staff

Staff was the only other party to present a fully-developed cost of service study in the Direct Testimony of Staff witness Karen Wheatley. Staff recommended a return on equity of 9.3% and an overall rate of return of 5.65%. Marchand Direct at 42. Additionally, Staff supported a capital structure of 51% debt to 49% equity. Marchand Direct at 5. Staff recommended that the Allowance For Funds Used During Construction (AFUDC) rate be no higher than SGA's overall rate of return, and argued that it would be inappropriate for ratepayers to pay a higher return for ratemaking applications such as AFUDC than is allowed in setting base rates. *Id.* at 41.

Staff also recommended approval of SGA's proposed MRP Rider with the recommendation that SGA include an offsetting amount to account for avoided leak repair costs. Daniel Direct at 4-7. Similarly, Staff recommended approval of SGA's proposed ARM RP Rider with an offset for an amount to account for avoided costs as a result of the replacement of damaged meters. Daniel Direct at 8. Staff supported approval of a Main Extension Surcharge (MES), which SGA proposed to add to Rate Schedule 2.10-Extension of Facilities Tariff regarding customers' contribution-in-aid of construction. Staff recommended that SGA include the total cost of any main extension. *Id.* at 13, 14.

On Surrebuttal, Staff revised its cost of service study and recommended a revenue requirement of \$71,258,865 and a revenue deficiency of \$12,458,818. Wheatley Surrebuttal at 17. Staff continued to support as reasonable a capital structure of 51%

debt to 49% equity. Marchand Surrebuttal at 4. Staff also continued to support a return on equity of 9.3%, an overall rate of return of 5.67%, and continued to recommend that the AFUDC rate be capped at a rate no higher than the overall rate of return allowed in this Docket. *Id.* at 10, 11.

Although SGA, in Rebuttal, agreed to most of Staff's recommended changes to Rate Schedule 2.10, SGA proposed one change in its Rebuttal case with which Staff disagreed. Staff disagreed with SGA's Rebuttal position that it is appropriate to change wording of the tariff to read "An extension that exceeds 100 feet per customer will be deemed economically feasible when the net present value of the extension project is greater than or equal to zero. (emphasis added) Campbell Rebuttal at 37. Staff again stated that SGA should classify a project as economically feasible if the net present value is greater than zero. Daniel Surrebuttal at 6.

UA

UA presented testimony regarding SGA's proposed MRP and ARM RP Riders as well as SGA's proposed changes to its extension of facilities tariff. UA recommended rejection of the MRP Rider because SGA's formula for determining the MRP revenue requirement did take into account any reductions of costs. UA expressed concern that customers would have to wait for another rate case to benefit from any reduced costs. Turley Direct at 24, 25; Jeffries Direct at 8, 9. Regarding the ARM RP Rider, UA argued that the ARM RP Rider is not necessary and that SGA has identified no cost savings associated with the Rider. Jeffries Direct at 14-15.

UA recommended modifications to SGA's proposed Rate Schedule 2.10, Extension of Facilities Tariff and argued that definitions and formulas should be added

to establish the specific process, parameters and calculations used to allocate the cost of extensions as well as definitions and formulas to establish the specific method of determining customer contributions. Tinsley Direct at 8, 9. On Surrebuttal, UA noted that under SGA's interpretation, the extension of facilities tariff would not apply to UA's new gas turbine generator and would tend to increase the economic viability of a UA bypass of SGA facilities. Turley Surrebuttal at 6. UA pointed out that if it chose the bypass option, SGA would lose UA's contribution to SGA's fixed costs for both historical and projected increases in gas volumes. UA contended that investments in modifications for existing customers, which are required to accommodate higher gas volumes, offer the same or higher potential benefits as those for new customers. *Id.* at 7-8.

Customer Intervenors

The Customer Intervenors recommended a return on equity of 9.35% and a 5.85% overall rate of return and argued that SGA's requested ROE is unreasonable. Gorman Direct at 17-42. On Surrebuttal, the Customer Intervenors disagreed with the methodology SGA used to allocate transmission main costs and recommended a different methodology, which they argued was more consistent with cost causation. *Id.* at 15, 17. On Surrebuttal, the Customer Intervenors continue to recommend rejection of SGA's allocation methodology. Collins Surrebuttal at 2-3.

AG

Regarding rate design, the AG recommended that the Commission should eliminate or mitigate increases to the residential and small business customer charges, and the AG recommended rejection of the ARM RP Rider. Marcus Direct at 8. The AG

said SGA's actual capital structure should be used in determining its revenue requirement rather than a hypothetical debt-equity structure as proposed by SGA. Marcus Direct 9-11. The AG recommended an overall rate of return of 5.34% with a return on equity of 8.9%, reduced by 25 basis points to 8.65%. Marcus Direct at 16-30. On Surrebuttal, the AG continued to support those recommendations. Marcus Surrebuttal at 10-13.

The AG also expressed concerns regarding SGA's practices with regard to HomeServe Coverage plans, including SGA's marketing activities, use of customer data, billing practices, and the cancellation policy. Tacker Direct at 1-15. The AG made several recommendations for changes to address those concerns. Tacker Direct at 16-17. On Surrebuttal, the AG argued that SGA should guarantee that it will eliminate certain marketing practices and recommended that SGA not use its logo on marketing materials for the HomeServe products. Tacker Surrebuttal at 4. The AG contended that SGA's billing for HomeServe charges may be in violation of Arkansas law. Tacker Surrebuttal at 10-11.

Settlement Agreement

On May 12, 2014, the Settling Parties² filed their *Joint Motion To Approve Settlement Agreement* (Joint Motion) and an attached *Stipulation and Settlement Agreement* (Agreement). The Settling Parties state that the revenue requirement, revenue deficiency, cost allocation and rates in the Settlement were developed by adjusting Staff's Surrebuttal case, Second Errata, with certain specific changes as set out

² The parties to the Stipulation and Settlement are: SGA, University of Arkansas System, the Customer Intervenor, the Arkansas Attorney General, and General Staff (the Settling Parties).

in the Agreement. A copy of the Agreement is attached to this Order as Order No. 12-Attachment No. A, and is summarized below.

A. Revenue Requirement, Cost Allocation, and Rates

1. The Agreement proposes a non-fuel rate schedule revenue requirement of \$74,635,649 with a resulting revenue deficiency of \$13,806,469 based on Staff's Surrebuttal, Second Errata, with the following adjustments:

- Increase *pro forma* Gross Plant-In-Service by \$2,147,908 to reflect additional information supporting additional projects that will be completed and in service during the *pro forma* year. The related increases to Accumulated Depreciation increase Rate Base by \$2,087,743. In addition, Depreciation Expense increased by \$242,992. These changes result in an increase in revenue requirement of \$412,015;
- Increase *pro forma* Vegetation Control expense by \$59,988 to \$881,989 to reflect additional work directives that will be completed during the *pro forma* year;
- Increase *pro forma* payroll by \$358,493 to \$17,105,888 and increase payroll taxes by \$23,150 to a *pro forma* amount of \$1,373,707 to reflect updated information supporting additional employees and fewer excluded unfilled positions, as well as the wages, salaries, and benefits of those employees;
- Revise SGA's capital structure to reflect 50% debt and 50% equity and retain Staff's recommended level of 6% short-term debt to

reflect updated information supporting a higher equity component.

This results in an increase in revenue requirement of \$250,511;

- Reduce American Gas Association (AGA) dues expenses by an additional \$11,771 to recognize 37.15% of AGA dues as lobbying expense;
- Decrease rate case expense by \$75,250 to reflect normalization of the total rate case expense of \$451,500 amortized over three years, establishing a normalized amount of \$150,500 per year in rates;
- Exclude 100% of Long Term Incentive Pay dependent on financial goals, an additional decrease in expense of \$33,494;
- Decrease other revenues by \$89,874 to recognize \$29,958 as revenues for HomeServe's use of the SGA logo;
- Reduce revenues by \$282,754 to reflect acceptance of SGA's billing determinants for the B-2 customer class as proposed by the Company in its Sur- Surrebuttal Testimony;
- Set the residential customer charge at \$10.20; and
- The Settling Parties recommend that the Commission approve the depreciation rates set forth in Agreement Attachment No. 3. These rates reflect the rates and parameters proposed in Staff Surrebuttal Exhibit RG-1 and RG-2 sponsored by Staff witness Ronald G. Garner, with modifications which clarify how SGA intends to implement the rates proposed by Staff witness Garner. The Settling Parties represent that these modifications are reasonable.

B. Cost Allocation & Base Rates

1. The cost of service study results and customer class allocation are presented by the Settling Parties in Agreement Attachment No. 2, which is included as a part of this Order, Order No. 12- Attachment No. A. The Settling Parties recommend that the Commission approve the mitigation of the customer impact reflected in Agreement Attachment No. 2. The following principles are reflected in the Settling Parties' proposed mitigation:

- a. Move the B-5 class down to the system average, and move the Gaslight, B-1, and B-2 classes down toward the system average;
- b. Move Residential, B-3, and B-4 classes up towards the system average; and
- c. Maintain the relative class ranking of each class's percent increase in terms of the percentage increase for each class.

The results of these mitigation adjustments are reflected in Table 2 below.

Table 2
Summary of Agreement COS study
After Mitigation

Customer Class (a)	Non-Gas Present Rate Schedule Revenues (b)	Non-Gas Rate Schedule Revenue Requirement (c)	Revenue Deficiency / (Surplus) (d) = (c) - (b)	% Increase in Rate Schedule Revenue Requirement (e) = (d) / (b)	% of System Average Rate Increase (f) = (e) / 23.59%	Rank
Residential	\$35,915,867	\$43,542,402	\$7,626,535	21.23%	90%	2
Gaslight	\$4,981	\$7,625	\$2,644	53.09%	225%	7
B-1	\$9,293,194	\$11,814,707	\$2,521,513	27.13%	115%	5
B-2	\$4,499,927	\$6,251,740	\$1,751,813	38.93%	165%	6
B-3	\$2,400,661	\$2,916,092	\$515,431	21.47%	91%	3
B-4	\$1,642,909	\$1,908,433	\$265,524	16.16%	69%	1
B-5	\$4,759,754	\$5,882,762	\$1,123,008	23.59%	100%	4
Total Arkansas Retail	\$58,517,293	\$72,323,762	\$13,806,469	23.59%		

Klucher Settlement Testimony at 9.

C. Riders and Extension of Facilities Tariff

The Agreement adopts SGA's proposed MRP Rider as modified and reflected in Agreement Attachment No. 4. The Settling Parties represent that the modifications improve the clarity of the rider and provide that the B-3, B-4, and B-5 sales and transport customers receive a flat monthly charge per customer based on the class's revenue requirement divided by the number of customers in that class.

The Agreement also adopts SGA's proposed ARM RP Rider as reflected in Agreement Attachment No. 5. The following modifications to SGA's proposed ARM RP Rider were adopted by the Settling Parties:

1. Language was inserted that SGA will prioritize relocation of the highest risk at-risk meters;
2. The ARM RP revenue requirement will be assigned to each customer class based on the number of meters and service lines replaced or relocated for each class; and
3. Cost recovery for at-risk meters is capped at the level of costs associated with the relocation of 4700 at-risk meters during any period of three consecutive years. The limit may be waived upon SGA's showing that exceeding the cap would be more cost-effective than not exceeding it.

Regarding SGA's proposed changes to the Extension of Facilities tariff, the Settling Parties agree to the tariff with modifications as reflected in Agreement Attachment No. 6 to clarify its applicability to existing customers.

D. Compliance Tariffs

The Settling Parties ask that the Commission approve the compliance tariffs reflected in Agreement Attachment No. 7 to become effective for all bills rendered on SGA's first billing cycle after the issuance of the Commission's Order.

E. Other Issues

The Settling Parties request the Commission provide a directive that, for the purpose of pricing withdrawals from storage, SGA should account for non-recoverable cushion gas in the same manner as it accounts for recoverable cushion gas.

Additionally, the Settling Parties request that the Commission bifurcate Issue No. 10 concerning SGA's participation in the marketing and billing of unregulated HomeServe USA products and services to ratepayers as reflected on the April 28, 2014 Issues List. The Settling Parties request the opportunity to continue discussions on this issue in an effort to develop a resolution. The Settling Parties agree that they will submit a proposed procedural schedule regarding Issue No. 10 no later than July 31, 2014. The Settling Parties state that failure of the Settling Parties to reach agreement on Issue No. 10 will have no effect on the settlement of the other issues or on any order of the Commission approving this Agreement.

Additionally, although not specifically addressed by the Agreement, SGA witness Hammer confirmed during the May 22, 2014, evidentiary hearing that SGA agreed with Staff's recommendation that the AFUDC rate be no higher than the overall rate of return allowed in this Docket and that the compounding frequency would be no greater than annually. T. at 3264-3265.

Findings and Ruling of the Commission

Having considered the entire record, including all pre-filed written testimonies and exhibits, as well as the resulting Agreement with its Attachments, and supporting testimony, the Commission finds that SGA's rate increase as set forth in the Agreement and the Agreement Attachments is in the public interest and is hereby approved. If uncontested, SGA's direct case could support a non-fuel revenue requirement for SGA of \$76,540,300; and if uncontested, the evidence presented by Staff could support a revenue requirement of \$73,660,626, as set out in Staff's Second Errata Surrebuttal Exhibit GPF-1. The Agreement provides a non-fuel revenue requirement of \$74,635,649 a difference of \$975,023 from Staff's Second Errata Surrebuttal non-fuel revenue requirement.

The following Table 3 reflects the parties' pre-settlement testimony regarding SGA's non-fuel Revenue Requirement (Rev. Req.), Revenue Deficiency (Rev. Def.), Return on Equity (ROE), and overall Rate of Return (RR) recommendations and the resolution of these issues by the Agreement. As SGA did not change its revenue requirement request in its Sur-Surrebuttal case, the numbers below reflect those set out in SGA's Direct case.

Table 3

	SGA Direct	Staff Second Errata Surrebuttal	AG Direct	Customer Intervenor Direct	Agreement
Rev. Req.	\$78,797,828	\$73,660,626	n/a	n/a	\$74,635,649
Rev. Def.	\$18,561,569	\$12,458,818	n/a	n/a	\$13,806,469
ROE	10.25%	9.3%	8.65%	9.35%	9.3%
RR	6.24%	5.65%	5.34%	5.85%	5.65%

The Commission agrees with Staff that the capital structure of 50% debt and 50% equity as presented by SGA witness Stephen L. Rocheleau in his Rebuttal and Sur-Surrebuttal Testimonies is reasonable as supported by financial information through December 31, 2013 and an examination of the quarterly proportions of debt and equity. *Id.* at 7.

The Commission notes that, according to the Settlement Testimony of Robert Booth, after Staff filed its Surrebuttal Testimony, SGA provided support for increasing Staff's Plant-In-Service and associated adjustments to recognize more current projections of *pro forma* plant. Booth Settlement Testimony at 5, 6. Additionally, SGA provided Staff with evidence supporting an increase to the level of *pro forma* year costs for vegetation control. Also in its Sur-Surrebuttal testimonies, SGA presented updated payroll expense information. *Id.* at 6, 7.

Based on all the evidence in the record, including the pre-filed written testimonies and exhibits of parties, and the Settling Parties' testimonies in support of the Agreement, the Commission finds that the revenue requirement set forth in the Agreement is supported by substantial evidence and is reasonable.

Staff witness Matthew Klucher testified that the Agreement uses the billing determinants and resulting revenues from Staff's Surrebuttal case with one exception—the B-2 customer class volumes reflect the billing determinants recommended in the Sur-Surrebuttal Testimony of SGA witness Donna R Campbell. Her recommendation lowers Staff's B-2 volumes and reduces present rate revenues by \$282,754. Staff found Ms. Campbell's billing determinants to be reasonable for the purpose of settlement. Klucher Settlement at 4.

Mr. Klucher testifies that Staff developed a settlement COS study (set out in Agreement Attachment No. 2). He stated that mitigation to prevent adverse rate impacts suggests that some movement of the classes closer to the system average is justified. *Id.* at 5, 6. He further testifies that the rate design used in the Agreement follows the recommendations set forth in Staff's testimonies with the exception that the Residential customer charge will increase to 1/2 of the class's system increase, but not to exceed \$10.20 per month to alleviate customer impact. *Id.* at 10. According to Mr. Klucher, the impact of the increase for a typical residential customer consuming 50 CCF per month would be an increase from \$43.99 to \$48.30, a \$4.31 increase. *Id.*

The AG is charged by statute with representing the interests of Arkansas ratepayers before the Commission, and AG witness M. Shawn McMurray recommends approval of the Agreement and supports the Agreement's provisions regarding the residential customers' monthly service charge. McMurray Settlement Testimony at 5. UA witness William Tinsley testifies in support of the Agreement's provisions regarding mitigation, stating that such mitigation in the B-5 class reduces the "adverse cascading effect a large rate increase would have on the UA without increasing significant adverse effects on the residential customer." Tinsley Settlement Testimony at 3.

Therefore the Commission finds that the cost allocation and rate design as set out in the Agreement are just and reasonable and supported by substantial evidence.

Staff witness Booth, AG witness McMurray, and UA witnesses William E. Tinsley and Lawrence Turley testify in support of the Agreement's provisions regarding SGA's proposed MRP Rider, ARMRP Rider, and modifications to SGA's Extension of Facilities tariff. Staff witness Booth testifies that the MRP Rider was modified to improve clarity

and to provide for B-3, B-4, and B-5 sales and transport customers to receive a flat monthly charge. Booth Settlement Testimony at 10. UA witness Turley testifies that the Agreement mitigates the concerns raised by UA regarding the MRP Rider by addressing consumer protection and a change in rate design. Turley Settlement Testimony at 4.

Staff witness Booth testifies that the Agreement's modifications to the ARM RP Rider should provide more certainty as to the assignment of the revenue requirement and the parameters of the Rider. Booth Settlement Testimony at 11. UA witness Turley states that the Agreement's provisions regarding the Rider include the customer-class allocation recommendations made by UA. Turley Settlement Testimony at 4. AG witness McMurray testifies that the Agreement requires more reporting and more details as to how replacements and relocations are to be determined under Rider ARM RP, and imposes a flexible cap on expenditures under the Rider. McMurray Settlement Testimony at 5, 6.

Staff witness Booth testifies in support of the Agreement's modifications to SGA's proposed changes to the Extension of Facilities tariff, Rate Schedule No. 2.10. He states that the Agreement modifies the Rate Schedule to improve clarity and specify its applicability to upgrades required by an existing customer. He testifies that these modifications ensure that such upgrades will be subjected to the same economic tests as other extensions of service to establish the appropriate level of any required customer contributions. Booth Settlement Testimony at 11. UA witness Turley testifies that the Agreement accepts UA's recommendation regarding the applicability of Rate Schedule 2.10 to existing upgrades. Turley Settlement Testimony at 4.

The Commission finds that the Agreement's provisions relating to SGA's proposed MRP Rider, ARMRP Rider, and modifications to SGA's Rate Schedule 2.10, Extension of Facilities tariff, are supported by substantial evidence and in the public interest.

THEREFORE, the Commission finds, orders, and directs as follows:

1. The Agreement and Agreement Attachments 1 - Summary of Operations, Attachment 2 - Settlement Cost of Service Study, Attachment 3 - Settlement Cost of Service Study, Attachment 4 - Rider 3.11 (MRP Rider), Attachment 5 - Rider 3.12 (ARMRP Rider), Attachment 6 - Rate Schedule No. 2.10. (Extension of Facilities), and Attachment 7 - Compliance Tariffs, (attached hereto as Order 12 - Attachment A) are in the public interest, are supported by substantial evidence, and are hereby approved without modification;

2. The compliance tariffs as set out in Attachment 7 and attached hereto as a part of Order 12- Attachment A are hereby approved as requested by the Parties, such tariffs shall become effective for all bills rendered on or after SGA's first billing cycle following the date of this Order;

3. The Commission directs that, for the purpose of pricing withdrawals from storage, SGA should account for non-recoverable cushion gas in the same manner as it accounts for recoverable cushion gas; and

4. Issue No. 10 regarding SGA and HomeServe, as identified on the Issue List filed on May 12, 2014, is hereby bifurcated pursuant to the terms and conditions agreed to by the Settling Parties in the Agreement.

BY ORDER OF THE COMMISSION,

This 7th day of July, 2014.



Colette D. Honorable, Chairman

I hereby certify that this order, issued by the Arkansas Public Service Commission, has been served on all parties of record on this date by the following method:

U.S. mail with postage prepaid using the mailing address of each party as

indicated in the official docket file, or

Electronic mail using the email address of each party as indicated in the official docket file.



Olan W. Reeves, Commissioner



Elana C. Wills, Commissioner



Michael Sappington, Secretary of the Commission

**BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION**

IN THE MATTER OF THE APPLICATION)
OF SOURCEGAS ARKANSAS INC. FOR)
APPROVAL OF A GENERAL CHANGE) DOCKET NO. 13-079-U
IN RATES AND TARIFFS)

STIPULATION AND SETTLEMENT AGREEMENT

Comes now SourceGas Arkansas Inc. ("SGA"); the Arkansas Attorney General ("AG"); University of Arkansas System ("UA"); Cargill, Inc., Cloyes Gear and Products, Inc., Evonik Corporation, George's, Inc., Packaging Specialties, Inc., Tyson Foods, Inc., Simmons Foods, Inc., and Washington Regional Medical Center ("Customer Intervenors"); and General Staff ("Staff") of the Arkansas Public Service Commission ("Commission"), being the only parties to this docket (hereinafter collectively the "Settling Parties"), agree to the following terms as set forth in this Stipulation and Settlement Agreement ("Agreement").

1. PROCEDURAL SCHEDULE AND RECORD DEVELOPMENT

A. The objective of this Agreement is to resolve all issues raised in this docket, with the exception of Issue No. 10 on the April 28, 2014 Issues List (concerning consumer protection and business practice issues regarding SGA's participation in the marketing and billing of unregulated HomeServe USA products and services to its ratepayers), and to have new rates for SGA in effect as soon as possible.

B. SGA filed an application for approval of a general change in rates and tariffs on September 9, 2013, along with the Direct Testimony and Exhibits of nine witnesses. SGA proposed a specific level of revenue requirement and corresponding rates and made certain other proposals. After conducting discovery, Staff, UA,

Customer Intervenors, and AG responded in Direct Testimony and Exhibits on February 14, 2014. SGA filed Rebuttal Testimony and Exhibits on March 14, 2014. Staff, UA, Customer Intervenors, and AG filed Surrebuttal Testimony on April 4, 2014. SGA filed Sur-Surrebuttal Testimony on April 11, 2014.

C. The record has been fully developed and a complete discussion of the issues has been undertaken by the Settling Parties, with each being a strong advocate for its respective positions as reflected in its pre-filed testimony. The Settling Parties agree to accept each of Staff's Surrebuttal case positions filed on April 4, 2014, and modified in its errata filed on April 16 and April 22, 2014, except for the specific revisions to Staff's Surrebuttal case as set forth in this Agreement.

2. REVENUE REQUIREMENT, COST ALLOCATION, AND RATES

A. The Settling Parties agree that SGA's Non-gas Revenue Requirement is \$74,635,649 with a resulting Revenue Deficiency of \$13,806,469. SGA's Non-gas Rate Schedule Revenue Requirement, Agreement Attachment No. 1, is supported by Staff's Cost of Service Study shown on Agreement Attachment No. 2.

B. While the agreed upon Revenue Requirement and Cost Allocation reflects a negotiated settlement of all Revenue Requirement and Cost Allocation issues, the Settling Parties agree that the Revenue Requirement, Revenue Deficiency, Cost Allocation, and Rates were developed by adjusting Staff's Surrebuttal case, Second Errata as follows:

1. Increase *pro forma* Gross Plant-In-Service by \$2,147,908 to reflect additional information supporting additional projects that will be completed and in service during the *pro forma* year. The related increases to Accumulated Depreciation increase Rate Base by \$2,087,743. In addition, Depreciation

Expense increased by \$242,992. These changes result in an increase in revenue requirement of \$412,015.

2. Increase *pro forma* Vegetation Control expense by \$59,988 to \$881,989 to reflect additional work directives that will be completed during the *pro forma* year.
3. Increase *pro forma* payroll by \$358,493 to \$17,105,888 and increase payroll taxes by \$23,150 to a *pro forma* amount of \$1,373,707 to reflect updated information supporting additional employees and fewer excluded unfilled positions as well as the wages, salaries, and benefits of those employees.
4. Revise SGA's capital structure to reflect 50% debt and 50% equity and retain Staff's recommended level of 6% short-term debt to reflect updated information supporting a higher equity component. This results in an increase in revenue requirement of \$250,511.
5. Reduce American Gas Association (AGA) dues expenses by an additional \$11,771 to recognize 37.15% of AGA dues as lobbying expense.
6. Decrease rate case expense by \$75,250 to reflect normalization of the total rate case expense of \$451,500 amortized over three years, establishing a normalized amount of \$150,500 per year in rates.
7. Exclude 100% of Long Term Incentive Pay dependent on financial goals, an additional decrease in expense of \$33,494.
8. Decrease other revenues by \$89,874 to recognize \$29,958 as revenues for HomeServe's use of the SGA logo.
9. Reduce revenues by \$282,754 to reflect acceptance of SGA's billing determinants for the B-2 customer class as proposed by the Company in its Surrebuttal Testimony.

10. The cost of service results and customer class allocation are presented in Agreement Attachment No. 2. The Settling Parties recommend mitigation of the customer impact of the cost of service results to the customer classes which is also shown in Agreement Attachment No. 2. The mitigation of the class revenue distribution used in designing rates will use the following principles:

- a. Move the B-5 class down to the system average, and move the Gaslight, B-1, and B-2 classes down toward the system average;
- b. Move Residential, B-3, and B-4 classes up towards the system average;
- c. Maintain the relative class ranking of each class's percent increase in terms of the percentage increase for each class.

11. Residential customer charge will be \$10.20.

12. The Settling Parties recommend that the Commission should specifically approve the depreciation rates set forth in Agreement Attachment No. 3, which reflect the rates and parameters proposed in Staff Surrebuttal Exhibit RG-1 and RG-2 sponsored by Staff witness Ronald G. Garner. Agreement Attachment No. 3 reflects modifications to Staff Surrebuttal Exhibit RG-1 which clarify how SGA intends to implement the rates proposed by Staff witness Garner. These clarifications are reasonable and helpful in specifying the steps SGA will take to implement Staff witness Garner's recommendations which are supported by the Settling Parties.

3. RIDERS AND EXTENSION OF FACILITIES TARIFF

A. The Settling Parties agree to the Main Replacement Program (MRP) Rider as reflected in Agreement Attachment No. 4. The Settling Parties agreed to various modifications to improve the clarity of the rider, as well as to provide that B-3, B-4, and

B-5 sales and transport customers receive a flat monthly charge per customer based on the class's revenue requirement divided by the number of customers in that class.

B. The Settling Parties agree to the At-Risk Meter Relocation Program (ARMRP) Rider as reflected in Agreement Attachment No. 5. The Settling Parties agreed to various modifications to improve the clarity of the rider, as well as the following modifications:

1. Inserted language to specify that SGA will give priority to the relocation of the at-risk meters and replacement of the associated service lines with the highest level of risk pursuant to SGA's Distribution Integrity Management Plan and SGA will relocate the at-risk meters and replace the associated service lines in a manner that balances risk and economic efficiency.
2. Inserted language to state that the ARMRP Revenue Requirement shall be assigned to each customer class based on the number of meters relocated and service lines replaced for each customer class.
3. Inserted language to allow cost recovery associated with the relocation of up to 4,700 At-Risk Meters and replacement of the associated service lines during any period of three consecutive years. This limit may be waived upon a showing by the Company that exceeding the cap would be more cost-effective than not exceeding it.

C. The Settling Parties agree to the Extension of Facilities tariff as reflected in Agreement Attachment No. 6. The Settling Parties agreed to various modifications to improve the clarity of the tariff, as well as clarify its applicability to upgrades required to accommodate an increase in gas volumes by an existing customer.

4. COMPLIANCE TARIFFS

A. The parties recommend that the Commission approve the compliance tariffs reflected in Agreement Attachment No. 7.

B. The Settling Parties agree that the new rates and tariffs should become effective for all bills rendered on the day of SGA's first billing cycle after the issuance of the Commission's Order, and request a Commission directive stating the same.

5. OTHER

A. The Settling Parties recommend that the Commission provide a directive stating that, for the purpose of pricing withdrawals from storage, SGA account for non-recoverable cushion gas in the same manner as it accounts for recoverable cushion gas.

B. The Settling Parties recommend that the Commission bifurcate Issue No. 10 on the April 28, 2014 Issues List, concerning consumer protection and business practice issues regarding SGA's participation in the marketing and billing of unregulated HomeServe USA products and services to its ratepayers, including the specific recommendations addressed in the Direct and Surrebuttal Testimonies of AG witness Sarah R. Tacker, and consider those issues on a separate schedule. Those issues are independent of the rate case issues and may be considered separately by the Commission. The Settling Parties request the opportunity to continue discussing those issues under Issue No. 10 in an effort to develop a resolution to present to the Commission for its consideration and approval. Not later than July 31, 2014, the Settling Parties will submit a proposed procedural schedule to address the issues under Issue No. 10 before the Commission. That schedule will consist of the date for a hearing and the date by which any settlement and supporting testimony must be filed. If the Settling Parties are unable to resolve Issue No. 10, the Settling Parties will litigate

those issues before the Commission in the current rate case docket. Any failure of the Settling Parties to resolve Issue No. 10 will have no effect on this settlement of the other issues or on any order of the Commission approving this Agreement. As to the consumer protection and business practice issues regarding SGA's participation in marketing and billing of unregulated HomeServe products, the Settling Parties reserve all rights, including the right to raise any applicable defenses, should Issue No. 10 be litigated before the Commission. The Settling Parties recognize that bifurcation of this issue does not represent Commission approval or sanction of any of SGA's actions at issue in Issue No. 10.

6. RIGHTS OF THE PARTIES

A. This Agreement is made upon the explicit understanding that it constitutes a negotiated settlement which is in the public interest. Nothing herein shall constitute an admission of any claim, defense, rule, or interpretation of law, allegation of fact, principle or method of ratemaking, or cost-of-service determination or rate design, or terms or conditions of service, or the application of any rule, or interpretation of law, that may underlie, or be perceived to underlie, this Agreement.

B. This Agreement is expressly contingent upon its approval by the Commission without modification. The various provisions of this Agreement are interdependent and unseverable. The Settling Parties shall cooperate fully in seeking the Commission's acceptance and approval of this Agreement. The Settling Parties shall not support any alternative proposal or settlement agreement while this Agreement is pending before the Commission.

C. Except as to matters specifically agreed to be done or to occur in the future, no party shall be precluded from taking any positions on the merits of any issue in any subsequent proceeding in any forum. This Agreement shall not be used or

argued as establishing precedent for any methodology or rate treatment in a future proceeding.

D. In the event the Commission does not accept, adopt, and approve this Agreement in its entirety and without modification, the Settling Parties agree that this Agreement shall be void and of no effect. In that event, however, the Settling Parties agree that: (1) no party shall be bound by any of the provisions or agreements herein contained; (2) all the Settling Parties shall be deemed to have reserved all their respective rights and remedies in this proceeding; and (3) no Settling Party shall introduce this Agreement or any related writing, discussions, negotiations, or other communications of any type in any proceeding.

E. This Agreement does not alter prior regulatory commitments of SGA.

Respectfully submitted,

SOURCEGAS ARKANSAS INC.

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BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)
OF SOURCEGAS ARKANSAS INC. FOR.,)
APPROVAL OF A GENERAL CHANGE)
IN RATES AND TARIFFS)

DOCKET NO. 13-079-U

AGREEMENT ATTACHMENT NO. 1

SOURCEGAS ARKANSAS INC.

AGREEMENT ATTACHMENT NO. 1

DOCKET NO. 13-079-U

TEST YEAR ENDED SEPTEMBER 30, 2013

SUMMARY OF OPERATIONS

(1)	(2)	(3)
<u>Line No.</u>	<u>Description</u>	<u>Joint Settlement</u>
1	Adjusted Rate Base	<u>\$ 273,664,132</u>
2	Adjusted Operating Revenue	\$ 60,829,180
3	Adjusted Operating Expense	<u>\$ 53,602,444</u>
4	Adjusted Operating Income	<u>\$ 7,226,736</u>
5	Current Rate of Return	2.64%
6	Required Rate of Return	5.71%
7	Required Operating Income	<u>\$ 15,626,222</u>
8	Operating Income Deficiency/(Excess)	\$ 8,399,486
9	Revenue Conversion Factor	1.6437
10	Revenue Deficiency/(Excess)	<u>\$ 13,806,469</u>
11	Total Revenue Requirement	<u>\$ 74,635,649</u>
12	Less: Other Revenues	\$ 2,311,887
13	Total Rate Schedule Revenue Requirement	<u>\$ 72,323,762</u>

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)
OF SOURCEGAS ARKANSAS INC. FOR.,)
APPROVAL OF A GENERAL CHANGE)
IN RATES AND TARIFFS)

DOCKET NO. 13-079-U

AGREEMENT ATTACHMENT NO. 2

Line No	Description	Total Company Pro Forma 1	Residential 2	Gaslight 3	B-1 4	B-2 5	B-3 6	B-4 7	B-5 8
RATE BASE									
1	GROSS PLANT IN SERVICE	\$ 373,740,961	\$ 218,517,539	\$ 56,800	\$ 62,967,207	\$ 32,921,272	\$ 11,733,453	\$ 10,997,964	\$ 36,546,726
2	LESS ACCUMULATED DEPRECIATION	\$ 148,812,641	\$ 85,270,178	\$ 25,029	\$ 25,471,630	\$ 12,734,548	\$ 5,032,764	\$ 4,554,660	\$ 15,723,833
3	NET PLANT	\$ 224,928,319	\$ 133,247,360	\$ 31,771	\$ 37,495,577	\$ 20,186,724	\$ 6,700,689	\$ 6,443,304	\$ 20,822,893
4	WORKING CAPITAL ASSETS	\$ 48,735,813	\$ 25,950,489	\$ 9,100	\$ 7,851,511	\$ 4,923,319	\$ 2,587,701	\$ 1,869,357	\$ 5,544,336
5	TOTAL RATE BASE	\$ 273,664,132	\$ 159,197,849	\$ 40,871	\$ 45,347,088	\$ 25,110,043	\$ 9,288,390	\$ 8,312,661	\$ 26,367,229
NON-FUEL OPERATING REVENUES									
6	RETAIL PRESENT RATE SCHEDULE REVENUES	\$ 58,517,293	\$ 35,915,867	\$ 4,981	\$ 9,293,194	\$ 4,499,927	\$ 2,400,661	\$ 1,642,909	\$ 4,759,754
7	OTHER OPERATING REVENUES	\$ 2,311,887	\$ 1,961,310	\$ 251	\$ 256,464	\$ 42,714	\$ 13,014	\$ 9,318	\$ 28,816
8	TOTAL OPERATING REVENUE	\$ 60,829,180	\$ 37,877,177	\$ 5,232	\$ 9,549,658	\$ 4,542,641	\$ 2,413,675	\$ 1,652,227	\$ 4,788,570
EXPENSES									
9	OPERATION & MAINTENANCE EXPENSE	\$ 35,332,363	\$ 21,881,735	\$ 4,246	\$ 5,671,431	\$ 3,080,964	\$ 1,598,350	\$ 736,971	\$ 2,358,667
10	DEPRECIATION & AMORTIZATION EXPENSE	\$ 13,141,733	\$ 7,815,488	\$ 1,797	\$ 2,200,234	\$ 1,177,764	\$ 388,637	\$ 371,941	\$ 1,185,873
11	OTHER EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	TAXES OTHER THAN INCOME TAXES	\$ 3,714,043	\$ 2,197,020	\$ 483	\$ 621,328	\$ 341,291	\$ 143,523	\$ 97,435	\$ 312,962
13	INCOME TAXES	\$ 1,414,305	\$ 1,197,811	\$ (802)	\$ 87,189	\$ (203,736)	\$ 44,033	\$ 114,901	\$ 174,909
14	TOTAL EXPENSES	\$ 53,602,444	\$ 33,092,054	\$ 5,723	\$ 8,580,181	\$ 4,396,283	\$ 2,174,544	\$ 1,321,248	\$ 4,032,410
15	OPERATING INCOME (L8-L14)	\$ 7,226,736	\$ 4,785,122	\$ (491)	\$ 969,477	\$ 146,358	\$ 239,131	\$ 330,980	\$ 756,160
16	PRESENT RETURN ON RATE BASE (L15/L5)	2.641%	3.006%	-1.201%	2.138%	0.583%	2.575%	3.982%	2.868%
COST OF SERVICE REVENUE REQUIREMENT									
17	REQUIRED RETURN OF RATE		5.7100%	5.7100%	5.7100%	5.7100%	5.7100%	5.7100%	5.7100%
18	REQUIRED OPERATING INCOME (L5*L17)	\$ 15,626,222	\$ 9,090,197	\$ 2,334	\$ 2,589,319	\$ 1,433,783	\$ 530,367	\$ 474,653	\$ 1,505,569
19	OPERATING INCOME DEFICIENCY / (SURPLUS) (L18-L15)	\$ 8,399,486	\$ 4,305,075	\$ 2,825	\$ 1,619,842	\$ 1,287,426	\$ 291,236	\$ 143,673	\$ 749,409
20	REVENUE CONVERSION FACTOR	1.643728	1.642562	1.643097	1.642988	1.645239	1.646129	1.643655	1.648511
21	REVENUE DEFICIENCY / (SURPLUS) (L19*L20)	\$ 13,806,469	\$ 7,071,352	\$ 4,641	\$ 2,661,382	\$ 2,118,123	\$ 479,412	\$ 236,150	\$ 1,235,409
22	% INCREASE ON BASE REVENUE (L21/L6)	23.59%	19.69%	93.17%	28.64%	47.07%	19.97%	14.37%	25.96%
23	RATE SCHEDULE REVENUE REQUIREMENT (L6+L21)	\$ 72,323,762	\$ 42,987,219	\$ 9,622	\$ 11,954,576	\$ 6,618,050	\$ 2,880,073	\$ 1,879,059	\$ 5,995,163
24	OTHER OPERATING REVENUES (L7)	\$ 2,311,887	\$ 1,961,310	\$ 251	\$ 256,464	\$ 42,714	\$ 13,014	\$ 9,318	\$ 28,816
25	GAS COST REVENUES	\$ 72,948,496	\$ 42,172,948	\$ 53,517	\$ 13,247,247	\$ 9,771,813	\$ 4,945,022	\$ 2,239,575	\$ 518,374
26	OTHER RIDER REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	TOTAL REVENUE REQUIREMENT (L23+L24+L25)	\$ 147,584,145	\$ 87,121,477	\$ 63,390	\$ 25,458,287	\$ 16,432,577	\$ 7,838,109	\$ 4,127,952	\$ 6,542,353
TOTAL BILL IMPACT - COST OF SERVICE									
28	PRESENT RATE SCHEDULE REVENUE (L6)	\$ 58,517,293	\$ 35,915,867	\$ 4,981	\$ 9,293,194	\$ 4,499,927	\$ 2,400,661	\$ 1,642,909	\$ 4,759,754
29	OTHER OPERATING REVENUES (L7)	\$ 2,311,887	\$ 1,961,310	\$ 251	\$ 256,464	\$ 42,714	\$ 13,014	\$ 9,318	\$ 28,816
30	GAS COST REVENUES (L25)	\$ 72,948,496	\$ 42,172,948	\$ 53,517	\$ 13,247,247	\$ 9,771,813	\$ 4,945,022	\$ 2,239,575	\$ 518,374
31	OTHER RIDER REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32	TOTAL PRESENT REVENUE REQUIREMENT (L28+L29+L30+L31)	\$ 133,777,676	\$ 80,050,125	\$ 58,749	\$ 22,796,905	\$ 14,314,454	\$ 7,358,697	\$ 3,891,802	\$ 5,306,944
33	CHANGE IN TOTAL REVENUE REQUIREMENT (L27-L32)	\$ 13,806,469	\$ 7,071,352	\$ 4,641	\$ 2,661,382	\$ 2,118,123	\$ 479,412	\$ 236,150	\$ 1,235,409
34	% INCREASE ON TOTAL REVENUE REQUIREMENT(L33/L32)	10.32%	8.83%	7.90%	11.67%	14.80%	6.51%	6.07%	23.28%
TOTAL BILL IMPACT - MITIGATED									
35	PROPOSED REVENUE DEFICIENCY	\$ 13,806,469	\$ 7,626,535	\$ 2,644	\$ 2,521,513	\$ 1,751,813	\$ 515,431	\$ 265,524	\$ 1,123,008
36	% INCREASE ON BASE REVENUE (L35/L6)	23.59%	21.23%	53.09%	27.13%	38.93%	21.47%	16.16%	23.59%
37	PROPOSED RATE SCHEDULE REVENUE REQUIREMENT (L6+L35)	\$ 72,323,762	\$ 43,542,402	\$ 7,625	\$ 11,814,707	\$ 6,251,740	\$ 2,916,092	\$ 1,908,433	\$ 5,882,762
38	PROPOSED TOTAL REVENUE REQUIREMENT (L24+L25+L26+L37)	\$ 147,584,145	\$ 87,676,659	\$ 61,394	\$ 25,318,418	\$ 16,066,267	\$ 7,874,128	\$ 4,157,326	\$ 6,429,952
39	CHANGE IN TOTAL PROPOSED REVENUE REQUIREMENT (L38-L3)	\$ 13,806,469	\$ 7,626,535	\$ 2,644	\$ 2,521,513	\$ 1,751,813	\$ 515,431	\$ 265,524	\$ 1,123,008
40	% INCREASE ON TOTAL REVENUE REQUIREMENT(L39/L32)	10.32%	9.53%	4.50%	11.06%	12.24%	7.00%	6.82%	21.16%

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)
OF SOURCEGAS ARKANSAS INC. FOR.,)
APPROVAL OF A GENERAL CHANGE)
IN RATES AND TARIFFS)

DOCKET NO. 13-079-U

AGREEMENT ATTACHMENT NO. 3

SOURCEGAS ARKANSAS INC.
DOCKET NO. 13-079-U
SURREBUTTAL EXHIBITS OF RONALD G. GARNER

SURREBUTTAL EXHIBIT RG-1
PAGE 1 of 3

STAFF RECOMMENDED DEPRECIATION RATES

Account	Description / Location	Depreciation Rate	
Production			
32540	Prod-Rights of Way	1.12%	*
32550	Prod-Other Land and Land Rights	1.12%	*
32700	Prod-Field Compressor Station Structures	0.71%	
32800	Prod-Field Meas & Reg Station Structures	1.12%	*
32900	Prod-Other Structures	0.53%	
32930	Prod-Arkansas Other Structures	5.39%	
33000	Prod-Producing Gas Wells-Well Construction	0.00%	
33200	Prod-Field Lines	0.04%	
33300	Prod-Field Compressor Station Equipment	2.75%	
33400	Prod-Field Meas & Reg Station Equipment	2.52%	
33600	Prod-Purification Equipment	2.94%	
33700	Prod-Other Equipment	2.88%	
33720	Prod-Salt Water Tanks	0.43%	
33730	Prod-Environmental Equipment	1.12%	*
34300	Extract Prod-Pipe Lines	0.00%	
34500	Extract Prod-Compressor Equipment	0.00%	
34600	Extract Prod-Gas Meas & Reg Equipment	0.00%	
Underground Storage			
35020	Stor-Rights of Way	3.24%	
35102	Stor-Compressor Station Structures	2.59%	
35103	Stor-Meas and Reg Station Structures	0.00%	
35104	Stor-Other Structures	0.15%	
35200	Stor-Wells Construction	5.87%	
35210	Stor-Storage Leaseholds and Rights	4.22%	
35240	Stor-Wells Equipment	2.76%	*
35300	Stor-Lines	0.98%	
35400	Stor-Compressor Station Equipment	0.74%	
35500	Stor-Meas & Reg Equipment	6.18%	
35600	Stor-Purification Equipment	2.76%	*
35700	Stor-Other Equipment	9.76%	
LNG Storage			
36100	Stor LNG-Structures & Improvements	1.51%	
36200	Stor LNG-Gas Holders	1.39%	*
36300	Stor LNG-Purification Equipment	0.32%	
36310	Stor LNG-Liquefaction Equipment	3.48%	
36320	Stor LNG-Vaporizing Equipment	1.39%	*
36330	Stor LNG-Compressor Equipment	0.42%	
36340	Stor LNG-Meas & Regulating Equipment	0.61%	
36350	Stor LNG-Other Equipment	0.02%	
36351	Stor LNG-Other Equipment	0.02%	

* Fully reserved for purposes of Docket 13-079-U depreciation expenses. Rate shown is the rate that should be used if new plant is added.

SOURCEGAS ARKANSAS INC.
 DOCKET NO. 13-079-U
 SURREBUTTAL EXHIBITS OF RONALD G. GARNER

SURREBUTTAL EXHIBIT RG-1
 PAGE 2 of 3

STAFF RECOMMENDED DEPRECIATION RATES

Account	Description / Location	Depreciation Rate
Transmission		
36521	Trans-Rights-of-way	1.66%
36610	Trans-Compressor Station Structures	2.25%
36600	Trans-Structures & Improvements	0.00%
36620	Trans-Meas & Reg Station Structures	1.71%
36630	Trans-Other Structures	3.47%
36700	Trans-Mains	1.24%
36800	Trans-Compressor Station Equipment	2.19%
36900	Trans-Meas & Reg Station Equipment	1.69%
37000	Trans-Communication Equipment	3.69%
37101	Trans-Other Equipment	5.39%
Distribution		
37402	Dist-Land Rights	1.73%
37501	Dist-Structures and Improvements	2.13%
37520	Dist-Other Structures	1.94%
37600	Dist-Mains	1.60%
37700	Dist-Compressor Station Equipment	0.00%
37800	Dist-Meas & Reg Station Equipment-General	2.42%
37900	Dist-Meas & Reg Station Equipment-City Gate	2.23%
38000	Dist-Services	3.62%
38100	Dist-Meters	2.09%
38110	Dist-AMR Equipment	6.86%
38200	Dist-Meter Installations	3.23%
38300	Dist-House Regulators	4.28%
38400	Dist-House Regulator Installations	4.61%
38500	Dist-Industrial Meas & Reg Station Equipment	2.68%
38600	Dist-Other Property On Customers Premises	2.24% *
38700	Dist-Other Equipment	3.82%
General		
39001	Gen-Structures & Improvements	1.49%
39002	Gen-Leasehold Improvements	0.00%
39100	Gen-Office Mach & Equipment	8.79% *
39101	Gen-Office Furniture	0.00%
39102	Gen-Office Furniture	1.42%
39103	Gen-Platform Systems & Other Computer Equipment	23.60%
39104	Gen-Computers & Licenses	42.00%
39105	Gen-IT Equipmentment and Software	23.14%
39130	Gen-Electronic Measurement Equipment	8.79% *
39201	Gen-Transp Automobiles	12.35%
39202	Gen-Transp Light Trucks	6.78%
39203	Gen-Transp Heavy Trucks	0.00%
39204	Gen-Transp Tractor Units Over the Road	0.00%
39205	Gen-Transp Trailers	4.68%
39300	Gen-Stores Equipment	2.01%
39400	Gen-Tools Shop Garage Equipment	2.40%
39420	Gen-CNG Equipment	0.00%
39500	Gen-Lab Equipment	6.67% **
39600	Gen-Power Operated Equipment	18.80%
39700	Gen-Communication Equipment	2.46%
39710	Gen-Mobile Communication Equipment	2.46%
39800	Gen-Misc Equipment	4.65%

* Fully reserved for purposes of Docket 13-079-U depreciation expenses. Rate shown is the rate that should be used if new plant is added.

** Rate shown is the rate that should be used if new plant is added.

SOURCEGAS ARKANSAS INC.
 DOCKET NO. 13-079-U
 SURREBUTTAL EXHIBITS OF RONALD G. GARNER

SURREBUTTAL EXHIBIT RG-1
 PAGE 3 of 3

STAFF RECOMMENDED DEPRECIATION RATES
 SourceGas LLC - Corporate Assets

Account	Description / Location	Depreciation Rate
General		
39001	Gen-Structures	4.99%
39002	Gen-Leasehold Improvements	3.91%
39100	Gen-Office Equipment	19.32%
39101	Gen-Office Machines	3.82%
39102	Gen-Office Furniture	5.90%
39103	Gen-Platform Systems & Other Computer Equip	13.85% **
39103S	Gen-Platform Systems & Other Computer Equip - Sftwr	9.06% ***
39104	Gen-Computers & Licenses	41.72%
39104S	Gen-Computers & Licenses - Sftwr	17.49% *
39105	Gen-IT Equipment and Software	25.38%
39105S	Gen-IT Equipment and Software - Sftwr	34.75% *
39130	Gen-Electronic Measurement Equip	0.00%
39201	Gen-Transp Automobiles	16.19%
39202	Gen-Transp Light Trucks	0.00%
39203	Gen-Transp Heavy Trucks	0.00%
39204	Gen-Transp Tractor Units Over the Road	0.00%
39205	Gen-Transp Trailers	0.00%
39300	Gen-Stores Equip	0.00%
39400	Gen-Tools Shop Garage Equip	3.07%
39420	Gen-CNG Equip	0.00%
39500	Gen-Lab Equip	0.00%
39600	Gen-Power Operated Equip	12.33%
39700	Gen-Communication Equip	3.66%
39710	Gen-Mobile Communication Equip	0.00%
39800	Gen-Misc Equip	0.00%

* Software currently recorded in 39104 will be transferred to asset class 39107 and will be depreciated at the 39104(S) rate (17.49%).

Software currently recorded in 39105 will be transferred to asset class 39108 and will be depreciated at 39105(S) rate (34.75%).

** The asset identified in APSC Staff's Depreciation Study workpapers as 39103 will be transferred to asset class 39105. After this transfer, all remaining assets recorded in 39103 will be related to software.

*** The assets identified in APSC Staff's Depreciation Study workpapers as 39103(S) will remain in asset class 39103 and will be depreciated at the 39103(S) rate (9.06%).

SOURCEGAS ARKANSAS INC.
DOCKET NO. 13-079-U
SURREBUTTAL EXHIBITS OF RONALD G. GARNER

SURREBUTTAL EXHIBIT RG-2
PAGE 1 of 3

STAFF RECOMMENDED DEPRECIATION PARAMETERS

Account	Description / Location	Curve Shape	Average Service Life	Remaining Life	Net Salvage Percent	Reserve Ratio at 12/31/2012
Production						
32540	Prod-Rights of Way	R2	55	38.46	0%	105%
32550	Prod-Other Land and Land Rights	R3.5	41	21.62	0%	106%
32700	Prod-Field Compressor Station Structures	R2.5	25	10.15	0%	93%
32800	Prod-Field Meas & Reg Station Structures	L0	23	14.28	-5%	105%
32900	Prod-Other Structures	S6	26	9.29	0%	95%
32930	Prod-Arkansas Other Structures	S6	26	8.72	0%	53%
33000	Prod-Producing Gas Wells-Well Construction	NA	NA	NA	0%	0%
33200	Prod-Field Lines	R1.5	55	39.50	-8%	106%
33300	Prod-Field Compressor Station Equipment	R0.5	23	14.73	4%	55%
33400	Prod-Field Meas & Reg Station Equipment	R0.5	16	7.39	10%	71%
33600	Prod-Purification Equipment	R1	17	8.18	6%	70%
33700	Prod-Other Equipment	R5	22	9.83	0%	72%
33720	Prod-Sall Water Tanks	R5	22	2.96	2%	97%
33730	Prod-Environmental Equipment	R5	22	5.22	0%	106%
34300	Extract Prod-Pipe Lines	NA	NA	NA	0%	0%
34500	Extract Prod-Compressor Equipment	NA	NA	NA	0%	0%
34600	Extract Prod-Gas Meas & Reg Equipment	NA	NA	NA	0%	0%
Underground Storage						
35020	Stor-Rights of Way	R4	35	25.25	0%	18%
35102	Stor-Compressor Station Structures	R3	20	4.25	0%	89%
35103	Stor-Meas and Reg Station Structures	NA	NA	NA	0%	0%
35104	Stor-Other Structures	R3	20	7.29	0%	99%
35200	Stor-Wells Construction	R2	25	10.05	0%	41%
35210	Stor-Storage Leaseholds and Rights	R2	25	15.34	0%	35%
35240	Stor-Wells Equipment	R2	25	9.30	0%	196%
35300	Stor-Lines	R2	55	39.71	0%	61%
35400	Stor-Compressor Station Equipment	R3	36	17.75	0%	87%
35500	Stor-Meas & Reg Equipment	R1	15	12.33	0%	24%
35600	Stor-Purification Equipment	R2	30	14.48	0%	109%
35700	Stor-Other Equipment	S6	20	6.05	0%	41%
LNG Storage						
36100	Stor LNG-Structures & Improvements	R2	20	7.64	-5%	93%
36200	Stor LNG-Gas Holders	R5	38	21.68	0%	125%
36300	Stor LNG-Purification Equipment	S6	31	15.55	-5%	100%
36310	Stor LNG-Liquefaction Equipment	S6	24	9.55	-5%	72%
36320	Stor LNG-Vaporizing Equipment	S6	45	28.50	0%	116%
36330	Stor LNG-Compressor Equipment	S2.5	44	29.47	-5%	93%
36340	Stor LNG-Meas & Regulating Equipment	R2	45	32.81	-5%	85%
36350	Stor LNG-Other Equipment	R2.5	48	33.31	0%	99%
36351	Stor LNG-Other Equipment	R2.5	48	33.31	0%	0%
Transmission						
36521	Trans-Rights-of-way	R1	50	40.53	0%	33%
36610	Trans-Compressor Station Structures	R2.5	35	22.75	0%	49%
36600	Trans-Structures & Improvements	NA	NA	NA	0%	0%
36620	Trans-Meas & Reg Station Structures	R2.5	35	21.37	0%	63%
36630	Trans-Other Structures	S5	29	14.05	0%	51%
36700	Trans-Mains	R1	50	38.90	-4%	58%
36800	Trans-Compressor Station Equipment	R2.5	36	23.33	0%	49%
36900	Trans-Meas & Reg Station Equipment	R1	39	29.58	0%	50%
37000	Trans-Communication Equipment	S6	25	18.62	0%	31%
37101	Trans-Other Equipment	S5	24	11.54	0%	38%
Distribution						
37402	Dist-Land Rights	R2.5	55	49.47	0%	15%
37501	Dist-Structures and Improvements	R1	35	24.59	5%	43%
37520	Dist-Other Structures	R1	35	22.93	0%	56%
37600	Dist-Mains	R2.5	55	43.04	-8%	39%
37700	Dist-Compressor Station Equipment	NA	NA	NA	0%	0%
37800	Dist-Meas & Reg Station Equipment-General	R1.5	40	31.32	-5%	29%
37900	Dist-Meas & Reg Station Equipment-City Gate	R1.5	40	25.05	-5%	49%
38000	Dist-Services	R2	43	30.18	-80%	71%
38100	Dist-Meters	L2	43	32.68	0%	32%
38110	Dist-AMR Equipment	R2	15	14.35	0%	2%
38200	Dist-Meter Installations	S4	33	21.11	-5%	37%
38300	Dist-House Regulators	L5	24	11.56	0%	51%
38400	Dist-House Regulator Installations	S5	25	13.01	0%	40%
38500	Dist-Industrial Meas & Reg Station Equipment	R1	35	29.30	0%	22%
38600	Dist-Other Property On Customers Premises	R5	25	6.96	0%	109%
38700	Dist-Other Equipment	R2	15	10.06	0%	62%

APSC Case No. 5/12/2014 12:00:00 PM Docket 13-079-U-Doc. 172

SOURCEGAS ARKANSAS INC.
 DOCKET NO. 13-079-U
 SURREBUTTAL EXHIBITS OF RONALD G. GARNER

SURREBUTTAL EXHIBIT RG-2
 PAGE 2 of 3

STAFF RECOMMENDED DEPRECIATION PARAMETERS

Account	Description / Location	Curve Shape	Average Service Life	Remaining Life	Net Salvage Percent	Reserve Ratio at 12/31/2012
General						
39001	Gen-Structures & Improvements	R1	25	15.43	0%	77%
39002	Gen-Leasehold Improvements	NA	NA	NA	0%	0%
39100	Gen-Office Mach & Equipment	S6	18	7.27	0%	105%
39101	Gen-Office Furniture	NA	NA	NA	0%	0%
39102	Gen-Office Furniture	R0.5	25	15.91	0%	77%
39103	Gen-Platform Systems & Other Computer Equipment	R1.5	7	5.05	0%	-19%
39104	Gen-Computers & Licenses	R2	4	2.00	0%	16%
39105	Gen-IT Equipmentment and Software	R2	6	3.85	0%	11%
39130	Gen-Electronic Measurement Equipment	R2	10	4.30	0%	216%
39201	Gen-Transp Automobiles	L3	6	4.33	15%	32%
39202	Gen-Transp Light Trucks	L0	8	5.20	15%	50%
39203	Gen-Transp Heavy Trucks	NA	NA	NA	0%	0%
39204	Gen-Transp Tractor Units Over the Road	NA	NA	NA	0%	0%
39205	Gen-Transp Trailers	L0	15	12.57	15%	26%
39300	Gen-Stores Equipment	SQ	15	11.23	0%	77%
39400	Gen-Tools Shop Garage Equipment	R2	32	23.89	4%	39%
39420	Gen-CNG Equipment	NA	NA	NA	0%	0%
39500	Gen-Lab Equipment	SQ	15	15.00	0%	0%
39600	Gen-Power Operated Equipment	L0	7	4.99	14%	-8%
39700	Gen-Communication Equipment	R2	33	18.34	0%	55%
39710	Gen-Mobile Communication Equipment	R2	33	18.34	0%	0%
39800	Gen-Misc Equipment	S6	25	5.28	0%	76%

SOURCEGAS ARKANSAS INC.
DOCKET NO. 13-079-U
SURREBUTTAL EXHIBITS OF RONALD G. GARNER

SURREBUTTAL EXHIBIT RG-2
PAGE 3 of 3

STAFF RECOMMENDED DEPRECIATION PARAMETERS
SourceGas LLC - Corporate Assets

Account	Description / Location	Curve Shape	Average Service Life	Remaining Life	Net Salvage Percent	Reserve Ratio at 12/31/2012
General						
39001	Gen-Structures	R1	25	23.79	0%	-19%
39002	Gen-Leasehold Improvements	R1	25	24.63	0%	4%
39100	Gen-Office Equipment	SQ	8	4.50	0%	13%
39101	Gen-Office Machines	R0.5	25	23.42	0%	10%
39102	Gen-Office Furniture	S6	18	15.98	0%	6%
39103	Gen-Platform Systems & Other Computer Equip	R1.5	7	6.59	0%	9%
39103S	Gen-Platform Systems & Other Computer Equip - Sftwr	SQ	13	9.37	0%	15%
39104	Gen-Computers & Licenses	R2	4	2.17	0%	9%
39104S	Gen-Computers & Licenses - Sftwr	SQ	8	5.06	0%	11%
39105	Gen-IT Equipment and Software	R2	6	3.45	0%	12%
39105S	Gen-IT Equipment and Software - Sftwr	SQ	6	2.48	0%	14%
39130	Gen-Electronic Measurement Equip	NA	NA	NA	0%	0%
39201	Gen-Transp Automobiles	L3	6	3.59	15%	27%
39202	Gen-Transp Light Trucks	NA	NA	NA	0%	0%
39203	Gen-Transp Heavy Trucks	NA	NA	NA	0%	0%
39204	Gen-Transp Tractor Units Over the Road	NA	NA	NA	0%	0%
39205	Gen-Transp Trailers	NA	NA	NA	0%	0%
39300	Gen-Stores Equip	NA	NA	NA	0%	0%
39400	Gen-Tools Shop Garage Equip	R2	32	30.65	4%	2%
39420	Gen-CNG Equip	NA	NA	NA	0%	0%
39500	Gen-Lab Equip	NA	NA	NA	0%	0%
39600	Gen-Power Operated Equip	L0	7	6.63	14%	4%
39700	Gen-Communication Equip	R3	28	26.00	0%	5%
39710	Gen-Mobile Communication Equip	NA	NA	NA	0%	0%
39800	Gen-Misc Equip	NA	NA	NA	0%	0%

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)
OF SOURCEGAS ARKANSAS INC. FOR.,)
APPROVAL OF A GENERAL CHANGE)
IN RATES AND TARIFFS)

DOCKET NO. 13-079-U

AGREEMENT ATTACHMENT NO. 4

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.11
	Original Rider Schedule No. 3.11 Sheet No. 1 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas Class of Service: All

Main Replacement Program Rider (MRP Rider)

A. Purpose:

The primary purpose of the MRP Rider is to support the expedited replacement of Subject Mains and Associated Services. Subject Mains are: 1) bare steel mains; 2) coated steel mains that are not cathodically protected; and 3) mains that are the subject of an advisory issued by a federal or state agency and which the Company has determined to be in unsatisfactory condition. Associated Services are services that are associated with Subject Mains.

To accomplish this purpose, the MRP Rider provides: (1) a return on the net investment (gross plant less accumulated depreciation) in new mains and new services, which was not included in the Company's most recent rate determination and which was made to replace Subject Mains and Associated Services, by applying the approved pre-tax rate of return to the net investment (gross plant less accumulated depreciation) in new mains and new services, and (2) a return of the investment which was not included in the Company's most recent rate determination and which was made in new mains and new services to replace Subject Mains and Associated Services, by applying the approved depreciation rates to the investment in new mains and services.

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

B. Records and Reports:

Qualifying replacements are defined as amounts that are in-service, and all materials, labor, other costs, and adjustments related thereto must be recorded in the Gross Plant in Service FERC Account No. 367 Mains-Transmission, FERC Account No. 376 Mains-Distribution, or FERC Account No. 380 Services before being included in the MRP Rider.

On the first business day of each month, the Company shall calculate its MRP Revenue Requirement in the manner prescribed by Sections C and D of this Rider and may file an adjustment and the supporting documentation identified below with the Commission. The portion of the adjustment that is not in dispute shall become effective for all bills rendered on or after the first day of the month following the month during which the filing occurred, and shall be recovered from customers through the Company's Base Rate Adjustment as defined in Step 3 of Section D of this Rider. Any disputed amount will not go into effect as filed.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.11
	Original Rider Schedule No. 3.11 Sheet No. 2 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

Simultaneously with the filing of each adjustment, the Company will file information that:

- Separately identifies whether each project included in the filing was to replace Subject Mains or was to replace Associated Services;
- Specifically identifies the percentage of the total cost of each such project that will be included in the MRP Rider;
- Specifically identifies the date plant costs are first included in the MRP Rider;
- Specifically identifies for each project included in the filing the number of feet of new mains (i.e. plastic mains or coated steel mains) installed by month per books and the number of feet of retired mains (i.e. bare steel mains, coated steel mains that are not cathodically protected, mains that are the subject of an advisory issued by a federal or state agency and which the Company has determined to be in unsatisfactory condition, and other mains not qualifying for the MRP Rider) by month per books;
- Specifically identifies for each project included in the filing the number of new services installed by month per books and number of Associated Services retired by month per books, and

The MRP Rider establishes monthly Base Rate Adjustments for natural gas service provided under the Company's rate schedules specified in Section H. Such Base Rate Adjustments shall be recovered from customers in accordance with Step 3 of Section D.

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

The MRP Rider will not include any retirements of assets, cost of removal (except the cost of removal component comprehended in the approved depreciation rates), depreciation rates applied to cost of removal, pre-tax rate of return applied to cost of removal, or any costs otherwise included in current base rates.

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.11
	Original Rider Schedule No. 3.11 Sheet No. 3 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas Class of Service: All

C. MRP Revenue Requirement:

The MRP Rider is to provide recovery of the MRP Revenue Requirement which shall only include:

- Investment in new mains which was not included in the Company's most recent rate determination and which was made to replace Subject Mains (Account Nos. 367 and/or 376), times the appropriate depreciation rate(s) approved in the Company's most recent rate determination. The depreciation rate(s) 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 accounts corresponding to Account Nos. 367 and 376.
- Net investment (gross plant less accumulated depreciation) which was not included in the Company's most recent rate determination and which was made in new mains to replace Subject Mains (Account Nos. 367 and/or 376), times the pre-tax rate of return approved in the Company's most recent rate determination.
- Investment which was not included in the Company's most recent rate determination and which was made in new services to replace Associated Services (Account No. 380), times the depreciation rate approved in the Company's most recent rate determination. The depreciation rate 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 No. 380.
- Net investment (gross plant less accumulated depreciation) which was not included in the Company's most recent rate determination and which was made in new services to replace Associated Services (Account No. 380), times the pre-tax rate of return approved in the Company's most recent rate determination.
- The MRP Rider Revenue Requirement is net of savings of \$79,760 per year (the cumulative amount of the credit will increase on August 1 of each year by \$79,760 until the MRP Rider is reset in the next rate case).

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PSC File Mark Only	<p style="text-align: center; margin: 0;">ARKANSAS PUBLIC SERVICE COMMISSION</p> <hr/> <p style="margin: 0;">Rider Schedule No. 3.11</p> <hr/> <p style="margin: 0;">Original Rider Schedule No. 3.11 Sheet No. 4 of 6</p> <hr/> <p style="margin: 0; text-align: center;">SourceGas Arkansas Inc. (Name of Company)</p> <hr/> <p style="margin: 0;">Kind of Service: Natural Gas</p> <hr/> <p style="margin: 0;">Class of Service: All</p>
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D. Calculation of the MRP Revenue Requirement

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

Step 1: MRP Revenue Requirement.

The MRP Revenue Requirement shall be calculated on an annual basis as follows:

<u>Line Number</u>	<u>Description</u>	<u>Reference</u>
1	Transmission Mains	Qualifying Replacements of Mains-Transmission (FERC Account No. 367)
2	Distribution Mains	Qualifying Replacements of Mains – Distribution (FERC Account No. 376)
3	Services	Qualifying Replacements of Services (FERC Account No. 380)
4	Gross Plant	Line 1 + Line 2 + Line 3
5	Accumulated Depreciation	(Line 8 / 12) + Previous Month's Balance
6	Net Investment	Line 4 – Line 5
7	Pre-Tax Return On Net Investment	Line 6 x Approved Pre-Tax Rate of Return
8	Depreciation Expense	(Line 1 x Approved Depreciation Rate for FERC Account No. 367) + (Line 2 x Approved Depreciation Rate for FERC Account No. 376) + (Line 3 x Approved Depreciation Rate for FERC Account No. 380)

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.11
	Original Rider Schedule No. 3.11 Sheet No. 5 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas Class of Service: All

9	Reduction for Leaks Associated with Bare Steel Mains	\$79,760
10	MRP Revenue Requirement	Line 7 + Line 8 – Line 9

Step 2: Allocation of MRP Revenue Requirement by Class.

The MRP Revenue Requirement determined under Step 1 shall be allocated to customer classes based on the allocations approved in the Company's most recent rate determination for 1) transmission mains and 2) distribution mains and services.

Step 3: Base Rate Adjustments.

- a. Base Rate Adjustment for B-3 Sales and Transportation, B-4 Sales and Transportation, and B-5 Sales and Transportation

The Base Rate Adjustment for B-3 Sales and Transportation, B-4 Sales and Transportation, and B-5 Sales and Transportation rate schedules will be a flat charge per customer that is determined by dividing the MRP Revenue Requirement by Customer Class determined in Step 2 by the customer counts for each of those Customer Classes used to design the rates approved in the Company's most recent rate determination.

- b. Base Rate Adjustment for All Other Rate Schedules

The Base Rate Adjustment for all other rate schedules will be a per Ccf rate that is determined by dividing the MRP Revenue Requirement by Customer Class determined in Step 2 by the annual volumes by customer class used to design the rates approved in the Company's most recent rate determination.

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.11
	Original Rider Schedule No. 3.11 Sheet No. 6 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas Class of Service: All

E. Future Rate Case Applications

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

F. Compliance Audits

Each monthly filing under the MRP Rider 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.

Staff will advise the Company in writing when it begins a compliance audit and will identify to the Company the MRP Rider filings that will be subject to such 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 the MRP Rider not conforming to the specific tariff language shall be subject to refund.

G. Separate Line Item on the Customer's Bill

The Company will list the MRP Rider as a separate line item on customer bills labeled "Main Replacement".

H. Applicable Rate Schedules

1. Residential
2. Business 1 Sales and Transportation
3. Business 2 Sales and Transportation
4. Business 3 Sales and Transportation
5. Business 4 Sales and Transportation
6. Business 5 Sales and Transportation
7. Unmetered Gas Light
8. Local Distribution Company
9. Irrigation
10. Natural Gas Vehicles

THIS SPACE FOR PSC USE

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)
OF SOURCEGAS ARKANSAS INC. FOR,)
APPROVAL OF A GENERAL CHANGE)
IN RATES AND TARIFFS)

DOCKET NO. 13-079-U

AGREEMENT ATTACHMENT NO. 5

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION	
	Rider Schedule No. 3.12	
	Original Rider Schedule No. 3.12	Sheet No. 1 of 6
	SourceGas Arkansas Inc. (Name of Company)	
	Kind of Service: Natural Gas	
	Class of Service: All	

At-Risk Meter Relocation Program Rider (ARMRP Rider)

A. Purpose:

The primary purpose of the ARMRP Rider is to support the expedited relocation of At-Risk Meters, the installation of New Services and the retirement of Old Services. An At-Risk Meter is a meter that the Company has identified as being situated at a location that makes the meter susceptible to being struck by a motor vehicle. 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 an At-Risk Meter. An Old Service is a service line that is retired by the Company when the Company relocates an At-Risk Meter.

The Company will give priority to the relocation of meters and replacement of the associated service lines found to pose the greatest risk pursuant to its most recent Distribution Integrity Management Plan. While the Company will give priority to the relocation of the meters that pose the greatest risk, it will conduct the meter relocations and replacement of the associated service lines in a manner that also promotes the economic and cost effective relocation of meters and associated service lines.

Pursuant to the terms set forth herein, the ARMRP Rider is intended to provide cost recovery associated with relocating approximately 30,000 At-Risk Meters and replacing the associated service lines over a 20 year period. The ARMRP Rider will allow cost recovery of up to 4,700 At-Risk Meters and replacement of associated service lines during any period of three consecutive years. This limit may be waived upon a showing by the Company that exceeding the cap would be more cost-effective than not exceeding it.

To accomplish this purpose, the ARMRP Rider provides: (1) a return on the net investment (gross plant less accumulated depreciation) in New Services, which was not included in the Company's most recent rate determination, by applying the approved pre-tax rate of return to the net investment (gross plant less accumulated depreciation) in New Services, and (2) a return of the investment which was not included in the Company's most recent rate determination and which was made in New Services, by applying the approved depreciation rate to the investment in New Services.

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

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.12
	Original Rider Schedule No. 3.12 Sheet No. 2 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

B. Records and Reports:

Qualifying installations are defined as amounts that are in-service, 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 the ARMRP Rider.

On the first business day of each month, the Company shall calculate its ARMRP Revenue Requirement in the manner prescribed by Sections C and D of this Rider and may file an adjustment and the supporting documentation identified below with the Commission. The portion of the adjustment that is not in dispute shall become effective for all bills rendered on or after the first day of the month following the month during which the filing occurred, and shall be recovered from customers through the Company's Base Rate Adjustment as defined in Step 3 of Section D of this Rider. Any disputed amount will not go into effect as filed.

Simultaneously with the filing of each adjustment, the Company will file information that:

- Separately identifies whether each project included in the filing was to relocate an At-Risk Meter;
- Specifically identifies the percentage of the total cost of each such project that will be included in the ARMRP Rider;
- Specifically identifies the date plant costs are first included in the ARMRP Rider; and
- Specifically identifies for each project included in the filing the number of feet of New Services installed by month per books and the number of feet of Old Services retired by month per books.

At the end of each calendar quarter, the Company shall identify the approximate number of At-Risk Meters scheduled for relocation during the following quarter. The "Upcoming At-Risk Meter Relocation Report" shall be filed in the underlying rate case docket.

The ARMRP Rider establishes monthly Base Rate Adjustments for natural gas service provided under the Company's rate schedules specified in Section H. Such Base Rate Adjustments shall be recovered from customers in accordance with Step 3 of Section D.

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

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.12
	Original Rider Schedule No. 3.12 Sheet No. 3 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
Class of Service: All	

The ARMRP Rider will not include any retirements of assets, cost of removal (except the cost of removal component comprehended in the approved depreciation rates), depreciation rates applied to cost of removal, pre-tax rate of return applied to cost of removal, or any costs otherwise included in current base rates.

C. ARMRP Revenue Requirement:

The ARMRP Rider is to provide recovery of the ARMRP Revenue Requirement which shall only include:

Investment in New Services (Account No. 380) which was not included in the Company's most recent rate determination, times the depreciation rate approved in the Company's most recent rate determination. The depreciation rate 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 accounts corresponding to Account No. 380.

- Net investment (gross plant less accumulated depreciation) which was not included in the Company's most recent rate determination and which was made in New Services (Account No. 380), times the pre-tax rate of return approved in the Company's most recent rate determination.
- The ARMRP Rider Revenue Requirement is net of savings of \$13,478 per year (the cumulative amount of the credit will increase on August 1 of each year by \$13,478 until ARMRP Rider is reset in the next rate case).

D. Calculation of the ARMRP Revenue Requirement

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

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PSC File Mark Only	<p style="text-align: center;">ARKANSAS PUBLIC SERVICE COMMISSION</p> <hr/> <p style="text-align: center;">Rider Schedule No. 3.12</p> <hr/> <p>Original Rider Schedule No. 3.12 Sheet No. 4 of 6</p> <hr/> <p style="text-align: center;">SourceGas Arkansas Inc. (Name of Company)</p> <hr/> <p>Kind of Service: Natural Gas</p> <hr/> <p>Class of Service: All</p>
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Step 1: ARMRP Revenue Requirement.

The ARMRP Revenue Requirement shall be calculated on an annual basis as follows:

<u>Line Number</u>	<u>Description</u>	<u>Reference</u>
1	New Services	Qualifying Services (FERC Account No. 380)
2	Gross Plant	Line 1
3	Accumulated Depreciation	(Line 6 / 12) + Previous Month's Balance
4	Net Investment	Line 2 – Line 3
5	Pre-Tax Return On Net Investment	Line 4 x Approved Pre-Tax Rate of Return
6	Depreciation Expense	(Line 1 x Approved Depreciation Rate for FERC Account No. 380)
7	Reduction for Repairs Associated with Damaged Meters	\$13,478
8	ARMRP Revenue Requirement	Line 5 + Line 6 – Line 7

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.12
	Original Rider Schedule No. 3.12 Sheet No. 5 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas Class of Service: All

Step 2: Allocation of ARM RP Revenue Requirement by Class.

The ARM RP Revenue Requirement determined under Step 1 shall be assigned to each customer class based on the number of meters relocated and service lines replaced for each customer class.

Step 3: Base Rate Adjustments.

The Base Rate Adjustment ~~for~~ will be a per Ccf rate that is determined by dividing the ARM RP Revenue Requirement by Customer Class determined in Step 2 by the annual volumes by customer class used to design the rates approved in the Company's most recent rate determination.

E. Future Rate Case Applications

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

F. Compliance Audits

Each monthly filing under the ARM RP Rider 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.

Staff will advise the Company in writing when it begins a compliance audit and will identify to the Company the ARM RP Rider filings that will be subject to such 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 the ARM RP Rider not conforming to the specific tariff language shall be subject to refund.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.12
	Original Rider Schedule No. 3.12 Sheet No. 6 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas Class of Service: All

G. Separate Line Item on the Customer's Bill

The Company will list the ARMRP Rider as a separate line item on customer bills labeled "At-Risk Meter Relocation".

H. Applicable Rate Schedules

1. Residential
2. Business 1 Sales and Transportation
3. Business 2 Sales and Transportation
4. Business 3 Sales and Transportation
5. Business 4 Sales and Transportation
6. Business 5 Sales and Transportation
7. Unmetered Gas Light
8. Local Distribution Company
9. Irrigation
10. Natural Gas Vehicles

THIS SPACE FOR PSC USE

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)
OF SOURCEGAS ARKANSAS INC. FOR,)
APPROVAL OF A GENERAL CHANGE)
IN RATES AND TARIFFS)

DOCKET NO. 13-079-U

AGREEMENT ATTACHMENT NO. 6

EXTENSION OF FACILITIES (EXT) RIDER

MARK-UP

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.10
	Original Rate Schedule No. 2.10 Sheet No. 1 of 5
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
Class of Service: All	

EXTENSION OF FACILITIES-(EXT)

Applicability:

The charges and regulations specified below apply to the installation of facilities that are required to provide service to a site not previously served or accommodate an increase in natural gas consumption from a site currently served. Such charges and regulations apply to all classes and grades of service or facilities furnished by the Company.

For the purpose of this rate schedule, an extension of facilities ("Extension") shall include: (1) installation of new facilities to serve customers or customer locations not currently served, or (2) modification or replacement of existing facilities to accommodate an increase in natural gas consumption from a site currently served.

General Regulation:

The Company will install, own, operate, and maintain all facilities upstream of customer-owned facilities necessary to provide service to the point of delivery. Customer will provide a suitable outdoor location acceptable to the Company for the necessary above-ground equipment which will be kept readily accessible to employees and agents of the Company for all proper purposes. Customer will protect all company-owned equipment located on customer's premises against reasonably anticipated hazards.

Main Extension-Extension of Mains:

The Company will provide Extensions of gas mains of 100 feet or less from its existing mains. The Company will extend a gas main without cost to the customer, provided that a distance not to exceed 100 feet for each new customer being served from the main extension. A customer is a person or entity that the customer has made application for gas service, satisfied any applicable deposit requirements, paid the required meter deposit, extended a gas piping line (yard line) to the point necessary to receive gas service at which the meter will be located, and has a structure piped for gas service. Exception to the above may be made where local franchises or other agreements are contrary to the above. These requirements are to assure the Company that gas service will be used by a consumer upon completion of the main extension.

Main Extensions exceeding 100 feet will be made under the following conditions:

- 1) The Company will construct such main Extensions that exceed 100 feet at no cost to the customer when it is economically feasible to do so. Extensions will be deemed economically feasible when the net present value of the Extension is greater than zero.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.10
	Original Rate Schedule No. 2.10 Sheet No. 2 of 5
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

Determination of the economic feasibility of the main extension Extension shall be made through an economic model that shall take into consideration the following elements:

- a) total incremental non-gas cost revenue,
- b) total incremental capital investment cost of the Extension,
- c) incremental operation and maintenance expense,
- d) depreciation,
- e) return on investment, and
- f) other costs and factors relevant to the economic feasibility specific to each extension Extension.

2) If a proposed main e Extension exceeding 100 feet fails to meet the economic feasibility test described in (1) above, the Customer will be required to make a refundable contribution in aid of construction in an amount sufficient for the extension of service to the customer to meet the economic feasibility test. These extensions require that a "Main Extension Agreement" be entered into between the Company and those participants making contributions and eligible for refunds. The Company will not normally accept proposals for customers furnishing all or part of the ditching and/or backfilling. There may be circumstances in which the furnishing of ditching would be acceptable and credit given. These situations must be reviewed on a case by case basis by the operating department before acceptance.

a Main Extension Surcharge ("MES") shall be available. Once a customer elects to receive the MES, a monthly charge will be applied to the premises at which the customer will receive gas service in order that the customer at that premises repay the cost of the extension Extension.

The amount of the MES available and the corresponding monthly payment are as follows:

- a) Up to \$2,068 for Customers selecting a \$20 per month MES.
- b) Up to \$3,102 for Customers selecting a \$30 per month MES.
- c) Up to \$4,136 for Customers selecting a \$40 per month MES.
- d) Up to \$5,169 for Customers selecting a \$50 per month MES.

i) In order to qualify for the MES:

- (1) The total cost of the Extension must exceed the cost of 100 feet of Extension per customer;
- (2) The homes or structures to receive gas service must have primary gas heat and gas water heating or have gas appliance(s) with comparable annual load;

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.10
	Original Rate Schedule No. 2.10 Sheet No. 3 of 5
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
Class of Service: All	

- (3) The customer must pay any costs (including installation) in excess of those that are economically feasible, less the amount to be paid through the MES, before construction begins; and
- (4) The customer requesting the MES must be the property owner at the address of the premises for which the service is requested.

ii) Repayment Terms:

- 1) The Company shall establish, and the customer electing to receive the MES shall accept, a reimbursement schedule to recover the costs of providing the MES with the reimbursement period not to exceed 180 months and the cost of recovery calculated to take into account the Commission approved pretax rate of return;
- 2) Customers have the option to pay off any remaining balance associated with the MES in a lump sum at any time. When requested by a customer, the Company will calculate the lump sum payment amount based upon the remaining unpaid MES at a specified payment date. A lump sum payment made in full on or before the date specified by the Company will eliminate the customer's obligation to make further MES payments;
- 3) The liability for the MES remains with the premises, such that in the event a new customer becomes responsible for paying the Company for service at the premises, that new customer will assume the responsibility for reimbursing the Company for the remainder of the total amount to be reimbursed. The Company will notify any subsequent customer upon request for service that the customer's premises is subject to the MES. If the customer does not pay the MES, the Company may suspend service for nonpayment;
- 4) The Company will provide the following information to the customer in writing when presenting the estimated connection costs and available MES:
 - (i) the Commission approved pretax rate of return,
 - (ii) the MES amount and the pretax rate of return amounts over the duration of the payment period,
 - (iii) the fact that the customer has the option to make a lump sum payment at any time during the duration of the repayment period,
 - (iv) a phone number the customer may call in order to address MES questions and the lump sum payment.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.10
	Original Rate Schedule No. 2.10 Sheet No. 4 of 5
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
Class of Service: All	

3) If a proposed Extension fails to meet the economic feasibility test described in (1) above and either the Extension does not qualify for the MES or the customer does not elect the MES option, the customer will be required to make a refundable contribution-in-aid of construction in an amount sufficient for the Extension to meet the economic feasibility test before construction begins. Extensions require that a "Main Extension Agreement" be entered into between the Company and those participants making contributions and eligible for refunds. The Company will not normally accept proposals for customers furnishing all or part of the ditching or backfilling. There may be circumstances in which the furnishing of ditching by a customer would be acceptable and credit given. These situations must be reviewed on a case by case basis by the operating department before acceptance.

Extensions to Single Mobile Homes:

Extensions for individual mobile homes not located within a mobile home park but located on property owned by the mobile home owners shall be given the same consideration as any other customer. Extensions for mobile homes situated on property being rented or leased will require a non-refundable contribution-in-aid of construction equal to the amount of the cost of the entire extension.

Extensions to Multiple Housing and Mobile Home Parks:

Service to multiple housing complexes and mobile home parks will be by individual meters at each unit and will require a gas distribution system. These systems will be considered the same as other ~~extensions~~ Extensions, subject to the owner providing dedicated streets, alleys, easements or private right-of-way grants for the gas line locations. This policy is applicable only to newly constructed facilities and does not apply to conversions from master meter to individual meters where the piping system is replaced in whole or in part. Prior to these systems being approved, the owner must present a proposed piping plan to the Company for acceptance.

Refunds:

~~Extensions that require~~ requiring a contribution-in-aid of construction are eligible for refunds, ~~except extensions~~ Extensions made to single mobile homes not situated on property owned by the ~~mobile home owner of the mobile home.~~ Refunds will be made for a maximum of 3 years from the effective date of the "Main Extension Agreement." ~~These refunds are eligible during a specified time period as set forth in the "Main Extension Agreement."~~ The purpose for the limited refunds limiting the refund term to mobile homes is due to the mobility of these structures and the ease for which they can be removed and the land converted to some other purpose. The refund amount may vary depending on investment and rate of return. The total refunds may not exceed the contribution amount on any specific ~~extension~~ Extension. Refunds are made once each 12 months

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.10
	Original Rate Schedule No. 2.10 Sheet No. 5 of 5
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
Class of Service: All	

during the contract term. These ~~extensions~~ Extensions will be surveyed and considered for refund within 90 days following the anniversary of the contract.

Service Line Extension Installation Policy:

Residential Service Line Installation:

When first setting a meter at residential premises, the Company will install the gas line extending from the distribution main to the customer's primary structure service line (defined as the gas line extending from the distribution main to the inlet side of the meter riser) at no cost to the customer, if the meter location is at the customer's property line. The Company will place the meter at or near the customer's primary structure. However, if the Company determines it is preferable to set the meter at another location, it may choose to do so. Such decision will be made at the Company's sole discretion. If the customer requests and the Company approves the location or if the Company requires the meter to be located at some point other than the property line, the Company will install, own and operate the service line (as defined above) and the customer shall make a non-refundable contribution in aid of construction equal to the estimated cost of installing that portion of the service line extending from the property line to the inlet side of the meter riser.

Non-Residential Service Line Installation:

When first setting a meter at non-residential premises, the Company will install the gas line extending from the distribution main to the inlet side of the meter at no cost to the customer. The Company will place the meter at a location to be determined by the Company on a case-by-case basis. The customer will be responsible for installing the gas line running from the outlet side of the meter to the structure receiving gas service.

~~Extensions for large industrial and commercial customers, which will consume large volumes of gas, are subject to individual consideration.~~

EXTENSION OF FACILITIES (EXT) RIDER

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.10
	Original Rate Schedule No. 2.10 Sheet No. 1 of 5
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

EXTENSION OF FACILITIES-(EXT)

Applicability:

The charges and regulations specified below apply to facilities required to provide service to a site not previously served or accommodate an increase in natural gas consumption from a site currently served. Such charges and regulations apply to all classes and grades of service or facilities furnished by the Company.

For the purpose of this rate schedule, an extension of facilities ("Extension") shall include: (1) installation of new facilities to serve customers or customer locations not currently served, or (2) modification or replacement of existing facilities to accommodate an increase in natural gas consumption from a site currently served.

General Regulation:

The Company will install, own, operate, and maintain all facilities upstream of customer-owned facilities. Customer will provide a suitable outdoor location acceptable to the Company for the necessary above-ground equipment which will be kept readily accessible to employees and agents of the Company for all proper purposes. Customer will protect all company-owned equipment located on customer's premises against reasonably anticipated hazards.

Extension of Mains:

The Company will provide Extensions of gas mains of 100 feet or less from its existing mains without cost to the customer, provided that the customer has made application for gas service, satisfied any applicable deposit requirements, extended gas piping to the point necessary to receive gas service, and has a structure piped for gas service. Exception to the above may be made where local franchises or other agreements are contrary to the above. These requirements are to assure the Company that gas service will be used by a consumer upon completion of the Extension.

Extensions exceeding 100 feet will be made under the following conditions:

- 1) The Company will construct such Extensions at no cost to the customer when it is economically feasible to do so. Extensions will be deemed economically feasible when the net present value of the Extension is greater than zero.

Determination of the economic feasibility of the Extension shall be made through an economic model that shall take into consideration the following elements:

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.10
	Original Rate Schedule No. 2.10 Sheet No. 2 of 5
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

- a) total incremental non-gas cost revenue,
 - b) total incremental capital cost of the Extension,
 - c) incremental operation and maintenance expense,
 - d) depreciation,
 - e) return on investment, and
 - f) other costs and factors relevant to the economic feasibility specific to each Extension.
- 2) If a proposed Extension fails to meet the economic feasibility test described in (1) above, a Main Extension Surcharge ("MES") shall be available. Once a customer elects to receive the MES, a monthly charge will be applied to the premises at which the customer will receive gas service in order that the customer at that premises repay the cost of the Extension. The amount of the MES available and the corresponding monthly payment are as follows:
- a) Up to \$2,068 for Customers selecting a \$20 per month MES,
 - b) Up to \$3,102 for Customers selecting a \$30 per month MES,
 - c) Up to \$4,136 for Customers selecting a \$40 per month MES,
 - d) Up to \$5,169 for Customers selecting a \$50 per month MES.
- i) In order to qualify for the MES:
 - (1) The total cost of the Extension must exceed the cost of 100 feet of Extension per customer;
 - (2) The homes or structures to receive gas service must have primary gas heat and gas water heating or have gas appliance(s) with comparable annual load;
 - (3) The customer must pay any costs (including installation) in excess of those that are economically feasible, less the amount to be paid through the MES, before construction begins; and
 - (4) The customer requesting the MES must be the property owner at the address of the premises for which the service is requested.
 - ii) Repayment Terms:
 - 1) The Company shall establish, and the customer electing to receive the MES shall accept, a reimbursement schedule to recover the costs of providing the MES with the reimbursement period not to exceed 180 months and the cost of recovery calculated to take into account the Commission approved pretax rate of return;

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.10
	Original Rate Schedule No. 2.10 Sheet No. 3 of 5
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

- 2) Customers have the option to pay off any remaining balance associated with the MES in a lump sum at any time. When requested by a customer, the Company will calculate the lump sum payment amount based upon the remaining unpaid MES at a specified payment date. A lump sum payment made in full on or before the date specified by the Company will eliminate the customer's obligation to make further MES payments;
- 3) The liability for the MES remains with the premises, such that in the event a new customer becomes responsible for paying the Company for service at the premises, that new customer will assume the responsibility for reimbursing the Company for the remainder of the total amount to be reimbursed. The Company will notify any subsequent customer upon request for service that the customer's premises is subject to the MES. If the customer does not pay the MES, the Company may suspend service for nonpayment;
- 4) The Company will provide the following information to the customer in writing when presenting the estimated connection costs and available MES:
 - (i) the Commission approved pretax rate of return,
 - (ii) the MES amount and the pretax rate of return amounts over the duration of the payment period,
 - (iii) the fact that the customer has the option to make a lump sum payment at any time during the duration of the repayment period,
 - (iv) a phone number the customer may call in order to address MES questions and the lump sum payment.
- 3) If a proposed Extension fails to meet the economic feasibility test described in (1) above and either the Extension does not qualify for the MES or the customer does not elect the MES option, the customer will be required to make a refundable contribution-in-aid of construction in an amount sufficient for the Extension to meet the economic feasibility test before construction begins. Extensions require that a "Main Extension Agreement" be entered into between the Company and those participants making contributions and eligible for refunds. The Company will not normally accept proposals for customers furnishing all or part of the ditching or backfilling. There may be circumstances in which the furnishing of ditching by a customer would be acceptable and credit given. These situations must be reviewed on a case by case basis by the operating department before acceptance.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.10
	Original Rate Schedule No. 2.10 Sheet No. 4 of 5
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
Class of Service: All	

Extensions to Single Mobile Homes:

Extensions for individual mobile homes not located within a mobile home park but located on property owned by the mobile home owners shall be given the same consideration as any other customer. Extensions for mobile homes situated on property being rented or leased will require a non-refundable contribution-in-aid of construction equal to the amount of the cost of the entire extension.

Extensions to Multiple Housing and Mobile Home Parks:

Service to multiple housing complexes and mobile home parks will be by individual meters at each unit and will require a gas distribution system. These systems will be considered the same as other Extensions, subject to the owner providing dedicated streets, alleys, easements or private right-of-way grants for the gas line locations. This policy is applicable only to newly constructed facilities and does not apply to conversions from master meter to individual meters where the piping system is replaced in whole or in part. Prior to these systems being approved, the owner must present a proposed piping plan to the Company for acceptance.

Refunds:

Extensions requiring a contribution-in-aid of construction are eligible for refunds, except Extensions made to single mobile homes not situated on property owned by the owner of the mobile home. Refunds will be made for maximum of 3 years from the effective date of the "Main Extension Agreement." The refund amount may vary depending on investment and rate of return. The total refunds may not exceed the contribution amount on any specific Extension. Refunds are made once each 12 months during the contract term. These Extensions will be surveyed and considered for refund within 90 days following the anniversary of the contract.

Service Line Installation Policy:

Residential Service Line Installation:

When first setting a meter at residential premises, the Company will install the gas line extending from the distribution main to the customer's primary structure at no cost to the customer. The Company will place the meter at or near the customer's primary structure. However, if the Company determines it is preferable to set the meter at another location, it may choose to do so. Such decision will be made at the Company's sole discretion

Non-Residential Service Line Installation:

When first setting a meter at non-residential premises, the Company will install the gas line extending from the distribution main to the inlet side of the meter at no cost to the customer. The

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.10
	Original Rate Schedule No. 2.10 Sheet No. 5 of 5
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

Company will place the meter at a location to be determined by the Company on a case-by-case basis. The customer will be responsible for installing the gas line running from the outlet side of the meter to the structure receiving gas service.

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)
OF SOURCEGAS ARKANSAS INC. FOR,)
APPROVAL OF A GENERAL CHANGE)
IN RATES AND TARIFFS)

DOCKET NO. 13-079-U

AGREEMENT ATTACHMENT NO. 7

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Table of Contents
	Fourth Revised Sheet No. 1 of 3
	Replacing Third Revised Sheet No. 1 of 3
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
Class of Service: All	

TABLE OF CONTENTS

PART I: GENERAL SCHEDULES

<u>Class of Service</u>	<u>General Schedule Name</u>	<u>General Schedule Number</u>
All	Utility Information	1.1
All	Tariff Symbols	1.2
All	Exemptions	1.3
All	Company Filed Rules and Regulations Governing Gas Service	1.4

PART II: RATE SCHEDULES

<u>Class of Service</u>	<u>Rate Schedule Name</u>	<u>Rate Schedule Number</u>
Residential	Residential Sales Service – (R-1)	2.1
Commercial/Industrial	Business 1 Sales Service – (B-1)	2.2
Commercial/Industrial	Business 2 Sales Service – (B-2)	2.3
Commercial/Industrial	Business 3 Sales Service - (B-3)	2.4
Commercial/Industrial	Business 4 Sales Service - (B-4)	2.5
Commercial/Industrial	Business 5 Sales Service - (B-5)	2.6
Commercial/Industrial	Natural Gas Transportation Service - (NGT)	2.7

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Table of Contents
	Fourth Revised Sheet No. 2 of 3
	Replacing Third Revised Sheet No. 2 of 3
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
Class of Service: All	

Unmetered Gas Lights	Unmetered Gas Lights Sales Service - (GL)	2.8
All	Charges Related to Customer Activity - (CAC)	2.9
All	Extension of Facilities - (EXT)	2.10
Local Distribution Company	Local Distribution Company – Sales Service Only – (LDC)	2.11
Commercial/Industrial	Irrigation Sales Service (I-1)	2.12
All	Natural Gas Vehicle (NGV)	2.13

PART III: RIDER SCHEDULES

<u>Class of Service</u>	<u>Rider Schedule Name</u>	<u>Rider Schedule Number</u>	
	Reserved for Future Use	3.1	RT, AT
Commercial/Industrial	Business 1 Air Conditioning Rider – (B-1 A/C)	3.2	
Commercial/Industrial	Business 2 Air Conditioning Rider - (B-2 A/C)	3.3	
All	Weather Normalization Adjustment Rider - (WNA)	3.4	
Commercial/Industrial	Commercial/Industrial Large Air Conditioning Rider - (LCI –A/C)	3.5	
Residential, B-1, B-2	Billing Determinant Rate Adjustment Rider (BDA)	3.6	RT CT

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Table of Contents
	Fourth Revised Sheet No. 3 of 3
	Replacing Third Revised Sheet No. 3 of 3
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
Class of Service: All	

All	Cost of Gas Rider - (COG)	3.7	
All	Act 310 Surcharge Rider (Act 310)	3.8	
All	Tax and Fee Rider - (TAX)	3.9	
All	Energy Efficiency Cost Recovery Rider (EECR)	3.10	
All	Main Replacement Program Rider (MRP)	3.11	NR
All	At-Risk Meter Relocation Program Rider (ARMRP)	3.12	NR

PART IV: POLICY STATEMENTS

<u>Class of Service</u>	<u>Policy Schedule Name</u>	<u>Policy Schedule Number</u>
All	Curtailment Policy - (PS-1)	4.1
All	Balanced Billing Plan Policy - (PS-2)	4.2
Residential	Provision for Landlords and Tenants - (PS-3)	4.3
Residential	Extended Absence Plan - (PS-4)	4.4
Residential	Extended Due Date Plan - (PS-5)	4.5
Residential	Penalty Waiver Plan - (PS-6)	4.6
All	Gas and Measurement Standards (PS-7)	4.7
All	Authorized Payment Outlets (PS-8)	4.8

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RESIDENTIAL SALES SERVICE-(R-1)

Availability:

Natural gas service is available under this rate schedule to any individually metered residential customer. Gas service is not available under this rate schedule for resale to others or for stand-by service.

Character of Service:

Service hereunder will not normally be subject to curtailment except as may become necessary under the terms of Company tariff Policy Schedule No. 4.1 - Curtailment Policy. The average heating value for gas delivered to customers shall not be less than 975 Btu per cubic foot at 14.65 psia and 60 degrees Fahrenheit. The established absolute pressure base for all deliveries shall be 14.65. The normal gauge pressure for all deliveries shall be four (4) ounces gauge pressure per square inch above 14.4 assumed atmospheric pressure. The Company, at its option, may provide service at a pressure higher than normal pressure to an individual customer who so requests.

Rates:

The charge for recorded consumption of natural gas at one point of delivery in any month is as follows:

Customer Charge	\$10.20 Per Month	CR
Delivery Rate	\$.295329 Per Ccf	CR

Additional Charges:

In addition to the rates as stated above service under this rate schedule is subject to the charges of the following Company tariffs:

- | | |
|---|----|
| 1. Rider Schedule No. 3.4 -- Weather Normalization Adjustment Rider | |
| 2. Rider Schedule No. 3.6 -- Billing Determinant Rate Adjustment Rider | RT |
| 3. Rider Schedule No. 3.7 -- Cost of Gas Rider | |
| 4. Rider Schedule No. 3.8 -- Act 310 Surcharge Rider (Act 310) | |
| 5. Rider Schedule No. 3.9 -- Tax and Fee Rider | |
| 6. Rider Schedule No. 3.10 -- Energy Efficiency Cost Recovery Rider -- (EECR) | |
| 7. Rider Schedule No. 3.11 -- Main Replacement Program Rider (MRP) | NR |
| 8. Rider Schedule No. 3.12 -- At-Risk Meter Relocation Program Rider (ARMRP) | NR |

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.1
	Second Revised Rate Schedule No. 2.1 Sheet No. 2 of 2
	Replacing First Revised Sheet No. 2.1 Sheet No. 2 of 2
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Residential

Minimum Charges:

Customers shall pay a monthly minimum bill equal to the Customer Charge. Bills will be issued on a monthly basis.

RT

Reconnect Charge:

This rate schedule is a continuous service schedule. If service is disconnected at the request of the consumer and thereafter restored at the same location for the same occupant within the twelve month period following the date service was disconnected, a Reconnect Charge will become due and payable when service is restored. The Reconnect Charge shall be computed by multiplying the Customer Charge by the number of months and fractions of months that service was disconnected.

Terms of Payment:

All bills are due and payable twenty-two (22) days after the date the bills are mailed. Both the date the bill was mailed and the date the bill is due will be printed on the bill.

Late Payment Charge:

The Company may bill an additional charge (Late Payment Charge), if the payment of a billing is not received by the Company or its authorized agent for payment before the close of business on the due date as shown on the bill. The Late Payment Charge shall be calculated on only the overdue amount of the bill and will be determined as follows: ten percent (10%) of the first \$30.00 plus two percent (2%) of the remaining unpaid balance. The amount of the Late Payment Charge and when it will apply will be printed on the bill.

Residential Natural Gas Air Conditioning:

Customers who have installed Company approved natural gas air conditioning and are receiving service under this rate schedule may qualify for and be subject to the charges of the Company tariff Rider Schedule No. 3.1 – Residential Air Conditioning Rider.

Rules and Regulations:

Service will be rendered in accordance with the Company tariff General Schedule No. 1.4 – Rules and Regulations Governing Gas Service on file with the Arkansas Public Service Commission and in accordance with the Rules and Regulations established by the Arkansas Public Service Commission.

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BUSINESS 1 SALES SERVICE-(B-1)

Availability:

Natural gas service is available under this rate schedule to any commercial or industrial customer using zero to ten thousand (0 – 10,000) Ccf annually. Gas service is not available under this rate schedule for resale or stand-by service. Eligibility for service under this rate schedule will be determined annually and upon commencement of service for new customers at new locations.

Character of Service:

Service hereunder will not normally be subject to curtailment except as may become necessary under the terms of Company tariff Policy Schedule No. 4.1 - Curtailment Policy. The average heating value for gas delivered to customers shall not be less than 975 Btu per cubic foot at 14.65 psia and 60 degrees Fahrenheit. The established absolute pressure base for all deliveries shall be 14.65. The normal gauge pressure for all deliveries shall be four (4) ounces gauge pressure per square inch above 14.4 assumed atmospheric pressure. The Company, at its option, may provide service at a pressure higher than normal pressure to an individual customer who so requests.

Rates:

The charge for recorded consumption of natural gas at one point of delivery in any month is as follows:

Customer Charge	\$18.51 Per Month	CR
Delivery Rate	\$.292028 Per Ccf	CR

Additional Charges:

In addition to the rates as stated above service under this rate schedule is subject to the charges of the following Company tariffs:

- | | |
|--|----|
| 1. Rider Schedule No. 3.4 -- Weather Normalization Adjustment Rider | |
| 2. Rider Schedule No. 3.6 -- Billing Determinant Rate Adjustment Rider | RT |
| 3. Rider Schedule No. 3.7 -- Cost of Gas Rider | |
| 4. Rider Schedule No. 3.8 -- Act 310 Surcharge Rider (Act 310) | |
| 5. Rider Schedule No. 3.9 -- Tax and Fee Rider | |
| 6. Rider Schedule No. 3.10 -- Energy Efficiency Cost Recovery Rider (EECR) | |
| 7. Rider Schedule No. 3.11 -- Main Replacement Program Rider (MRP) | NR |
| 8. Rider Schedule No. 3.12 -- At-Risk Meter Relocation Program Rider (ARMRP) | NR |

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	Rate Schedule No. 2.2
	Second Revised Rate Schedule No. 2.2 Sheet No. 2 of 2
	Replacing First Revised Sheet No. 2.2 Sheet No. 2 of 2
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
Class of Service: Commercial/Industrial	

Minimum Charges:

Customers shall pay a monthly minimum bill equal to the Customer Charge. Bills will be issued on a monthly basis.

RT

Reconnect Charge:

This rate schedule is a continuous service schedule. If service is disconnected at the request of the consumer and thereafter restored at the same location for the same occupant within the twelve month period following the date service was disconnected, a Reconnect Charge will become due and payable when service is restored. The Reconnect Charge shall be computed by multiplying the Customer Charge by the number of months and fractions of months that service was disconnected.

Terms of Payment:

All bills are due and payable twenty-two (22) days after the date the bills are mailed. Both the date the bill was mailed and the date the bill is due will be printed on the bill.

Late Payment Charge:

The Company may bill an additional charge (Late Payment Charge), if the payment of a billing is not received by the Company or its authorized agent for payment before the close of business on the due date as shown on the bill. The Late Payment Charge shall be calculated on only the overdue amount of the bill and will be determined as follows: ten percent (10%) of the first \$30.00 plus two percent (2%) of the remaining unpaid balance. The amount of the Late Payment Charge and when it will apply will be printed on the bill.

Business 1 Natural Gas Air Conditioning:

Customers who have installed Company approved natural gas air conditioning and are receiving service under this rate schedule may qualify for and be subject to the charges of the Company tariff Rider Schedule No. 3.2 -- Business 1 Air Conditioning Rider.

Rules and Regulations:

Service will be rendered in accordance with the Company tariff General Schedule No. 1.4 -- Rules and Regulations Governing Gas Service on file with the Arkansas Public Service Commission and in accordance with the Rules and Regulations established by the Arkansas Public Service Commission.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION <hr/> Rate Schedule No. 2.3 <hr/> Second Revised Rate Schedule No. 2.3 Sheet No. 1 of 2 Replacing First Revised Rate Schedule No. 2.3 Sheet No. 1 of 2 <hr/> <p style="text-align: center;">SourceGas Arkansas Inc. (Name of Company)</p> <hr/> Kind of Service: <u>Natural Gas</u> Class of Service: <u>Commercial/Industrial</u>
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BUSINESS 2 SALES SERVICE-(B-2)

Availability:

Natural gas service is available under this rate schedule to any commercial or industrial customer using ten thousand one to fifty thousand (10,001 – 50,000) Ccf annually. Gas service is not available under this rate schedule for resale or stand-by service. Eligibility for service under this rate schedule will be determined annually and upon commencement of service for new customers at new locations.

Character of Service:

Service hereunder will not normally be subject to curtailment except as may become necessary under the terms of Company tariff Policy Schedule No. 4.1 - Curtailment Policy. The average heating value for gas delivered to customers shall not be less than 975 Btu per cubic foot at 14.65 psia and 60 degrees Fahrenheit. The established absolute pressure base for all deliveries shall be 14.65. The normal gauge pressure for all deliveries shall be four (4) ounces gauge pressure per square inch above 14.4 assumed atmospheric pressure. The Company, at its option, may provide service at a pressure higher than normal pressure to an individual customer who so requests.

Rates:

The charge for recorded consumption of natural gas at one point of delivery in any month is as follows:

Customer Charge	\$85.86 Per Month	CR
Delivery Rate	\$.256374 Per Ccf	CR

Additional Charges:

In addition to the rates as stated above service under this rate schedule is subject to the charges of the following Company tariffs:

- | | |
|--|----|
| 1. Rider Schedule No. 3.4 -- Weather Normalization Adjustment Rider | |
| 2. Rider Schedule No. 3.6 -- Billing Determinant Rate Adjustment Rider | RT |
| 3. Rider Schedule No. 3.7 -- Cost of Gas Rider | |
| 4. Rider Schedule No. 3.8 -- Act 310 Surcharge Rider (Act 310) | |
| 5. Rider Schedule No. 3.9 -- Tax and Fee Rider | |
| 6. Rider Schedule No. 3.10 -- Energy Efficiency Cost Recovery Rider (EECR) | |
| 7. Rider Schedule No. 3.11 -- Main Replacement Program Rider (MRP) | NR |
| 8. Rider Schedule No. 3.12 -- At-Risk Meter Relocation Program Rider (ARMRP) | NR |

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	Rate Schedule No. 2.3
	Second Revised Rate Schedule No. 2.3 Sheet No. 2 of 2
	Replacing First Revised Rate Schedule No. 2.3 Sheet No. 2 of 2
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: <u>Natural Gas</u>
	Class of Service: <u>Commercial/Industrial</u>

Minimum Charges:

Customers shall pay a monthly minimum bill equal to the Customer Charge. Bills will be issued on a monthly basis.

RT

Reconnect Charge:

This rate schedule is a continuous service schedule. If service is disconnected at the request of the consumer and thereafter restored at the same location for the same occupant within the twelve month period following the date service was disconnected, a Reconnect Charge will become due and payable when service is restored. The Reconnect Charge shall be computed by multiplying the Customer Charge by the number of months and fractions of months that service was disconnected.

Terms of Payment:

All bills are due and payable twenty-two (22) days after the date the bills are mailed. Both the date the bill was mailed and the date the bill is due will be printed on the bill.

Late Payment Charge:

The Company may bill an additional charge (Late Payment Charge), if the payment of a billing is not received by the Company or its authorized agent for payment before the close of business on the due date as shown on the bill. The Late Payment Charge shall be calculated on only the overdue amount of the bill and will be determined as follows: ten percent (10%) of the first \$30.00 plus two percent (2%) of the remaining unpaid balance. The amount of the Late Payment Charge and when it will apply will be printed on the bill.

Business 2 Natural Gas Air Conditioning:

Customers who have installed Company approved natural gas air conditioning and are receiving service under this rate schedule may qualify for and be subject to the charges of the Company tariff Rider Schedule No. 3.3 – Business 2 Air Conditioning Rider.

Rules and Regulations:

Service will be rendered in accordance with the Company tariff General Schedule No. 1.4 -- Rules and Regulations Governing Gas Service on file with the Arkansas Public Service Commission and in accordance with the Rules and Regulations established by the Arkansas Public Service Commission.

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BUSINESS 3 SALES SERVICE-(B-3)

Availability:

Natural gas service is available under this rate schedule to any commercial or industrial customer using fifty thousand one to three hundred thousand (50,001 – 300,000) Ccf annually. Gas service is not available under this rate schedule for resale or stand-by service. Eligibility for service under this rate schedule will be determined annually and upon commencement of service for new customers at new locations.

Character of Service:

Service hereunder will not normally be subject to curtailment except as may become necessary under the terms of Company tariff Policy Schedule No. 4.1 - Curtailment Policy. The average heating value for gas delivered to customers shall not be less than 975 Btu per cubic foot at 14.65 psia and 60 degrees Fahrenheit. The established absolute pressure base for all deliveries shall be 14.65. The normal gauge pressure for all deliveries shall be four (4) ounces gauge pressure per square inch above 14.4 assumed atmospheric pressure. The Company, at its option, may provide service at a pressure higher than normal pressure to an individual customer who so requests.

Rates:

The charge for recorded consumption of natural gas at one point of delivery in any month is as follows:

Customer Charge	\$240.98 Per Month	CR
Delivery Rate	\$.149575 Per Ccf	CR

Additional Charges:

In addition to the rates as stated above service under this rate schedule is subject to the charges of the following Company tariffs:

1. Rider Schedule No. 3.7 – Cost of Gas Rider
2. Rider Schedule No. 3.8 -- Act 310 Surcharge Rider (Act 310)
3. Rider Schedule No. 3.9 – Tax and Fee Rider
4. Rider Schedule No. 3.10 – Energy Efficiency Cost Recovery Rider (EECR)
5. Rider Schedule No. 3.11 – Main Replacement Program Rider (MRP)
6. Rider Schedule No. 3.12 – At-Risk Meter Relocation Program Rider (ARMP) NR

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	Rate Schedule No. 2.4
	Second Revised Rate Schedule No. 2.4 Sheet No. 2 of 2
	Replacing First Revised Rate Schedule No. 2.4 Sheet No. 2 of 2
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial/Industrial

Minimum Charges:

Customers shall pay a monthly minimum bill equal to the Customer Charge. Bills will be issued on a monthly basis. RT

Reconnect Charge:

This rate schedule is a continuous service schedule. If service is disconnected at the request of the consumer and thereafter restored at the same location for the same occupant within the twelve month period following the date service was disconnected, a Reconnect Charge will become due and payable when service is restored. The Reconnect Charge shall be computed by multiplying the Customer Charge by the number of months and fractions of months that service was disconnected.

Terms of Payment:

All bills are due and payable twenty-two (22) days after the date the bills are mailed. Both the date the bill was mailed and the date the bill is due will be printed on the bill.

Late Payment Charge:

The Company may bill an additional charge (Late Payment Charge), if the payment of a billing is not received by the Company or its authorized agent for payment before the close of business on the due date as shown on the bill. The Late Payment Charge shall be calculated on only the overdue amount of the bill and will be determined as follows: ten percent (10%) of the first \$30.00 plus two percent (2%) of the remaining unpaid balance. The amount of the Late Payment Charge and when it will apply will be printed on the bill.

Business 3 Natural Gas Air Conditioning:

Customers who have installed Company approved natural gas air conditioning and are receiving service under this rate schedule may qualify for and be subject to the charges of Company tariff Rider Schedule No. 3.5 – Commercial/Industrial Large Air Conditioning Rider.

Rules and Regulations:

Service will be rendered in accordance with the Company tariff General Schedule No. 1.4 -- Rules and Regulations Governing Gas Service on file with the Arkansas Public Service Commission and in accordance with the Rules and Regulations established by the Arkansas Public Service Commission.

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BUSINESS 4 SALES SERVICE-(B-4)

Availability:

Natural gas service is available under this rate schedule to any commercial or industrial customer using three hundred thousand one to seven hundred thousand (300,001–700,000) Ccf annually. Gas service is not available under this rate schedule for resale or stand-by service. Eligibility for service under this rate schedule will be determined annually and upon commencement of service for new customers at new locations.

Character of Service:

Service hereunder will not normally be subject to curtailment except as may become necessary under the terms of Company tariff Policy Schedule No. 4.1 - Curtailment Policy. The average heating value for gas delivered to customers shall not be less than 975 Btu per cubic foot at 14.65 psia and 60 degrees Fahrenheit. The established absolute pressure base for all deliveries shall be 14.65. The normal gauge pressure for all deliveries shall be four (4) ounces gauge pressure per square inch above 14.4 assumed atmospheric pressure. The Company, at its option, may provide service at a pressure higher than normal pressure to an individual customer who so requests.

Rates:

The charge for recorded consumption of natural gas at one point of delivery in any month is as follows:

Customer Charge	\$737.32 Per Month	CR
Delivery Rate	\$.085991 Per Ccf	CR

Additional Charges:

In addition to the rates as stated above service under this rate schedule is subject to the charges of the following Company tariffs:

- | | |
|--|----|
| 1. Rider Schedule No. 3.7 -- Cost of Gas Rider | |
| 2. Rider Schedule No. 3.8 -- Act 310 Surcharge Rider (Act 310) | |
| 3. Rider Schedule No. 3.9 -- Tax and Fee Rider | |
| 4. Rider Schedule No. 3.10 -- Energy Efficiency Cost Recovery Rider (EECR) | |
| 5. Rider Schedule No. 3.11 -- Main Replacement Program Rider (MRP) | NR |
| 6. Rider Schedule No. 3.12 -- At-Risk Meter Relocation Program Rider (ARMRP) | NR |

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	Rate Schedule No. 2.5
	Second Revised Rate Schedule No. 2.5 Sheet No. 2 of 2
	Replacing First Revised Rate Schedule No. 2.5 Sheet No. 2 of 2
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial/Industrial

Minimum Charges:

Customers shall pay a monthly minimum bill equal to the Customer Charge. Bills will be issued on a monthly basis.

RT

Reconnect Charge:

This rate schedule is a continuous service schedule. If service is disconnected at the request of the consumer and thereafter restored at the same location for the same occupant within the twelve month period following the date service was disconnected, a Reconnect Charge will become due and payable when service is restored. The Reconnect Charge shall be computed by multiplying the Customer Charge by the number of months and fractions of months that service was disconnected.

Terms of Payment:

All bills are due and payable twenty-two (22) days after the date the bills are mailed. Both the date the bill was mailed and the date the bill is due will be printed on the bill.

Late Payment Charge:

The Company may bill an additional charge (Late Payment Charge), if the payment of a billing is not received by the Company or its authorized agent for payment before the close of business on the due date as shown on the bill. The Late Payment Charge shall be calculated on only the overdue amount of the bill and will be determined as follows: ten percent (10%) of the first \$30.00 plus two percent (2%) of the remaining unpaid balance. The amount of the Late Payment Charge and when it will apply will be printed on the bill.

Business 4 Natural Gas Air Conditioning:

Customers who have installed Company approved natural gas air conditioning and are receiving service under this rate schedule may qualify for and be subject to the charges of Company tariff Rider Schedule No. 3.5 – Commercial/Industrial Large Air Conditioning Rider.

Rules and Regulations:

Service will be rendered in accordance with the Company tariff General Schedule No. 1.4 -- Rules and Regulations Governing Gas Service on file with the Arkansas Public Service Commission and in accordance with the Rules and Regulations established by the Arkansas Public Service Commission.

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BUSINESS 5 SALES SERVICE-(B-5)

Availability:

Natural gas service is available under this rate schedule to any commercial or industrial customer using seven hundred thousand one or more (700,001 or more) Ccf annually. Gas service is not available under this rate schedule for resale or stand-by service. Eligibility for service under this rate schedule will be determined annually and upon commencement of service for new customers at new locations.

Character of Service:

Service hereunder will not normally be subject to curtailment except as may become necessary under the terms of Company tariff Policy Schedule No. 4.1 - Curtailment Policy. The average heating value for gas delivered to customers shall not be less than 975 Btu per cubic foot at 14.65 psia and 60 degrees Fahrenheit. The established absolute pressure base for all deliveries shall be 14.65. The normal gauge pressure for all deliveries shall be four (4) ounces gauge pressure per square inch above 14.4 assumed atmospheric pressure. The Company, at its option, may provide service at a pressure higher than normal pressure to an individual customer who so requests.

Rates:

The charge for recorded consumption of natural gas at one point of delivery in any month is as follows:

Customer Charge	\$788.18 Per Month	CR
Delivery Rate	\$.076472 Per Ccf	CR

Additional Charges:

In addition to the rates as stated above service under this rate schedule is subject to the charges of the following Company tariffs:

- | | |
|--|----|
| 1. Rider Schedule No. 3.7 -- Cost of Gas Rider | |
| 2. Rider Schedule No. 3.8 -- Act 310 Surcharge Rider | |
| 3. Rider Schedule No. 3.9 -- Tax and Fee Rider | |
| 4. Rider Schedule No. 3.10 -- Energy Efficiency Cost Recovery Rider (EECR) | |
| 5. Rider Schedule No. 3.11 -- Main Replacement Program Rider (MRP) | NR |
| 6. Rider Schedule No. 3.12 -- At-Risk Meter Relocation Program Rider (ARMRP) | NR |

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	Rate Schedule No. 2.6
	Second Revised Rate Schedule No. 2.6 Sheet No. 2 of 2
	Replacing First Revised Rate Schedule No. 2.6 Sheet No. 2 of 2
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial/Industrial

Minimum Charges:

Customers shall pay a monthly minimum bill equal to the Customer Charge. Bills will be issued on a monthly basis.

RT

Reconnect Charge:

This rate schedule is a continuous service schedule. If service is disconnected at the request of the consumer and thereafter restored at the same location for the same occupant within the twelve month period following the date service was disconnected, a Reconnect Charge will become due and payable when service is restored. The Reconnect Charge shall be computed by multiplying the Customer Charge by the number of months and fractions of months that service was disconnected.

Terms of Payment:

All bills are due and payable twenty-two (22) days after the date the bills are mailed. Both the date the bill was mailed and the date the bill is due will be printed on the bill.

Late Payment Charge:

The Company may bill an additional charge (Late Payment Charge), if the payment of a billing is not received by the Company or its authorized agent for payment before the close of business on the due date as shown on the bill. The Late Payment Charge shall be calculated on only the overdue amount of the bill and will be determined as follows: ten percent (10%) of the first \$30.00 plus two percent (2%) of the remaining unpaid balance. The amount of the Late Payment Charge and when it will apply will be printed on the bill.

Business 5 Natural Gas Air Conditioning:

Customers who have installed Company approved natural gas air conditioning and are receiving service under this rate schedule may qualify for and be subject to the charges of Company tariff Rider Schedule No. 3.5 – Commercial/Industrial Large Air Conditioning Rider.

Rules and Regulations:

Service will be rendered in accordance with the Company tariff General Schedule No. 1.4 – Rules and Regulations Governing Gas Service on file with the Arkansas Public Service Commission and in accordance with the Rules and Regulations established by the Arkansas Public Service Commission.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.7
	Third Revised Rate Schedule No. 2.7 Sheet No. 1 of 16
	Replacing Second Revised Rate Schedule No. 2.7 Sheet No. 1 of 16
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial / Industrial

NATURAL GAS TRANSPORTATION SERVICE – (NGT)

Availability:

Natural gas transportation service is available to any business Customer which: (I) agrees to nominate and use a minimum volume of 50,001 Ccf annually, or (II) has multiple business accounts under common ownership whose aggregated annual volume exceeds 200,000 Ccf. The aggregated annual volume shall be equal to the sum of the annual consumption of all aggregated accounts (under any of the commercial or industrial rate schedules) under common ownership.

An existing sales service Customer may elect transportation service by providing written notice on or before February 15 for service to begin June 1. A Customer electing service under this rate schedule must meet all requirements set forth in this tariff and otherwise necessary to effectuate transportation service, and must execute a Gas Transportation and Back-Up Sales Service Contract (Contract) with the Company in substantially the same form as Appendix "A" attached hereto. Such Contract will have a minimum term of at least 12 months, and will have an expiration date of May 31 of a subsequent year agreed upon by the Customer and the Company. If the Customer wishes to terminate the Contract as of the original expiration date, the Customer must provide the Company written notice of termination on or before the February 15 preceding the original expiration date. After the initial contract term, if the Contract is not terminated as provided for above, then, unless the Contract is terminated pursuant to Article XI of the Contract, the Contract shall continue in effect until it is terminated by the Customer. Such termination may only be effective as of May 31 of a given year, and requires written notice of termination from Customer on or before the February 15 preceding that May 31.

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A new Customer may elect transportation service beginning the first day of the month following initial delivery of gas to Customer's facility, contingent on contract execution and all other requirements set forth in this tariff and otherwise necessary to effectuate transportation service. A Customer electing transportation service must do so for a minimum term of at least 12 months, and the Contract will have an expiration date of May 31 of a subsequent year agreed upon by the Customer and the Company. If the Customer wishes to terminate the Contract as of the original expiration date, the Customer must provide the Company written notice of termination on or before the February 15

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.7
	Third Revised Rate Schedule No. 2.7 Sheet No. 2 of 16
	Replacing Second Revised Rate Schedule No. 2.7 Sheet No. 2 of 16
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial / Industrial

preceding the original expiration date. After the initial contract term, if the Contract is not terminated as provided for above, then, unless the Contract is terminated pursuant to Article XI of the Contract, the Contract shall continue in effect until it is terminated by the Customer. Such termination may only be effective as of May 31 of a given year, and requires written notice of termination from Customer on or before the February 15 preceding that May 31.

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Natural gas service is not available under this schedule for resale unless the natural gas is used for fueling natural gas vehicles (NGV), and only with the express written permission of the Company. Receiving gas under this schedule for fueling NGVs prohibits service for any end-use of gas other than for vehicular use, such as space heating, water heating, processing, or boiler fuel use, and therefore requires a separate meter. The sale price to the public of natural gas compressed and resold by a customer of the Company for use in a NGV is not set by the Company or the Arkansas Public Service Commission.

Eligibility for service under this rate schedule will be determined at the beginning of each Contract period and annually thereafter or upon commencement of service for new Customers at new locations.

Transportation service shall be extended to requested increases in such service on the same basis as transportation service will be made available to new Customers (Customers connecting to the Company's system subsequent to the effective date of this schedule) as set forth in the paragraph below.

Transportation service under this schedule will be made available to eligible new Customers (Customers connecting to the Company's system subsequent to the effective date of this schedule) upon request when the Company has sufficient pipeline capacity. If the Company determines that it does not have sufficient pipeline capacity to provide the requested service it will, within 30 days of receiving a request for transportation service, provide to the Customer requesting such service a written explanation of its capacity determination and a preliminary indication of changes to facilities, approximate cost and time required to provide the requested transportation. Any costs other than those incurred under the Company's normal extension policy will be paid by the Customer.

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.7
	Third Revised Rate Schedule No. 2.7 Sheet No. 3 of 16
	Replacing Second Revised Rate Schedule No. 2.7 Sheet No. 3 of 16
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial / Industrial

This schedule shall continue in effect until terminated or superseded by a revised schedule approved by the Commission. The Gas Transportation and Back-Up Sales Service Contract shall specify that the rates, charges and terms of the transportation arrangement are subject to modification upon the approval by the Commission of any schedule which supersedes the rates, charges and terms set forth in this schedule.

Character of Service:

In the event service interruptions are necessitated because of capacity constraints or other operating limitations on the Company's system, Customers receiving transportation service under this schedule will be interrupted under the terms of Company tariff Policy Schedule No. 4.1 – Curtailment Policy.

Conditions of Service:

Customer shall enter into a Contract in substantially the same form as Appendix "A" attached hereto.

Each Customer or its designated agent shall nominate monthly a total volume for its transportation accounts.

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The Customer or its designated agent shall make nominations monthly of the average daily volume of gas to be transported to meet the anticipated gas load of each facility owned or operated by that Customer. The initial nomination for each month must be submitted to the Company three (3) business days prior to the beginning of that month. Customer or its designated agent shall have the right to increase or decrease the average daily volume of gas to be delivered hereunder by giving notice of such change by 11:00 a.m. of any regular business day prior to the day such change is to become effective. The Company shall accept all nominations except those that deviate more than 50% of the average daily volume previously confirmed by the Company, not to exceed the contract MDQ. However, amended nominations may be allowed to reflect attempts to eliminate existing imbalances, subject to the Company's ability to receive or deliver the amended nomination.

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Once a nomination is made and confirmed by the Company, that nomination shall remain in effect through the end of the month or until changed by the Customer or its designated agent.

The Company may accept a zero nomination in the event of a scheduled or unscheduled plant shutdown with the understanding that a nomination of at least twenty-five (25%) of the initial nomination for each month must be made as soon as normal operations resume.

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.7
	Third Revised Rate Schedule No. 2.7 Sheet No. 4 of 16
	Replacing Second Revised Rate Schedule No. 2.7 Sheet No. 4 of 16
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: <u>Natural Gas</u>
Class of Service: <u>Commercial / Industrial</u>	

Original and amended nominations shall be completed via the Company's standard nomination platform or submitted via e-mail or facsimile to the Company's Gas Supply Department in the event such platform is unavailable. The Company and Customer may agree on other means of submitting nominations.

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In the event that nominations for delivery to Customer's facilities or nominations for receipts into the Company's system exceed the capacity available at the applicable locations, the Company shall notify Customer of the unavailability of such capacity within twenty-four (24) hours of the time the Company becomes aware of such condition.

Rates:

Individually metered facilities shall be considered separate transportation service accounts or Customers for rate application purposes. If Customer receives both transportation service and back-up sales service during any month, only one Customer charge will be billed for the month. The following rates and charges shall be applicable to the transportation service:

Business 1 Natural Gas Transportation Service

Accounts With Annual Usage of 0 to 10,000 Ccf. Accounts at this usage level shall qualify for transportation only through aggregation with other accounts under common ownership.

Customer Charge	\$ 18.51 Per Month
Administrative Fee	\$ 97.68 Per Month
Delivery Rate	\$.292028 Per Ccf

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Business 2 Natural Gas Transportation Service

Accounts With Annual Usage of 10,001 to 50,000 Ccf. Accounts at this usage level shall qualify for transportation only through aggregation with other accounts under common ownership.

Customer Charge	\$ 85.86 Per Month
Administrative Fee	\$ 97.68 Per Month
Delivery Rate	\$.256374 Per Ccf

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PSC File Mark Only	<p style="text-align: center;">ARKANSAS PUBLIC SERVICE COMMISSION</p> <hr/> <p style="text-align: center;">Rate Schedule No. 2.7</p> <hr/> <p>Third Revised Rate Schedule No. 2.7 Sheet No. 5 of 16</p> <p>Replacing Second Revised Rate Schedule No. 2.7 Sheet No. 5 of 16</p> <p style="text-align: center;">SourceGas Arkansas Inc. (Name of Company)</p> <hr/> <p>Kind of Service: Natural Gas</p> <hr/> <p>Class of Service: Commercial / Industrial</p>
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Business 3 Natural Gas Transportation Service

Accounts With Annual Usage of 50,001 to 300,000 Ccf. Accounts at this usage level qualify individually for transportation.

Customer Charge	\$ 240.98 Per Month	CR
Administrative Fee	\$ 97.68 Per Month	CR
Delivery Rate	\$.149575 Per Ccf	CR

Business 4 Natural Gas Transportation Service

Accounts With Annual Usage of 300,001 to 700,000 Ccf. Accounts at this usage level qualify individually for transportation.

Customer Charge	\$ 737.32 Per Month	CR
Administrative Fee	\$ 97.68 Per Month	CR
Delivery Rate	\$.085991 Per Ccf	CR

Business 5 Natural Gas Transportation Service

Accounts With Annual Usage of 700,001 Ccf and above. Accounts at this usage level qualify individually for transportation.

Customer Charge	\$ 788.18 Per Month	CR
Administrative Fee	\$ 97.68 Per Month	CR
Delivery Rate	\$.076472 Per Ccf	CR

Additional Charges:

In addition to the rates as stated above service under this rate schedule is subject to the charges of the following Company tariffs:

1. Rider Schedule No. 3.4 – Weather Normalization Adjustment Rider applies to Business 1 Natural Gas Transportation Service and Business 2 Natural Gas Transportation Service accounts that qualify for Rate Schedule No. 2.7 – Natural Gas Transportation Service only through aggregation with other accounts under common ownership.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.7
	Third Revised Rate Schedule No. 2.7 Sheet No. 6 of 16
	Replacing Second Revised Rate Schedule No. 2.7 Sheet No. 6 of 16
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial / Industrial

2. Rider Schedule No. 3.6 – Billing Determinant Rate Adjustment Rider (BDA) applies to Business 1 Natural Gas Transportation Service and Business 2 Natural Gas Transportation Service accounts that qualify for Rate Schedule No. 2.7 – Natural Gas Transportation Service only through aggregation with other accounts under common ownership.
3. Rider Schedule No. 3.8 – Act 310 Surcharge Rider (Act 310)
4. Rider Schedule No. 3.9 – Tax and Fee Rider
5. Rider Schedule No. 3.10 – Energy Efficiency Cost Recovery Rider (EECR)
6. Rider Schedule No. 3.11 – Main Replacement Program Rider (MRP)
7. Rider Schedule No. 3.12 – At-Risk Meter Relocation Program Rider (ARMP)

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Back-up Sales Service:

In the event of failure of a Customer's gas supply for reasons beyond the Customer's control, the Company will provide back-up sales service to the Customer on a best efforts basis. Customer may purchase up to 100% of its monthly gas requirements from the Company under the sales service rate schedule applicable to the account in question, except that the amount billed for the cost of purchased gas shall be the greater of: 1) the Total Cost of Gas Adjustment as reflected in the Cost of Gas filing applicable for the month in which the back-up sales are made applied to the back-up sales volumes; or 2) the Company's actual cost of acquiring gas to provide the back-up service.

If Customer receives both transportation and back-up sales service during any month, only one Customer Charge will be billed for the month. For aggregated accounts or combined billed accounts each facility shall be considered a separate Customer.

Back-up service will not be available under circumstances where Customer fails to contract for sufficient gas to meet its requirements or to adjust its nominations to reflect changes in its requirements. These situations will result in imbalances.

Minimum Charges:

Customer shall pay a monthly minimum bill equal to the Customer Charge plus the Administrative Fee. Each facility shall be considered a separate Customer for minimum bill calculations. Bills will be issued on a monthly basis.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.7
	<u>Third Revised Rate Schedule No. 2.7</u> <u>Sheet No. 7 of 16</u>
	<u>Replacing Second Revised Rate Schedule No. 2.7</u> <u>Sheet No. 7 of 16</u>
	<u>SourceGas Arkansas Inc.</u> (Name of Company)
	<u>Kind of Service: Natural Gas</u>
	<u>Class of Service: Commercial / Industrial</u>

Combined Billing:

Any Customer owning more than one facility or owning the business being operated in more than one facility receiving service under this rate schedule shall have the right to combine deliveries for billing purposes. In this event, each facility shall be billed at the applicable rate for that facility's consumption level as stated under the Rates section. The billings so determined shall be combined for the single bill.

Reconnect Charge:

This schedule is a continuous service schedule. If service is disconnected at the request of the Customer and thereafter restored at the same location for the same occupant within the twelve month period following the date service is disconnected, a Reconnect Charge will become due and payable when service is restored. This charge shall be computed by multiplying the monthly Customer Charge by the number of months and fractions of months that service was disconnected. For aggregated accounts or combined billed accounts each facility shall be considered a separate Customer for purposes of determining the Reconnect Charge.

Terms of Payment:

All bills are due and payable twenty two (22) days after the date the bills are mailed. Both the date the bill was mailed and the date the bill is due will be printed on the bill.

Late Payment Charge:

The Company may bill an additional charge (Late Payment Charge), if the payment of a billing is not received by the Company or its authorized agent for payment before the close of business on the due date as shown on the bill. The Late Payment Charge shall be calculated on only the overdue amount of the bill and will be determined as follows: ten percent (10%) of the first \$30.00 plus two percent (2%) of the remaining unpaid balance. The amount of the Late Payment Charge and when it will apply will be printed on the bill.

GENERAL TERMS AND CONDITIONS

Fuel and LUGF:

In addition to payments made under the Rates section for transportation of gas, Customer will also compensate the Company in kind for fuel and lost and unaccounted for gas (LUGF) associated with the gas transported. The volume to be used for fuel and LUGF for each month shall be determined using the fuel and LUGF percentage of 2.41%, as established in Docket No. 13-079-U, multiplied times the volume of gas received by Company for Customer.

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PSC File Mark Only	<u>ARKANSAS PUBLIC SERVICE COMMISSION</u>
	<u>Rate Schedule No. 2.7</u>
	<u>Third Revised Rate Schedule No. 2.7</u> <u>Sheet No. 8 of 16</u>
	<u>Replacing Second Revised Rate Schedule No. 2.7</u> <u>Sheet No. 8 of 16</u>
	<u>SourceGas Arkansas Inc.</u> (Name of Company)
	<u>Kind of Service: Natural Gas</u>
	<u>Class of Service: Commercial / Industrial</u>

Conversion Cost:

Customers that convert from sales service to transportation service shall be required to pay the net cost (inclusive of both costs and credits) associated with the conversion. The Company shall publish a "Good Faith Estimate of Conversion Costs" at the Customer's request. The net cost shall include only the allocated portion of the Company's pipeline demand charges for a period of 12 months, after providing the Company with written notice of intent to convert to transportation service, plus or minus an allocated portion of any deferred gas costs or credits. The 12-month period shall be inclusive of the notification period.

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Pipeline Capacity Release:

The Company will temporarily release its capacity on upstream pipelines, on a first come – first served basis, to Customers who pay an allocated portion of the Company's pipeline demand costs as part of their Conversion Costs. All such releases will be in accordance with applicable pipeline tariffs and the regulations of the Federal Energy Regulatory Commission or other regulatory body having jurisdiction. The term of such release shall coincide with the period for which pipeline demand charges are allocated to Customer. Customers using the Company's released capacity will be required to pay the pipeline commodity rates, fuel and LUG, and any other variable costs associated with use of such capacity. Customers will be required to use the Company's primary receipt and delivery points and path requirements, and be required to indemnify and hold the Company harmless against any increase in rates or other charges resulting from the capacity release or Customer's failure to operate within the Company's primary receipt and delivery point and path requirements.

Quantity:

The Maximum Daily Quantity (MDQ) of gas to be transported under this rate schedule shall be specified in the Contract. The Company's obligation to transport gas under this rate schedule shall be limited to volumes which the Company's available system capacity will accommodate subject to the provisions of Company tariff Policy Schedule No. 4.1 - Curtailment Policy.

When both transported volumes and back-up service sales volumes are being delivered in a given month, transported volumes shall be considered to be the first volumes through the meter during the month.

Monthly Balancing:

Balancing of gas received by the Company and the gas delivered to the transportation Customer shall be accomplished under the following provisions. "Gas Delivered" shall be the volume of gas delivered to a Customer as measured by the Company's metering equipment at the Customer's facilities.

THIS SPACE FOR PSC USE

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.7
	Third Revised Rate Schedule No. 2.7 Sheet No. 9 of 16
	Replacing Second Revised Rate Schedule No. 2.7 Sheet No. 9 of 16
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: <u>Natural Gas</u>
	Class of Service: <u>Commercial / Industrial</u>

Balancing and Penalties (Large Customer Pool):

An individual transportation account with total annual volumes of 700,000 Ccf or greater and each group of transportation accounts under common ownership with a total annual aggregate volume of 700,000 Ccf or greater shall be considered a "Large Customer Pool". The balancing of receipts and deliveries of transportation, as adjusted for fuel and LUGF, shall be accomplished as follows:

The cumulative level of imbalance shall be the difference between the amount of gas supplies received by Company for Customer less in-kind amounts of fuel and LUGF less the amount of gas delivered to the Customer. Customers owning more than one facility or owning the business operating in more than one facility shall have the right to combine nominations and deliveries for balancing purposes.

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A credit balance will occur when receipts for the Customer adjusted for fuel and LUGF are greater than the Gas Delivered to the Customer. A debit balance will occur when receipts for the Customer adjusted for fuel and LUGF are less than the Gas Delivered to the Customer. Balancing of monthly credit or debit balances shall be accomplished as follows:

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Credit Balance:

1. Credit balances up to 5% of the Gas Delivered: No Penalty
2. Credit balances greater than 5% and less than or equal to 10% of the Gas Delivered: \$0.50 per Mcf Penalty
3. Credit balances greater than 10% of Gas Delivered: \$5.00 per Mcf Penalty

Debit Balance:

1. Debit balances up to 5% of the Gas Delivered: No Penalty
2. In the event the monthly delivery balance is a debit amount which exceeds 5% of the Gas Delivered to the Customer during the month, the balance shall be adjusted to a debit balance equal to 5% of the Gas Delivered during the month. The adjustment volumes shall be billed at a rate per Ccf equal to 130% of the total Cost of Gas Adjustment as reflected in the Cost of Gas filing applicable for the month in which the imbalance is incurred.

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In the event transportation is terminated by Customer, Commission Order or Contract termination, any delivery balance will be adjusted to zero in the following manner:

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<p>APSC FILED Time: 5/12/2014 12:08:18 PM: Recvd 5/12/2014 12:06:16 PM: Docket 13-079-u-Doc. 172</p> <p>PSC File Mark Only</p>	<p style="text-align: center;">ARKANSAS PUBLIC SERVICE COMMISSION</p> <hr/> <p style="text-align: center;">Rate Schedule No. 2.7</p> <hr/> <p>Third Revised Rate Schedule No. 2.7 Sheet No. 10 of 16 Replacing Second Revised Rate Schedule No. 2.7 Sheet No. 10 of 16</p> <hr/> <p style="text-align: center;">SourceGas Arkansas Inc. (Name of Company)</p> <hr/> <p>Kind of Service: <u>Natural Gas</u></p> <hr/> <p>Class of Service: <u>Commercial / Industrial</u></p>
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1. If a credit balance exists, the Company may, at its option, deliver such volumes to the Customer in the next succeeding month or pay the Customer for each Ccf at a rate equal to the average purchase price paid by the Customer for Gas Delivered by the Company in the preceding month.
2. If a debit balance exists, the Customer shall pay the Company for each Ccf at rate equal to 130% of the total Cost of Gas Adjustment as reflected in the Cost of Gas filing applicable for the month in which the imbalance is incurred.

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Balancing and Penalties (Small Customer Pool):

An individual transportation account with total annual volumes less than 700,000 Ccf and each group of transportation accounts under common ownership with a total annual aggregate volume less than 700,000 Ccf shall be considered a "Small Customer Pool". Each "Small Customer Pool" shall be cash balanced monthly as follows:

The cumulative level of imbalance shall be the difference between the amount of gas supplies received by the Company for Customer less in-kind amount of fuel and LUGF less the amount of gas delivered to the customer. Customers owning more than one facility or owning the business operating in more than one facility shall have the right to combine nominations and deliveries for balancing purposes.

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A credit balance will occur when receipts for the Customer adjusted for fuel and LUGF are greater than the Gas Delivered to the Customer. A debit balance will occur when receipts for the Customer adjusted for fuel and LUGF are less than the Gas Delivered to the Customer. Balancing of monthly credit or debit balances shall be accomplished as follows:

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Credit Balance:

1. Credit balances up to 5% of the Gas Delivered: The Company shall purchase the credit balance at a price equal to the Company's Total Cost of Gas Adjustment as reflected in the Cost of Gas filing applicable for the month in which the imbalance occurs.
2. Credit balances greater than 5% and less than or equal to 10% of the Gas Delivered: The Company shall purchase the credit balance at a price equal to 85% of the Company's Total Cost of Gas Adjustment as reflected in the Cost of Gas filing applicable for the month in which the imbalance occurs.

THIS SPACE FOR PSC USE

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.7
	<u>Third Revised Rate Schedule No. 2.7</u> <u>Sheet No. 11 of 16</u>
	<u>Replacing Second Revised Rate Schedule No. 2.7</u> <u>Sheet No. 11 of 16</u>
	<u>Source Gas Arkansas Inc.</u> (Name of Company)
	<u>Kind of Service: Natural Gas</u>
	<u>Class of Service: Commercial / Industrial</u>

3. Credit balances greater than 10% of the Gas Delivered: The Company shall purchase the credit balance at a price equal to 70% of the Company's Total Cost of Gas Adjustment as reflected in the Cost of Gas filing applicable to the month in which the imbalance occurs.

Debit Balance:

1. Debit balances up to 5% of the Gas Delivered: The Customer shall purchase the debit balance at a price equal to the Company's Total Cost of Gas Adjustment as reflected in the Cost of Gas filing applicable for the month in which the imbalance occurs.
2. Debit balances greater than 5% and less than or equal to 10% of the Gas Delivered: The Customer shall purchase the debit balance at a price equal to 115% of the Company's Total Cost of Gas Adjustment as reflected in the Cost of Gas filing applicable for the month in which the imbalance occurs.
3. Debit balances greater than 10% of the Gas Delivered: The Customer shall purchase the debit balance at a price equal to 130% of the Company's Total Cost of Gas Adjustment as reflected in the Cost of Gas filing applicable for the month in which the imbalance occurs.

Verification Rights:

The Customer and the Company shall each have the right at all reasonable times to examine and audit the records, books of account, and charts of the other party, their Agent(s) or Supplier(s) to the extent necessary to verify the accuracy of any computation or statement related to the quantity, quality and price of volumes delivered to the Company for transportation. The Customer shall also secure the same right for the Company from the Customers suppliers of gas for transportation as well as any natural gas pipeline delivering gas to the Company to be transported to the Customer.

Good Faith:

Customers shall make a good faith effort to minimize imbalances. Customers shall also make a good faith effort to correct any such imbalances as soon as practical.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.7
	Third Revised Rate Schedule No. 2.7 Sheet No. 12 of 16
	Replacing Second Revised Rate Schedule No. 2.7 Sheet No. 12 of 16
	SourceGas Arkansas Inc. (Name of Company)
Kind of Service: <u>Natural Gas</u>	
Class of Service: <u>Commercial / Industrial</u>	

If a Customer has a cumulative monthly imbalance greater than 10% of the Gas Delivered during the service month, for a period of time greater than three (3) consecutive months, the Company shall have the right, after providing 24 hours notice to the Customer and Customer's agent, to take corrective action as required to eliminate the imbalance by restricting deliveries, receipts, and nominations as indicated below. The Company shall not have the right to restrict deliveries, receipts and nominations at any other time, except as otherwise provided herein, in Company tariff Policy Schedule No. 4.1 - Curtailment Policy or other tariffs, by Arkansas Public Service Commission rules or by law. The Company shall not be obligated to deliver a greater volume of gas to a transportation Customer than is nominated and confirmed for delivery to that Customer, unless such action is an attempt to correct an existing imbalance. The Company shall also not be obligated to confirm a nomination that is greater than the amount of natural gas that is delivered to the Customer unless such action is an attempt to correct an existing imbalance. The Company shall remain obligated to deliver to the Customer all gas supplies that are nominated (confirmed nominations only) by the Customer or their agent.

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Special Provisions:

All revenue collected by the Company associated with cash balancing, conversion costs, and imbalance penalties for the period of October 1, through September 30, shall be credited to the Company's Cost of Gas.

Measuring Equipment:

The Company shall provide and maintain recognized standard meters and regulators at the Point(s) of Delivery for the accurate measurement and regulation of all gas volumes transported for and/or sold to the Customer.

Each new transportation account under 200,000 Ccf/Year shall be required to install cellular SCADA equipment or other equipment approved by the Company, in its sole discretion, which is capable of transmitting data in a manner satisfactory to the Company. The Company shall install or have installed, own and operate the equipment. The Customer will make a non-refundable contribution to the Company equal to the cost to install the equipment.

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.7
	Third Revised Rate Schedule No. 2.7 Sheet No. 13 of 18
	Replacing Second Revised Rate Schedule No. 2.7 Sheet No. 13 of 16
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial / Industrial

Each new transportation account over 200,000 Ccf/Year shall be required to install cellular SCADA equipment with electronic corrector or other equipment approved by the Company, in its sole discretion, which is capable of transmitting data in manner satisfactory to the Company. The Company shall install or have installed, own and operate the equipment. The Customer will make a non-refundable contribution to the Company equal to the cost to install the equipment. In event that cellular service is not available to customer or unacceptable, the Customer shall furnish at the Customer's expense a dedicated telephone data line within six feet (6') of the metering device or pay any costs incurred for the cost of collection and transmission of data using the Company approved alternative equipment. The Company shall furnish Customer, or Customer's agent, electronic access to the same measurement data.

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The accuracy of all measuring equipment, whether owned by a producer, pipeline or the Company, shall be subject to test at the request of either the Company or the Customer. At any such test, the party requesting the test may have a representative present if it so desires. If, upon test, any error in the measuring equipment is found to affect volumes being measured by not more than three percent (3%), previous recordings of such equipment shall be considered as being correct in measuring deliveries of gas. If, upon test, any error in measuring is found to affect volumes being measured by more than three percent (3%) previous recordings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon. In case the period is not known definitely or not agreed upon, such correction shall be for a period extending over one-half of the time elapsed since the date of the last test, not exceeding a correction period of six (6) months. Such equipment shall be adjusted to record accurately. If, for any reason, meters are in disrepair or out of service so that the amount of gas delivered cannot be ascertained or computed from a reading thereof, the gas delivered during the period such meters were in disrepair or out of service shall be estimated upon the basis of the best data available using the first of the following methods which is feasible:

- (a) By using the registration of any check meter(s), if installed and accurately registering.
- (b) By correcting the error, if the percentage of error is ascertainable by calibration, test, or mathematical calculation.
- (c) By estimating the quantity based upon deliveries made during preceding periods under similar conditions when the meter was registering accurately.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.7
	Third Revised Rate Schedule No. 2.7 Sheet No. 14 of 18
	Replacing Second Revised Rate Schedule No. 2.7 Sheet No. 14 of 18
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial / Industrial

The Company shall have access to any measuring equipment through which gas is delivered into its system at all reasonable times. If the Company has installed and is operating such measuring equipment, it shall be responsible for reading, calibrating, adjusting, and changing charts on said equipment. The Company shall make its charts and readings available to the Customer for purposes of auditing the volumes transported and/or sold under this rate schedule. When deliveries of natural gas are made through facilities owned or operated by a pipeline supplier, such measurement shall be subject to the same rules which are applied to any other deliveries of gas from said supplier.

The title to all meters, appliances, equipment, etc., placed on the Customer's premises and not sold to the Customer shall remain with the Company, with right of removal, and no charge shall be made by the Customer for use of premises occupied by same.

If the Company is required to add any facilities in order to provide service under this rate schedule, the Customer shall pay all costs of such added facilities.

Measurement Factors and Definitions:

The volumetric unit of measurement shall be 100 cubic feet (Ccf) of gas at an assumed temperature of sixty degrees Fahrenheit and at a pressure of 14.65 pounds per square inch absolute (psia). The atmospheric pressure shall be assumed to be 14.4 pounds per square inch. The Company shall have the right to correct volumes for temperature variations above or below 60 degrees Fahrenheit should it deem such correction to be necessary.

The heating value unit of measurement hereunder shall be the British Thermal Unit (Btu). The standard cubic foot of gas for testing gas for Btu content shall be that quantity of gas saturated with water vapor, which occupies one cubic foot at a temperature of 60 degrees Fahrenheit and under a pressure of 14.65 pounds per square inch absolute (psia).

If volumes delivered under this rate schedule are measured by an orifice meter, the coefficients shall be based on the basic orifice flow factor last published and approved by the Gas Measurement Committee of the American Gas Association. It shall be assumed that the values of the Reynolds number factor, the manometer factor, and the expansion factor are one (1). The specific gravity determinations for the purpose of volume measurement computations shall be based upon the arithmetical average of the hourly specific gravities, if available, or upon periodic tests of said gravity.

THIS SPACE FOR PSC USE

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.7
	Third Revised Rate Schedule No. 2.7 Sheet No. 15 of 16
	Replacing Second Revised Rate Schedule No. 2.7 Sheet No. 15 of 16
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial / Industrial

Quality and Pressure of Gas Delivered for Transportation:

The gas delivered by a producer or supplier to the Company for transportation to Customer shall at all times be merchantable gas continuously conforming to the pipeline quality and safety requirements of the Company.

If the Customer contracts for the purchase of gas from a producer or pipeline who is not now delivering gas to the Company and such gas is to be delivered directly into the Company's system at the Point(s) of Receipt, the Customer will bear all reasonable expense connected with the determination of the quality of the gas being delivered.

The gas delivered by the Company to Customer at its premises shall at all times conform to the standards of quality and safety prescribed by the regulatory agencies having jurisdiction.

The Btu content of the gas delivered to Customer by the Company shall be the Btu content available in the system at the point of delivery to the Customer at the time of delivery. The Btu content at the Company's various delivery points will vary from point to point and from time to time and nothing herein contained shall be construed as obligating the Company to alter the usual operation of its system to achieve deliveries of a prescribed heating value at any point or points. The Btu adjustment factor may be assumed to be one (1) for measurement computations.

Delivery pressures to Customer shall be mutually agreed upon from time to time based on system capacity, Customer requirements, and other pertinent factors. The maintenance of delivery pressure shall be subject to the demands of Customers of the Company being served at any particular time. The delivery pressures to Customer may be reduced or transportation deliveries interrupted under emergency conditions if the demands of higher priority Customers of the Company may so require, subject to the applicable provisions of the tariffs dealing with curtailment.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.7
	Third Revised Rate Schedule No. 2.7 Sheet No. 16 of 16
	Replacing Second Revised Rate Schedule No. 2.7 Sheet No. 16 of 16
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial / Industrial

Force Majeure:

In the event of either party being rendered unable wholly or in part by *force majeure* to carry out its obligations under the Contract, other than to make payments of amounts due under the Contract, it is agreed that upon such party giving notice and full particulars of such *force majeure* in writing or by telephone (if by telephone to be subsequently confirmed in writing) to the other party as soon as possible after the occurrence of the cause relied on, the obligations of the party giving such notice, so far as they are affected by such *force majeure*, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause, as far as possible, shall be remedied with all reasonable dispatch. The term "*force majeure*," as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, acts of terrorism (domestic or foreign in origin) epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, arrests, priority limitation or restraining orders of any kind of the government of the United States or a State or of any civil or military authority, civil disturbances, explosions, breakage, accidents, tests, maintenance or repairs to machinery or lines of pipe, freezing of wells or lines or pipe, partial or entire failure of natural gas wells including storage wells, inability to obtain or unavoidable delay in obtaining material and equipment, and any other causes, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension. The settlement of strikes or lockouts or other labor difficulties shall be entirely within the discretion of the party having the difficulty and the above requirement that any *force majeure* shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor disturbances by acceding to the demands of opposing party when such course is inadvisable in discretion of the party having the difficulty.

**Rate Schedule 2.7
Natural Gas Transportation Service
APPENDIX A**

GAS TRANSPORTATION AND BACK-UP SALES SERVICE CONTRACT

THIS AGREEMENT, made and entered into this _____ day of _____, 20____, by and between SourceGas Arkansas Inc, a corporation, its successors or assigns, hereinafter referred to as "SourceGas," and the Customer, [CUSTOMER], its successors or assigns, hereinafter referred to as "Customer." Customer accounts covered under this contract are as follows:

AT
AT

Account #	Meter #	Premise Location for Account
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CT

See Exhibit "A" attached

AT

WITNESSETH:

WHEREAS, SourceGas Arkansas owns and operates facilities for the distribution of natural gas to Customer's premises; and

WHEREAS, Customer may enter into contracts for the purchase of its natural gas requirements directly from a third party, for the delivery of said gas to SourceGas Arkansas' Point of Receipt for delivery to Customer at the Point of Delivery; and

WHEREAS, to the extent (a) that it may lawfully do so, and (b) that there is sufficient capacity in its existing facilities to do so, SourceGas Arkansas has agreed to transport and Customer has agreed to purchase such transportation service from SourceGas Arkansas subject to the terms and conditions hereinafter stated and the terms and conditions stated in the Natural

Gas Transportation Service tariff, P.S.C. Schedule No. 2.7, on file with the Arkansas Public Service Commission.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I - RATES

1.1 Subject to all of the terms and conditions hereinafter stated, SourceGas Arkansas agrees to accept and to transport volumes of natural gas delivered to it for Customer and Customer agrees to pay SourceGas Arkansas for such transportation at the monthly charge shown on the Natural Gas Transportation Service Tariff, P.S.C. Schedule No. 2.7, on file with the Arkansas Public Service Commission as the same may be revised from time to time.

1.2 SourceGas Arkansas also agrees to provide back-up sales service, if Customer so requests and such gas is available. Such service shall be the sale of such volumes of natural gas as Customer requires as described in the Back-up sales provision of P.S.C. Schedule No. 2.7 – Natural Gas Transportation Service.

1.3 Subject to the terms and conditions hereinafter stated, SourceGas Arkansas agrees to deliver such gas to Customer at the Point of Delivery, and Customer agrees to reimburse SourceGas Arkansas all reasonable expenses necessary to have gas transported to SourceGas Arkansas' Point of Receipt, not otherwise collected under the provisions of paragraphs 1.1 and 1.2.

1.4 It is understood that in addition to all payments made by Customer under paragraphs 1.1 and 1.3 for transportation of gas, Customer shall also compensate for fuel and lost and unaccounted for gas associated with transportation of said gas. The volume to be used for fuel and lost and unaccounted for gas for each month of this Agreement shall be based upon the fuel and lost and unaccounted for percentage underlying the rates approved in SourceGas Arkansas' most recent rate proceedings.

1.5 If Customer receives both transportation and back-up sales service during any month in which this Agreement is in effect, Customer shall pay only one customer

charge in such month for services rendered hereunder (i.e. the customer will not be required to pay a customer charge for being a transportation customer and another customer charge for being a back-up sales customer).

1.6 Nothing contained herein shall be construed as affecting in any way the right of SourceGas Arkansas to unilaterally make application for a change in its rates and/or general terms and conditions of service to the regulatory authority having jurisdiction over the service provided hereunder. If such application affects the transportation service only, SourceGas Arkansas shall notify the Customer of such application. If such application is part of an application that affects all services, then the notification rules prescribed by the Public Service Commission shall apply.

1.7 Transportation charges will apply to all gas transported for Customer pursuant to paragraphs 1.1, 1.2 and 1.3 of this agreement.

ARTICLE II - TERM

2.1 This Agreement shall be effective for a contract term not less than one year, expiring on May 31, 20___. If Customer wishes to terminate this Agreement as of the original expiration date, Customer must provide the Company written notice of termination on or before the February 15 preceding the original expiration date. After the initial contract term, if this Agreement is not terminated as provided for above, then, unless the Agreement is terminated pursuant to Article XI of the Agreement, the Agreement shall continue in effect until it is terminated by Customer. Such termination may only be effective as of May 31 of a given year, and requires written notice of termination from Customer on or before the February 15 preceding that May 31.

2.2 In the event Customer terminates this Agreement and fails to pay the monthly minimum bill, then Customer's right to future service will depend upon the execution of another Agreement between the parties with terms and conditions to be determined at the time of its reconnection to the system, and if the reconnection occurs within twelve months of the termination of service, payment of the reconnect fee provided for in the Natural Gas Transportation Service

tariff, P.S.C. Schedule No. 2.7.

ARTICLE III - POINT OF DELIVERY

3.1 The Point of Delivery hereunder for transported gas shall be at the outlet side of SourceGas Arkansas' meter at the Customer's plant(s).

ARTICLE IV - POINT(S) OF RECEIPT

4.1 Customer's gas supplies shall be delivered to the Point(s) of Receipt at a mutually agreeable point on SourceGas Arkansas' utility system that connects to Customer's facilities. The Point(s) of Receipt hereunder shall be:

Any mutually agreeable wellhead or interconnect points or the market transfer pool. AT,RT

ARTICLE V - RECORDS

5.1 Customer agrees to maintain for three (3) years full and complete records of the volumes of gas delivered to SourceGas Arkansas. RT, CT

5.2 In the event an error is discovered in any statement provided for herein, such error shall be corrected and proper adjustment made within thirty (30) days of the discovery thereof; provided that no adjustment shall be made after the lapse of three (3) years from the date of the statement. CT

ARTICLE VI - TITLE TO GAS

6.1 It is understood and agreed by the parties that in the performance of this Agreement, that ownership of transported volumes contracted by Customer will at all times remain vested in Customer.

6.2 Customer hereby warrants its title to all gas delivered to SourceGas Arkansas hereunder and that such gas shall be free and clear from all liens, claims, and encumbrances whatsoever.

6.3 Customer and SourceGas Arkansas shall be responsible for any damage or injury arising as a result of its negligence while in control and possession of the gas delivered by such party hereunder until the same shall have been delivered to the other party at the point(s) of receipt or delivery.

ARTICLE VII - LIABILITIES

7.1 Each party assumes full responsibility and liability for its negligence in the operation of facilities owned by it or otherwise in connection with the transportation of gas.

ARTICLE VIII – FORCE MAJEURE

8.1 In the event of either party being rendered unable wholly or in part by *force majeure* to carry out its obligations hereunder, other than to make payments of amounts due hereunder, it is agreed that upon such party giving notice and full particulars of such *force majeure* in writing or by telephone (if by telephone to be subsequently confirmed in writing) to the other party as soon as possible after the occurrence of the cause relied on, the obligations of the party giving such notice, so far as they are affected by such *force majeure*, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause, as far as possible, shall be remedied with all reasonable dispatch. The term "*force majeure*," as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, acts of terrorism (domestic or foreign) epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, arrests, priority limitation or restraining orders of any kind of the government of the United States or a State or of any civil or military authority, civil disturbances, explosions, breakage, accidents, tests, maintenance or repairs to machinery or lines of pipe, freezing of wells or lines or pipe, partial or entire failure of natural gas wells including storage wells, inability to obtain or unavoidable delay in obtaining material and equipment, and any other causes, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension. The settlement of

strikes or lockouts or other labor difficulties shall be entirely within the discretion of the party having the difficulty and the above requirement that any *force majeure* shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other disturbances by acceding to the demands of the opposing party when such course is inadvisable in discretion of the party having the difficulty.

ARTICLE IX – ASSIGNMENT

9.1 This Agreement shall be binding upon the parties hereto, their successors and assigns, provided, however, that this Agreement and/or the rights and obligations hereunder shall not be assignable, in whole or in part, by either party unless such assignment shall be to a purchaser or other successor to substantially all of the assets, properties and business of the assigning party who will carry on the business of the assigning party in substantially the same location.

ARTICLE X - REGULATION AND LAWS

10.1 This Agreement, and the rates charged and service hereunder, shall be subject to regulation by the regulatory authority having jurisdiction; to all applicable present and future state and federal gas rules and regulations; and to all other rules, regulations, and orders of any other regulatory authority having jurisdiction of the subject matter or either of the parties hereto.

10.2 The rates, charges, and terms of this Agreement are subject to modification upon the approval of the Arkansas Public Service Commission of any schedule which supersedes the rates, charges, and terms set forth in the applicable tariffs. In the event such a modification results in a material change in the terms and conditions as set forth in this Agreement, either party may terminate this Agreement upon thirty (30) days prior written notice to the other party.

ARTICLE XI - DEFAULT

11.1 If either party shall fail to perform any of the covenants or obligations imposed upon

it by this Agreement, then in such event the other party may, at its option, terminate this Agreement by proceeding as follows: The party not in default shall cause a written notice to be served on the party in default, stating specifically the cause for terminating the Agreement, and declaring it to be the intention of the party giving the notice to terminate the same; thereupon, the party in default shall have thirty (30) days after the service of the aforesaid notice in which to remedy or remove the cause or causes stated in the termination notice, and if within said thirty (30) days the party in default does so remove and remedy said cause or causes and fully indemnify the party not in default for any and all consequences of such breach, then such notice shall be withdrawn and this entire Agreement shall continue in full force and effect. In the case the party in default does not remedy and remove the cause or causes or does not indemnify the party giving the notice for any and all consequences of such breach, within said period of thirty (30) days, then this Agreement shall become null and void from and after the expiration of said period.

11.2 No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future defaults, whether of a like or of a different character.

ARTICLE XII – MAXIMUM DAILY QUANTITY

12.1 Subject to the other limitation provided herein and in the Natural Gas Transportation Service tariff, P.S.C. Schedule No. 2.7, the Maximum Daily Quantity of gas which SourceGas Arkansas shall be obligated to transport for Customer and/or sell to Customer as back-up sales service shall be [Quantity] Ccf (hundred cubic feet) winter MDQ and [Quantity] Ccf summer MDQ.

ARTICLE XIII – NOMINATIONS

13.1 Customer agrees to make nomination for gas to be transported herein, as provided in the Natural Gas Transportation Service tariff, P.S.C. Schedule No. 2.7.

ARTICLE XIV – MODIFICATION AND AMENDMENTS

14.1 Any change in the provisions of this Agreement made subsequent to its execution shall be made by formal amendments executed in the same manner as this Agreement.

ARTICLE XV – NOTICES

15.1 Any notice or notices given by either party under the terms of this Agreement shall be sent by certified mail to the following addresses:

To SourceGas Arkansas: SOURCEGAS ARKANSAS
Attn: Gas Supply Department
P. O. Box 13288
Fayetteville, AR 72703-1002

To Customer: [CUSTOMER]
Attn: [CONTACT NAME]
[ADDRESS 1]
[ADDRESS 2]

or to such other addresses as either party may from time to time designate in writing.

15.2 The parties agree to notify the other of the name and address of the person or persons authorized to act for the party in respect to the routine operating matters under this Agreement and routine operating requests, reports, billings, and other matters of a routine nature shall, upon such notification, be directed to the persons so designated.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Agreement in multiple counterparts by their duly authorized officials as of the day and year first above written.

SOURCEGAS ARKANSAS INC

By: _____

Title: _____

[CUSTOMER]

By: _____

Title: _____

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.8
	Second Revised Rate Schedule No. 2.8 Sheet No. 1 of 2
	Replacing First Revised Rate Schedule No. 2.8 Sheet No. 1 of 2
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Unmetered Gas Lights

UNMETERED GAS LIGHTS SALES SERVICE – (GL)

Availability:

Natural gas service is available under this rate schedule when metering the lighting fixtures' consumption is not economical. Gas service is not available under this rate schedule for resale to others or for stand-by service.

Each natural gas lighting pole and fixture shall be provided by the Customer and equipped with a regulator approved by the Company and capable of regulating Company's mainline pressure down to no more than nine (9) inches water column pressure. Customer is responsible for all natural gas lighting fixture modifications and maintenance. The Company must approve the natural gas lighting fixture, any fixture modifications, and fixture installation before natural gas service is made available.

Character of Service:

Service hereunder will not normally be subject to curtailment except as may become necessary under the terms of Company tariff Policy Schedule No. 4.1 – Curtailment Policy. The average heating value for gas delivered to customers shall not be less than 975 Btu per cubic foot at 14.65 psia and 60 degrees Fahrenheit. The established absolute pressure base for all deliveries shall be 14.65. The normal gauge pressure for all deliveries shall be four (4) ounces gauge pressure per square inch above 14.4 assumed atmospheric pressure. The Company, at its option, may provide service at a pressure higher than normal pressure to an individual customer who so requests.

Rates:

The following rates as stated below are applicable to all consumption:

Customer Charge	\$ 11.10 Per Month	CR
Delivery Rate	\$.048268 Per Ccf	CR

Consumption per fixture shall be based upon usage per hour according to the gaslight manufacturer.

Additional Charges:

In addition to the rates as stated above service under this rate schedule is subject to the charges of the following Company tariffs:

1. Rider Schedule No. 3.7 – Cost of Gas Rider
2. Rider Schedule No. 3.8 -- Act 310 Surcharge Rider (Act 310)
3. Rider Schedule No. 3.9 – Tax and Fee Rider
4. Rider Schedule No. 3.10 – Energy Efficiency Cost Recovery Rider (EECR)

THIS SPACE FOR PSC USE ONLY

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.8
	Second Revised Rate Schedule No. 2.8 Sheet No. 2 of 2
	Replacing First Revised Rate Schedule No. 2.8 Sheet No. 2 of 2
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
Class of Service: Unmetered Gas Lights	

- 5. Rider Schedule No. 3.11 – Main Replacement Program Rider (MRP)
- 6. Rider Schedule No. 3.12 – At-Risk Meter Relocation Program Rider (ARMRP)

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Reconnect Charge:

This rate schedule is a continuous service schedule. If service is disconnected at the request of the consumer and thereafter restored at the same location for the same occupant within the twelve month period following the date service was disconnected, a Reconnect Charge will become due and payable when service is restored. The Reconnect Charge shall be computed by multiplying the Customer Charge by the number of months and fractions of months that service was disconnected.

Terms of Payment:

All bills are due and payable twenty-two (22) days after the date the bills are mailed. Billing shall be on a monthly basis. Both the date the bill was mailed, and the date the bill is due will be printed on the bill.

Late Payment Charge:

The Company may bill an additional charge (Late Payment Charge), if the payment of a billing is not received by the Company or its authorized agent for payment before the close of business on the due date as shown on the bill. The Late Payment Charge shall be calculated on only the overdue amount of the bill and will be determined as follows: ten percent (10%) of the first \$30.00 plus two percent (2%) of the remaining unpaid balance. The amount of the Late Payment Charge and when it will apply will be printed on the bill.

Rules and Regulations:

Service will be rendered in accordance with the Company tariff General Schedule No. 1.4 – Company Filed Rules and Regulations Governing Gas Service on file with the Arkansas Public Service Commission and in accordance with the Rules and Regulations established by the Arkansas Public Service Commission.

THIS SPACE FOR PSC USE ONLY

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.9
	Second Revised Rate Schedule No. 2.9 Sheet No. 1 of 4
	Replacing First Revised Rate Schedule 2.9 Sheet No. 1 of 4
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

CHARGES RELATED TO CUSTOMER ACTIVITY - (CAC)

Applicability:

To all customers taking gas service under the Company's rate schedules as they are now or as they may in the future be filed and approved by the Arkansas Public Service Commission. The following charges related to customer activity shall apply:

1. **Service Connection Charge:**

After application for service by a customer, the Company will set a meter for the customer within a reasonable time. Meters will be set at no charge during the Company's regular business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays recognized by the Company (all other hours are considered non-business hours). If undue hardship would result to a customer, the Company, upon customer's request, will set a meter during non-business hours.

Non-Business Hour Charge	\$60.00
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2. **Reconnection Charge:**

If service has been disconnected for any of the reasons contained in the Arkansas Public Service Commission General Service Rule No. 6.01(A)-(R), the Company will not restore service until the reason for the suspension of service has been resolved. The Company will charge the following Reconnection Charges:

Reconnection during normal business hours: 8:00 a.m. through 5:00 p.m. Monday through Friday, excluding holidays recognized by the Company	\$40.00
Reconnection during hours other than normal business hours	\$75.00

If the customer remains off service a sufficient length of time such that the Reconnect Charge as defined on the applicable service rate schedule is greater than the charges stated above, the customer shall be charged a Reconnect Charge as provided for by the service rate schedule. If the customer requests service to be reconnected but at a different service location, a Reconnection Charge of \$40.00 for a normal business hour reconnection or a Reconnection Charge of \$75.00 for an after hour reconnection shall be paid by the customer before service is reconnected.

THIS SPACE FOR PSC USE

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.9
	Second Revised Rate Schedule No. 2.9 Sheet No. 2 of 4
	Replacing First Revised Rate Schedule 2.9 Sheet No. 2 of 4
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
Class of Service: All	

3. **Insufficient Check Charge:**

When payment is made by check and the check is returned to the Company for any reason other than bank error, the Company shall charge the customer the maximum collection fee amount under Arkansas Code Ann. § 4-60-103.

4. **Collection Charge:**

The Company will charge the customer a Collection Charge of \$15.00 if the last day to pay, as printed on the most recent shut-off notice, has passed and either: 1) at the request of the customer, the Company dispatches a Company employee to the customer's premises to collect an amount owed; or 2) not at the request of the customer, the Company dispatches a Company employee to the customer's premises to terminate service and service is not terminated for any of the following reasons:

- A. The customer pays the Company employee the amount owed by the customer.
- B. The customer pays the amount owed by means other than paying the Company employee (for example, the customer pays online at sourcegas.com, or via the Company's IVR phone system, or by phone with the assistance of a customer care representative).
- C. The customer makes payment arrangements which are accepted by the Company employee.

5. **Finance Charge On Delayed Payment Agreements:**

The Company will charge a Finance Charge On Delayed Payment Agreements at an annual rate of interest as established by the Arkansas Public Service Commission as required by Ark. Code Ann. § 23-4-206(b).

6. **Late Payment Charge:**

The Company may bill an additional charge (Late Payment Charge), if the payment of a billing is not received by the Company or its authorized agent for payment before the close of business on the due date as shown on the bill. The Late Payment Charge shall be calculated on only the overdue amount of the bill and will be determined as follows: ten percent (10%) of the first \$30.00 plus two percent (2%) of the remaining unpaid balance.

7. **Meter Test Charge**

The Company will test the meter upon the customer's request. If the meter is found to be as accurate as the Commission approved tolerance set for meters before a billing adjustment is required, the Company may charge the customer for the test. The Meter Test Charge shall be the greater of \$40.00 or the cost of labor necessary to remove the meter from the customers

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.9
	Second Revised Rate Schedule No. 2.9 Sheet No. 3 of 4
	Replacing First Revised Rate Schedule 2.9 Sheet No. 3 of 4
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

premise and test the meter or if the test can be accomplished at the customers premise the charge will be the cost of labor to conduct the test. The cost of labor shall be determined from the Company's standard labor charge schedule.

8. Charge for Property Damage:

If the Company should sustain damage to its property, the Company shall bill the party responsible for such damage the actual cost of the damage or an estimate of the cost if the actual cost is unknown. Said cost to include an estimate of the cost of any gas that may have been lost as a result of the damage.

9. Charge for Service Work On Customer Premises:

If the Company personnel or agents provide services to the customer such as, but not limited to, appliance or equipment repair, new piping pressure tests and equipment inspection, the Company will require payment for such service. Labor cost will be based upon the Company's standard labor charge schedule in effect during the period the service is rendered.

10. Deposit Requirements:

- A. **Deposit Requirements - Residential Applicants:** The Company may require a deposit from an applicant as a condition of service in accordance with the Commission's General Service Rules.
- B. **Non-Residential Applicant:** The Company may require a deposit of a non-residential applicant to guarantee payment for service in accordance with the Commission's General Service Rules.
- C. **Existing Customers:** The Company may require a new deposit or an increase in the amount of a deposit from a customer in accordance with the Commission's General Service Rules.
- D. **Bankruptcy:** The Company may require a deposit from a customer due to bankruptcy in accordance with the Commission's General Service Rules and the U. S. Bankruptcy Code.

11. Customer Account Record Charge:

The Company may charge a fee of \$5.00 when a customer or any authorized party requests a statement of the customer's account as described in the Commission's General Service Rule No. 7.02.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.9
	Second Revised Rate Schedule No. 2.9 Sheet No. 4 of 4
	Replacing First Revised Rate Schedule 2.9 Sheet No. 4 of 4
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

12. **Energy Consumption Statement Charge:**
 The Company may charge a fee of \$5.00 when a customer or any authorized party requests a statement of the customer's energy consumption for the preceding 13 months.

13. **Balanced Billing Plan Withdrawal Charge:**
 The Company will not charge a processing fee when a customer withdraws from the Balanced Billing Plan.

14. **Meter Reading Report Charge:**
 The Company may charge a Meter Reading Report Charge of \$5.00 if a customer has requested a meter reading report in writing and the customer has already received two free meter reading reports in the last 12 months.

15. **Additional Meter Charge:**
 The Company will not levy an Additional Meter Charge. It is the policy of the Company that any meter or meters installed by the Company shall be for the measurement of the gas for Company purposes and that no additional meters shall be provided to the customer. However, this will not prohibit the Company, at its sole discretion, to assist a customer by temporarily installing a meter at the customer's request for a period of short duration. On such occasions, the customer shall reimburse the Company for the cost of installing and removing the meter. Such cost shall be determined by the Company's standard labor schedule in effect during the period the meter is installed.

16. **Convenience Charge:**
 The Company will levy a Convenience Charge of \$2.13 per transaction for every payment made through one of the Company's three alternative payment channels (online at sourcegas.com, via the Company's IVR phone system, or by phone with the assistance of a customer care representative), whether the payment is made with a credit card, a debit card, or an electronic check. Payments made through an alternative payment channel with an electronic check are considered to be cash payments, and while subject to the Convenience Charge, will also receive a credit equal to the amount of the Convenience Charge, resulting in a net zero charge to the customer. Neither the Convenience Charge nor the credit will appear on the bill of a customer who makes a payment through an alternative payment channel with an electronic check.

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.10
	First Revised Rate Schedule No. 2.10 Sheet No. 1 of 5
	Replacing Original Sheet No. 2.10 Sheet No. 1 of 5
	SourceGas Arkansas Inc.
	(Name of Company)
Kind of Service: <u>Natural Gas</u>	
Class of Service: <u>All</u>	

EXTENSION OF FACILITIES-(EXT)

Applicability:

The charges and regulations specified below apply to facilities required to provide service to a site not previously served or accommodate an increase in natural gas consumption from a site currently served. Such charges and regulations apply to all classes and grades of service or facilities furnished by the Company.

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For the purpose of this rate schedule, an extension of facilities ("Extension") shall include: (1) installation of new facilities to serve customers or customer locations not currently served, or (2) modification or replacement of existing facilities to accommodate an increase in natural gas consumption from a site currently served.

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General Regulation:

The Company will install, own, operate, and maintain all facilities upstream of customer-owned facilities. Customer will provide a suitable outdoor location acceptable to the Company for the necessary above-ground equipment which will be kept readily accessible to employees and agents of the Company for all proper purposes. Customer will protect all company-owned equipment located on customer's premises against reasonably anticipated hazards.

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Extension of Mains:

The Company will provide Extensions of gas mains of 100 feet or less from its existing mains without cost to the customer, provided that the customer has made application for gas service, satisfied any applicable deposit requirements, extended gas piping to the point necessary to receive gas service, and has a structure piped for gas service. Exception to the above may be made where local franchises or other agreements are contrary to the above. These requirements are to assure the Company that gas service will be used by a consumer upon completion of the Extension.

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Extensions exceeding 100 feet will be made under the following conditions:

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- 1) The Company will construct such Extensions at no cost to the customer when it is economically feasible to do so. Extensions will be deemed economically feasible when the net present value of the Extension is greater than zero.

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Determination of the economic feasibility of the Extension shall be made through an economic model that shall take into consideration the following elements:

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.10
	First Revised Rate Schedule No. 2.10 Sheet No. 2 of 5
	Replacing Original Sheet No. 2.10 Sheet No. 2 of 5
	SourceGas Arkansas Inc.
	(Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

- a) total incremental non-gas cost revenue,
 - b) total incremental capital cost of the Extension, RT, AT
 - c) incremental operation and maintenance expense, AT
 - d) depreciation,
 - e) return on investment, and
 - f) other costs and factors relevant to the economic feasibility specific to each Extension.
- 2) If a proposed Extension fails to meet the economic feasibility test described in (1) above, a Main Extension Surcharge ("MES") shall be available. Once a customer elects to receive the MES, a monthly charge will be applied to the premises at which the customer will receive gas service in order that the customer at that premises repay the cost of the Extension. The amount of the MES available and the corresponding monthly payment are as follows:
- a) Up to \$2,068 for Customers selecting a \$20 per month MES, RT
 - b) Up to \$3,102 for Customers selecting a \$30 per month MES, CP
 - c) Up to \$4,136 for Customers selecting a \$40 per month MES, CP
 - d) Up to \$5,169 for Customers selecting a \$50 per month MES, CP
- i) In order to qualify for the MES:
- (1) The total cost of the Extension must exceed the cost of 100 feet of Extension per customer; CP
 - (2) The homes or structures to receive gas service must have primary gas heat and gas water heating or have gas appliance(s) with comparable annual load; CP
 - (3) The customer must pay any costs (including installation) in excess of those that are economically feasible, less the amount to be paid through the MES, before construction begins; and CP
 - (4) The customer requesting the MES must be the property owner at the address of the premises for which the service is requested. CP
- ii) Repayment Terms: AT
- 1) The Company shall establish, and the customer electing to receive the MES shall accept, a reimbursement schedule to recover the costs of providing the MES with the reimbursement period not to exceed 180 months and the cost of recovery calculated to take into account the Commission approved pretax rate of return; AT

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.10
	First Revised Rate Schedule No. 2.10 Sheet No. 3 of 5
	Replacing Original Sheet No. 2.10 Sheet No. 3 of 5
	SourceGas Arkansas Inc.
	(Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

- 2) Customers have the option to pay off any remaining balance associated with the MES in a lump sum at any time. When requested by a customer, the Company will calculate the lump sum payment amount based upon the remaining unpaid MES at a specified payment date. A lump sum payment made in full on or before the date specified by the Company will eliminate the customer's obligation to make further MES payments;

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- 3) The liability for the MES remains with the premises, such that in the event a new customer becomes responsible for paying the Company for service at the premises, that new customer will assume the responsibility for reimbursing the Company for the remainder of the total amount to be reimbursed. The Company will notify any subsequent customer upon request for service that the customer's premises is subject to the MES. If the customer does not pay the MES, the Company may suspend service for nonpayment;

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- 4) The Company will provide the following information to the customer in writing when presenting the estimated connection costs and available MES:

 - (i) the Commission approved pretax rate of return,
 - (ii) the MES amount and the pretax rate of return amounts over the duration of the payment period,
 - (iii) the fact that the customer has the option to make a lump sum payment at any time during the duration of the repayment period,
 - (iv) a phone number the customer may call in order to address MES questions and the lump sum payment.

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- 3) If a proposed Extension fails to meet the economic feasibility test described in (1) above and either the Extension does not qualify for the MES or the customer does not elect the MES option, the customer will be required to make a refundable contribution-in-aid of construction in an amount sufficient for the Extension to meet the economic feasibility test before construction begins. Extensions require that a "Main Extension Agreement" be entered into between the Company and those participants making contributions and eligible for refunds. The Company will not normally accept proposals for customers furnishing all or part of the ditching or backfilling. There may be circumstances in which the furnishing of ditching by a customer would be acceptable and credit given. These situations must be reviewed on a case by case basis by the operating department before acceptance.

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	Rate Schedule No. 2.10
	First Revised Rate Schedule No. 2.10 Sheet No. 4 of 5
	Replacing Original Sheet No. 2.10 Sheet No. 4 of 5
	<u>SourceGas Arkansas Inc.</u>
	(Name of Company)
	<u>Kind of Service: Natural Gas</u>
	<u>Class of Service: All</u>

Extensions to Single Mobile Homes:

Extensions for individual mobile homes not located within a mobile home park but located on property owned by the mobile home owners shall be given the same consideration as any other customer. Extensions for mobile homes situated on property being rented or leased will require a non-refundable contribution-in-aid of construction equal to the amount of the cost of the entire extension.

Extensions to Multiple Housing and Mobile Home Parks:

Service to multiple housing complexes and mobile home parks will be by individual meters at each unit and will require a gas distribution system. These systems will be considered the same as other Extensions, subject to the owner providing dedicated streets, alleys, easements or private right-of-way grants for the gas line locations. This policy is applicable only to newly constructed facilities and does not apply to conversions from master meter to individual meters where the piping system is replaced in whole or in part. Prior to these systems being approved, the owner must present a proposed piping plan to the Company for acceptance.

Refunds:

Extensions requiring a contribution-in-aid of construction are eligible for refunds, except Extensions made to single mobile homes not situated on property owned by the owner of the mobile home. Refunds will be made for maximum of 3 years from the effective date of the "Main Extension Agreement."

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The refund amount may vary depending on investment and rate of return. The total refunds may not exceed the contribution amount on any specific Extension. Refunds are made once each 12 months during the contract term. These Extensions will be surveyed and considered for refund within 90 days following the anniversary of the contract.

Service Line Installation Policy:

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Residential Service Line Installation:

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When first setting a meter at residential premises, the Company will install the gas line extending from the distribution main to the customer's primary structure at no cost to the customer. The Company will place the meter at or near the customer's primary structure. However, if the Company determines it is preferable to set the meter at another location, it may choose to do so. Such decision will be made at the Company's sole discretion

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	Rate Schedule No. 2.10
	First Revised Rate Schedule No. 2.10 Sheet No. 5 of 5
	Replacing Original Sheet No. 2.10 Sheet No. 5 of 5
	<u>SourceGas Arkansas Inc.</u>
	(Name of Company)
	<u>Kind of Service: Natural Gas</u>
	<u>Class of Service: All</u>

Non-Residential Service Line Installation:

When first setting a meter at non-residential premises, the Company will install the gas line extending from the distribution main to the inlet side of the meter at no cost to the customer. The Company will place the meter at a location to be determined by the Company on a case-by-case basis. The customer will be responsible for installing the gas line running from the outlet side of the meter to the structure receiving gas service.

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ARKANSAS PUBLIC SERVICE COMMISSION

Rate Schedule No. 2.11

Second Revised Rate Schedule No. 2.11 Sheet No. 1 of 3
 Replacing First Revised Rate Schedule No. 2.11 Sheet No. 1 of 3

Source Gas Arkansas Inc.
 (Name of Company)

Kind of Service: Natural Gas

Class of Service: Local Distribution Company

LOCAL DISTRIBUTION COMPANY - SALES SERVICE ONLY - (LDC)

Availability:

Natural gas service is available under this rate schedule for sales service only to any natural gas local distribution company (LDC). Eligibility for service under this rate schedule will be determined annually and upon commencement of service for new customers at new locations.

Character of Service:

Service hereunder will not normally be subject to curtailment except as may become necessary under the terms of Company tariff Policy Schedule No. 4.1 - Curtailment Policy. The average heating value for gas delivered to customers shall not be less than 975 Btu per cubic foot at 14.65 psi and 60 degrees Fahrenheit. The established absolute pressure base for all deliveries shall be 14.65 psi. The normal gauge pressure for all deliveries shall be four (4) ounces gauge pressure per square inch above 14.4 assumed atmospheric pressure. The Company, at its option, may provide service at a pressure higher than normal pressure to an individual customer who so requests.

Rates:

The charge for recorded consumption of natural gas at one point of delivery in any month is as follows:

<u>Annual Usage of 0 to 10,000 Ccf</u>			
Customer Charge	\$ 18.51 Per Month		CR
Delivery Rate	\$.292028 Per Ccf		CR
<u>Annual Usage of 10,001 to 50,000 Ccf</u>			
Customer Charge	\$ 85.86 Per Month		CR
Delivery Rate	\$.256374 Per Ccf		CR
<u>Annual Usage of 50,001 to 300,000 Ccf</u>			
Customer Charge	\$240.98 Per Month		CR
Delivery Rate	\$.149575 Per Ccf		CR
<u>Annual Usage of 300,001 to 700,000 Ccf</u>			
Customer Charge	\$ 737.32 Per Month		CR
Delivery Rate	\$.085991 Per Ccf		CR
<u>Annual Usage of 700,001 Ccf and above</u>			
Customer Charge	\$ 788.18 Per Month		CR
Delivery Rate	\$.076472 Per Ccf		CR

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ARKANSAS PUBLIC SERVICE COMMISSION

Rate Schedule No. 2.11

Second Revised Rate Schedule No. 2.11 Sheet No. 2 of 3

Replacing First Revised Rate Schedule No. 2.11 Sheet No. 2 of 3

SourceGas Arkansas Inc.

(Name of Company)

Kind of Service: Natural Gas

Class of Service: Local Distribution Company

PSC File Mark Only

Additional Charges

In addition to the rates as stated above service under this rate schedule is subject to the charges of the following Company tariffs:

1. Rider Schedule No. 3.4 – Weather Normalization Adjustment Rider – Applicable Degree Day Factors determined annually in accordance with annual usages less than 50,001 Ccf annually.
2. Rider Schedule No. 3.6 – Billing Determinant Rate Adjustment Rider – Applicable for annual usages less than 50,001 Ccf annually
3. Rider Schedule No. 3.7 – Cost of Gas Rider
4. Rider Schedule No. 3.8 – Act 310 Surcharge Rider (Act 310)
5. Rider Schedule No. 3.9 – Tax and Fee Rider
6. Rider Schedule No. 3.10 – Energy Efficiency Cost Recovery Rider (EECR)
7. Rider Schedule No. 3.11 – Main Replacement Program Rider (MRP)
8. Rider Schedule No. 3.12 – At-Risk Meter Relocation Program Rider (ARMRP)

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Minimum Charges:

Customers shall pay a monthly minimum bill equal to the Customer Charge. Bills will be issued on a monthly basis.

Reconnect Charge:

This rate schedule is a continuous service schedule. If service is disconnected at the request of the consumer and thereafter restored at the same location for the same occupant within the twelve month period following the date service was disconnected, a Reconnect Charge will become due and payable when service is restored. The Reconnect Charge shall be computed by multiplying the Customer Charge by the number of months and fractions of months that service was disconnected.

Terms of Payment:

All bills are due and payable twenty-two (22) days after the date the bills are mailed. Both the date the bill was mailed and the date the bill is due will be printed on the bill.

Late Payment Charge:

The Company may bill an additional charge (Late Payment Charge), if the payment of a billing is not received by the Company or its authorized agent for payment before the close of business on the due date as shown on the bill. The Late Payment Charge shall be calculated on only the overdue amount of the bill and will be determined as follows: ten percent (10%) of the first \$30.00 plus two percent (2%) of the remaining unpaid balance. The amount of the Late Payment Charge and when it will apply will be printed on the bill.

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ARKANSAS PUBLIC SERVICE COMMISSION

Rate Schedule No. 2.11

Second Revised Rate Schedule No. 2.11 Sheet No. 3 of 3

Replacing First Revised Rate Schedule No. 2.11 Sheet No. 3 of 3

Source Gas Arkansas Inc.

(Name of Company)

Kind of Service: Natural Gas

Class of Service: Local Distribution Company

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Rules and Regulations:

Service will be rendered in accordance with the Company tariff General Schedule No. 1.4 -- Rules and Regulations Governing Gas Service on file with the Arkansas Public Service Commission and in accordance with the Rules and Regulations established by the Arkansas Public Service Commission.

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PSC File Mark Only	<p style="text-align: center;">ARKANSAS PUBLIC SERVICE COMMISSION</p> <hr/> <p style="text-align: center;">Rate Schedule No. 2.12</p> <hr/> <p>Second Revised Rate Schedule No. 2.12 Sheet No. 1 of 2 Replacing First Revised Rate Schedule No. 2.12 Sheet No. 1 of 2</p> <p style="text-align: center;">_____ SourceGas Arkansas Inc. (Name of Company)</p> <p>Kind of Service: <u>Natural Gas</u></p> <p>Class of Service: <u>Commercial / Industrial</u></p>
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IRRIGATION SALES SERVICE (I-1)

Availability:

Natural gas service is available under this rate schedule to any customer for the purpose of fueling equipment used in the irrigation of crops, provided that such usage of natural gas occurs primarily during the months of May-October. Gas service under this rate schedule is not available for resale or stand-by service.

Character of Service:

Service hereunder will not normally be subject to curtailment except as may become necessary under the terms of Company tariff Policy Schedule No. 4.1 - Curtailment Policy. The average heating value for gas delivered to customers shall not be less than 975 Btu per cubic foot at 14.65 psia and 60 degrees Fahrenheit. The established absolute pressure base for all deliveries shall be 14.65. The normal gauge pressure for all deliveries shall be four (4) ounces gauge pressure per square inch above 14.4 assumed atmospheric pressure. The Company, at its option, may provide service at a pressure higher than normal pressure to an individual customer who so requests.

Rates:

The charge for recorded consumption of natural gas is on an annual (January-December) basis at one point of delivery with primary consumption as follows:

Delivery Rate:

First 1,000 Ccf	\$.554107 per Ccf	
1,000-10,000 Ccf	\$.292028 per Ccf	
Over 10,000 Ccf	\$.248048 per Ccf	

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Additional Charges:

In addition to the rates as stated above service under this rate schedule is subject to the charges of the following Company tariffs:

1. Rider Schedule No. 3.6 -- Billing Determinant Rate Adjustment Rider
2. Rider Schedule No. 3.7 -- Cost of Gas Rider
3. Rider Schedule No. 3.8 -- Act 310 Surcharge Rider (Act 310)
4. Rider Schedule No. 3.9 -- Tax and Fee Rider
5. Rider Schedule No. 3.10 -- Energy Efficiency Cost Recovery Rider
6. Rider Schedule No. 3.11 -- Main Replacement Program Rider (MRP)
7. Rider Schedule No. 3.12 -- At-Risk Meter Relocation Program Rider (ARMRP)

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	Rate Schedule No. 2.12
	Second Revised Rate Schedule No. 2.12 Sheet No. 2 of 2
	Replacing First Revised Rate Schedule No. 2.12 Sheet No. 2 of 2
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial / Industrial

Terms of Payment:

All bills are due and payable twenty-two (22) days after the date the bills are mailed. Both the date the bill was mailed and the date the bill is due will be printed on the bill.

Late Payment Charge:

The Company may bill an additional charge (Late Payment Charge), if the payment of a billing is not received by the Company or its authorized agent for payment before the close of business on the due date as shown on the bill. The Late Payment Charge shall be calculated on only the overdue amount of the bill and will be determined as follows: ten percent (10%) of the first \$30.00 plus two percent (2%) of the remaining unpaid balance. The amount of the Late Payment Charge and when it will apply will be printed on the bill.

Rules and Regulations:

Service will be rendered in accordance with the Company tariff General Schedule No. 1.4 -- Rules and Regulations Governing Gas Service -- on file with the Arkansas Public Service Commission and in accordance with the Rules and Regulations established by the Arkansas Public Service Commission.

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rate Schedule No. 2.13
	Second Revised Rate Schedule No. 2.13 Sheet No. 1 of 3
	Replacing First Revised Rate Schedule No. 2.13 Sheet No. 1 of 3
	<u>SourceGas Arkansas Inc.</u> (Name of Company)
	<u>Kind of Service: Natural Gas</u>
	<u>Class of Service: All</u>

Natural Gas Vehicle (NGV)

Availability:

Natural gas service is available under this rate schedule through a separate meter, for the exclusive purpose of fueling NGVs, to any residential, commercial, or industrial customer. Service for any end-use of gas other than for vehicular use, such as space heating, water heating, processing, or boiler fuel use, is not permitted under this rate schedule. Eligibility for service under this rate schedule will be determined annually and upon commencement of service for new customers at new locations. Natural gas is available for resale to the public under this schedule, but only with the express written permission of the Company.

The sale price to the public of natural gas compressed and resold by a customer of the Company for use in a NGV is not set by the Company or the Arkansas Public Service Commission.

Character of Service:

Service hereunder will not normally be subject to curtailment except as may become necessary under the terms of Company tariff Policy Schedule No. 4.1 – Curtailment Policy. The average heating value for gas delivered to customers shall not be less than 975 BTU per cubic foot at 14.65 psi and 60 degrees Fahrenheit. The established absolute pressure base for all deliveries shall be 14.65 psi. The normal gauge pressure for all deliveries shall be four (4) ounces gauge pressure per square inch above 14.4 assumed atmospheric pressure. The Company, at its option, may provide service at a pressure higher than normal pressure to an individual customer who so requests.

Rates:

The charge for recorded consumption of natural gas at one point of delivery in any month is as follows:

Residential Customers

Customer Charge	\$10.20 Per Month	CR
Delivery Rate	\$.295329 Per Ccf	CR

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PSC File Mark Only	<p style="text-align: center;">ARKANSAS PUBLIC SERVICE COMMISSION</p> <hr/> <p style="text-align: center;">Rate Schedule No. 2.13</p> <hr/> <p> Second Revised Rate Schedule No. 2.13 Sheet No. 2 of 3 Replacing First Revised Rate Schedule No. 2.13 Sheet No. 2 of 3 </p> <hr/> <p style="text-align: center;"> <u>SourceGas Arkansas Inc.</u> (Name of Company) </p> <hr/> <p> Kind of Service: <u>Natural Gas</u> Class of Service: <u>All</u> </p>
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Commercial/Industrial Customers

<u>Annual Usage of 0 to 10,000 Ccf</u>		
Customer Charge	\$18.51 Per Month	CR
Delivery Rate	\$.292028 Per Ccf	CR
<u>Annual Usage of 10,001 to 50,000 Ccf</u>		
Customer Charge	\$85.86 Per Month	CR
Delivery Rate	\$.256374 Per Ccf	CR
<u>Annual Usage of 50,001 to 300,000 Ccf</u>		
Customer Charge	\$240.98 Per Month	CR
Delivery Rate	\$.149575 Per Ccf	CR
<u>Annual Usage of 300,001 to 700,000 Ccf</u>		
Customer Charge	\$737.32 Per Month	CR
Delivery Rate	\$.085991 Per Ccf	CR
<u>Annual Usage of 700,001 Ccf and above</u>		
Customer Charge	\$788.18 Per Month	CR
Delivery Rate	\$.076472 Per Ccf	CR

Additional Charges:

In addition to the rates as stated above, service under this rate is subject to the charges of the following Company tariffs:

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|---|----|
| 1. Rider Schedule No. 3.6 – Billing Determinant Rate Adjustment Tariff – Applicable for annual usages less than 50,001 Ccf annually | RT |
| 2. Rider Schedule No. 3.7 – Cost of Gas Rider | |
| 3. Rider Schedule No. 3.8 – Act 310 Surcharge Rider (Act 310) | |
| 4. Rider Schedule No. 3.9 – Tax and Fee Rider | |
| 5. Rider Schedule No. 3.10 – Energy Efficiency Cost Recover Rider (EECR) | |
| 6. Rider Schedule No. 3.11 – Main Replacement Program Rider (MRP) | NR |
| 7. Rider Schedule No. 3.12 – At-Risk Meter Relocation Program Rider (ARMP) | NR |

Minimum Charges:

Customers shall pay a monthly minimum bill equal to the Customer Charge. Bills will be issued on a monthly basis.

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ARKANSAS PUBLIC SERVICE COMMISSION

Rate Schedule No. 2.13

Second Revised Rate Schedule No. 2.13 Sheet No. 3 of 3

Replacing First Revised Rate Schedule No. 2.13 Sheet No. 3 of 3

SourceGas Arkansas Inc.

(Name of Company)

Kind of Service: Natural Gas

Class of Service: All

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Reconnect Charge:

This rate schedule is a continuous service schedule. If service is disconnected at the request of the consumer and thereafter restored at the same location for the same occupant within the twelve month period following the date service was disconnected, a Reconnect Charge shall be computed by multiplying the Customer Charge by the number of months and fractions of months that service was disconnected.

Terms of Payment:

All bills are due and payable twenty-two (22) days after the date the bills are mailed. Both the date the bill was mailed and the date the bill is due will be printed on the bill.

Late Payment Charge:

The Company may bill an additional charge (Late Payment Charge), if the payment of a billing is not received by the Company or its authorized agent for payment before the close of business on the due date as shown on the bill. The Late Payment Charge shall be calculated on only the overdue amount of the bill and will be determined as follows: ten percent (10%) of the first \$30.00 plus two percent (2%) of the remaining unpaid balance. The amount of the Late Payment Charge and when it will apply will be printed on the bill.

Rules and Regulations:

Service will be rendered in accordance with the Company tariff General Schedule No. 1.4 – Rules and Regulations Governing Gas Service on file with the Arkansas Public Service Commission and in accordance with the Rules and Regulations established by the Arkansas Public Service Commission.

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.1
	First Revised Rider Schedule No. 3.1 Sheet No. 1 of 1
	Replacing Original Rider Schedule No. 3.1 Sheet No. 1 of 1
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Residential

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BUSINESS 1 AIR CONDITIONING RIDER -- (B-1 A/C)

Availability:

This Rider is applicable for billings with meter read dates during the months of June through September to any commercial or industrial customer who receives natural gas service under the Company's currently effective Business 1 Sales or Transportation Service rate schedules and who has installed natural gas air conditioning approved by the Company.

Rates:

In lieu of the Delivery Rates effective under Company rate schedules Business 1 Sales or Transportation Service, the customer will be billed the following Delivery Rates for billings with meter read dates during the months of June through September:

Delivery Rate:

First 30 Ccf	\$.292028 Per Ccf
Over 30 Ccf	\$.185531 Per Ccf

CR
CR

Unless otherwise provided herein, all other provisions, charges, terms, and conditions of Company rate schedules Business 1 Sales or Transportation Service shall remain in effect for customers billed the rates under this Rider.

Special Terms:

A customer must have natural gas air conditioning approved by the Company. The Delivery Rates contained within this rider schedule are applicable only to billings with meter read dates during the months of June through September.

Applicable Rate Schedules:

1. Rate Schedule No. 2.2 – Business 1 Sales Service
2. Rate Schedule No. 2.7 – Natural Gas Transportation Service (NGT): Business 1 transportation accounts with annual usage of 0 to 10,000 Ccf that qualify for transportation service only through aggregation with other accounts under common ownership.

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.3
	First Revised Rider Schedule No. 3.3 Sheet No. 1 of 1
	Replacing Original Rider Schedule No. 3.3 Sheet No. 1 of 1
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial / Industrial

BUSINESS 2 AIR CONDITIONING RIDER – (B-2 A/C)

Availability:

This Rider is applicable for billings with meter read dates during the months of June through September to any commercial or industrial customer who receives natural gas service under the Company's currently effective Business 2 Sales or Transportation Service rate schedules and who has installed natural gas air conditioning approved by the Company.

Rates:

In lieu of the Delivery Rates effective under Company rate schedules Business 2 Sales or Transportation Service, the customer will be billed the following Delivery Rates for billings with meter read dates during the months of June through September:

Delivery Rate:	
First 300 Ccf	\$.256374 Per Ccf
Over 300 Ccf	\$.166121 Per Ccf

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Unless otherwise provided herein, all other provisions, charges, terms, and conditions of Company rate schedules Business 2 Sales or Transportation Service shall remain in effect for customers billed the rates under this Rider.

Special Terms:

A customer must have natural gas air conditioning approved by the Company. The Delivery Rates contained within this rider schedule are applicable only to billings with meter read dates during the months of June through September.

Applicable Rate Schedules:

1. Rate Schedule No. 2.3 – Business 2 Sales Service
2. Rate Schedule No. 2.7 – Natural Gas Transportation Service (NGT): Business 2 transportation accounts with annual usage of 10,001 to 50,000 Ccf that qualify for transportation service only through aggregation with other accounts under common ownership.

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PSC File Mark Only	<p style="text-align: center;">ARKANSAS PUBLIC SERVICE COMMISSION</p> <p>Rider Schedule No. 3.4</p> <hr/> <p>First Revised Rider Schedule No. 3.4 Sheet No. 1 of 3</p> <p>Replacing Original Rider Schedule No.3.4 Sheet No. 1 of 3</p> <hr/> <p style="text-align: center;">SourceGas Arkansas Inc. (Name of Company)</p> <hr/> <p>Kind of Service: Natural Gas</p> <hr/> <p>Class of Service: All</p>
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WEATHER NORMALIZATION ADJUSTMENT RIDER-(WNA)

Weather Normalization Adjustment Rider:

Service rendered under the Company's Residential Sales Service, Business 1 Sales and Transportation Services, and Business 2 Sales and Transportation Services shall be subject to increases or decreases under the Weather Normalization Adjustment (WNA) Rider. Business customers engaged in irrigation pursuant to Rate Schedule 2.12, cotton ginning or grain drying are exempt from the WNA. The purpose of the WNA is to adjust customer billings to reflect the heating degree day (HDD) variations from the normal HDD levels used to set the delivery rate component of the rate schedules applicable to this clause. The WNA is applicable to billings calculated from meters read between November 1 and April 30.

A WNA shall be determined for each rate schedule subject to the WNA Rider and will be expressed as a rate per Ccf. A WNA shall be determined for each service period within a billing cycle and applied to all billings within that service period. In order to calculate the respective WNAs, the HDD deviation from the normal HDDs will be determined and multiplied by the weather sensitive Ccf per customer per HDD as determined in the most recent rate application. The resulting product shall be multiplied by the applicable rate schedule delivery rate to determine a dollar per Ccf weather factor. The WNA shall be determined by dividing the dollar per Ccf weather factor by the average Ccf per customer. The WNA shall be stated separately on the customer bills.

Calculation of the Weather Normalization Adjustment:

$$WNAI = \frac{Ri(DDF((NDD - ADD))}{AAUI}$$

Where WNAI = Weather Normalization Dollar Amount per Ccf

Where i = Applicable rate class subject to the WNA

Where R = Applicable Delivery Rate per Ccf

PSC File Mark Only	<p style="text-align: center;">ARKANSAS PUBLIC SERVICE COMMISSION</p> <hr/> <p style="text-align: center;">Rider Schedule No. 3.4</p> <hr/> <p>First Revised Rider Schedule No. 3.4 Sheet No. 2 of 3</p> <p>Replacing Original Rider Schedule No. 3.4 Sheet No. 2 of 3</p> <hr/> <p style="text-align: center;">SourceGas Arkansas Inc. (Name of Company)</p> <hr/> <p>Kind of Service: <u>Natural Gas</u></p> <p>Class of Service: <u>All</u></p>
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Where DDFI = Weather Sensitive Gas Use (Ccf) per Customer per Degree Day. The weather sensitive factors by rate schedule are:

<u>Rate Schedule</u>	<u>Ccf/Customer/HDD</u>
Residential	0.13078
Business 1 Sales and Transportation	0.33643
Business 2 Sales and Transportation	3.31328

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Where NDD = Normal Degree Days for the Service Period

Where ADD = Actual Degree Days for the Service Period

Where AAUI = The actual average use per customer for all bills calculated on the same date determined by dividing the total usage by the total number of billings for all billings with a service period not less than 25 days nor more than 35 days.

Definitions:

Heating Degree Day - The positive difference between the average of the daily high and low temperature subtracted from 65°F.

Normal Degree Days - The heating degree days which are based on the 30-year average ending June 30, 2013. The normal degree days are attached as Appendix No. 1.

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Actual Degree Days - The actual degree days reported at the Fayetteville Experiment Station for the National Climate Data Center. The actual degree days will be defined as the average of the daily maximum and minimum temperatures in a 24 hour period subtracted from 65 degrees Fahrenheit. This is consistent with NOAA's HDD definition of maximum and minimum which forms the basis for the normal HDD as used in the table and the actual HDD reported.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.4
	First Revised Rider Schedule No. 3.4 Sheet No. 3 of 3
	Replacing Original Rider Schedule No. 3.4 Sheet No. 3 of 3
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

Annual Review:

The Company will file annually in Docket No. 13-079-U by July 31 a comparison of actual and normal heating degree days by month and by season, total WNA revenues by class by month and by season, WNA bill analysis for varying levels of usage by rate schedule by month and by season, WNA complaints, and a definition of HDD.

Applicable Rate Schedules:

1. Rate Schedule No. 2.1 - Residential Sales Service
2. Rate Schedule No. 2.2 - Business 1 Sales Service
3. Rate Schedule No. 2.3 - Business 2 Sales Service
4. Rate Schedule No. 2.7 - Business 1 transportation accounts with annual usage of 0 to 10,000 Ccf that qualify for transportation service only through aggregation with other accounts under common ownership.
5. Rate Schedule No. 2.7 - Business 2 transportation accounts with annual usage of 10,001 to 50,000 Ccf that qualify for transportation service only through aggregation with other accounts under common ownership.
6. Rate Schedule No. 2.11 – Local Distribution Company Sales Service (applicable annual usages less than 50,001 Ccf)

Rider Schedule 3.4
 APPENDIX NO. 1

SOURCEGAS ARKANSAS INC.
 THIRTY YEAR DAILY NORMAL HEATING DEGREE DAYS
 (Based on 30 years Ending June 30, 2013)
 FAYETTEVILLE

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Month	Day	HDD	Month	Day	HDD	Month	Day	HDD	Month	Day	HDD
9	15	0	11	1	9	1	1	27	3	1	24
9	16	0	11	2	11	1	2	28	3	2	21
9	17	0	11	3	13	1	3	28	3	3	23
9	18	0	11	4	13	1	4	28	3	4	23
9	19	0	11	5	13	1	5	30	3	5	19
9	20	0	11	6	14	1	6	28	3	6	18
9	21	0	11	7	14	1	7	29	3	7	17
9	22	0	11	8	13	1	8	30	3	8	18
9	23	0	11	9	12	1	9	29	3	9	19
9	24	0	11	10	13	1	10	29	3	10	19
9	25	1	11	11	16	1	11	30	3	11	18
9	26	0	11	12	15	1	12	26	3	12	16
9	27	1	11	13	15	1	13	28	3	13	14
9	28	0	11	14	13	1	14	31	3	14	16
9	29	0	11	15	13	1	15	29	3	15	16
9	30	1	11	16	17	1	16	28	3	16	16
10	1	2	11	17	20	1	17	28	3	17	14
10	2	1	11	18	18	1	18	29	3	18	12
10	3	1	11	19	15	1	19	32	3	19	13
10	4	0	11	20	16	1	20	30	3	20	18
10	5	1	11	21	18	1	21	31	3	21	15
10	6	3	11	22	17	1	22	30	3	22	15
10	7	5	11	23	17	1	23	28	3	23	12
10	8	5	11	24	20	1	24	27	3	24	13
10	9	5	11	25	20	1	25	28	3	25	13
10	10	5	11	26	19	1	26	28	3	26	14
10	11	6	11	27	19	1	27	28	3	27	13
10	12	5	11	28	22	1	28	27	3	28	12
10	13	5	11	29	22	1	29	25	3	29	13
10	14	5	11	30	22	1	30	26	3	30	12
10	15	5	12	1	24	1	31	29	3	31	14
10	16	5	12	2	22	2	1	26	4	1	12
10	17	5	12	3	21	2	2	24	4	2	9
10	18	6	12	4	23	2	3	26	4	3	9
10	19	7	12	5	25	2	4	27	4	4	10
10	20	8	12	6	25	2	5	28	4	5	12
10	21	7	12	7	25	2	6	29	4	6	11
10	22	7	12	8	25	2	7	28	4	7	10
10	23	7	12	9	25	2	8	27	4	8	9
10	24	8	12	10	26	2	9	28	4	9	9
10	25	8	12	11	26	2	10	27	4	10	7
10	26	8	12	12	25	2	11	27	4	11	9
10	27	10	12	13	25	2	12	29	4	12	10
10	28	12	12	14	25	2	13	27	4	13	8
10	29	9	12	15	26	2	14	23	4	14	7
10	30	8	12	16	27	2	15	22	4	15	6
10	31	10	12	17	27	2	16	26	4	16	7
			12	18	25	2	17	26	4	17	5
			12	19	27	2	18	23	4	18	3
			12	20	27	2	19	22	4	19	4
			12	21	28	2	20	20	4	20	4
			12	22	30	2	21	19	4	21	5
			12	23	31	2	22	22	4	22	4
			12	24	32	2	23	21	4	23	4
			12	25	34	2	24	21	4	24	4
			12	26	33	2	25	21	4	25	2
			12	27	28	2	26	21	4	26	3
			12	28	27	2	27	21	4	27	4
			12	29	27	2	28	22	4	28	5
			12	30	26	2	29	18	4	29	3
			12	31	26				4	30	3

182

1,300

1,585

698

Total HDD
 for WNA
 3,763

PSC File Mark Only	<p style="text-align: center;">ARKANSAS PUBLIC SERVICE COMMISSION</p> <hr/> <p style="text-align: center;">Rider Schedule No. 3.5</p> <hr/> <p>First Revised Rider Schedule No. 3.5 Sheet No. 1 of 2</p> <p>Replacing Original Rider Schedule No. 3.5 Sheet No. 1 of 2</p> <hr/> <p style="text-align: center;">SourceGas Arkansas Inc. (Name of Company)</p> <hr/> <p>Kind of Service: Natural Gas</p> <hr/> <p>Class of Service: Commercial / Industrial</p>
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COMMERCIAL & INDUSTRIAL LARGE AIR CONDITIONING RIDER – (LCI A/C)

Availability:

This Rider is applicable for billings with meter read dates during the months of June through September to any commercial or industrial customer who receives natural gas sales or transportation service under the Company's currently effective Rate Schedule No. 2.4 - Business 3 Sales Service, Rate Schedule No. 2.5 – Business 4 Sales Service, Rate Schedule No. 2.6 - Business 5 Sales Service, or Rate Schedule No. 2.7 - Natural Gas Transportation service and who has installed natural gas air conditioning approved by the Company.

Rates:

For billings with meter read dates during the months of October through the following May, the customer's usage for natural gas air conditioning shall be separately metered or separately determined through mathematical equations or other means, and such volumes so registered shall be included in the total volumes and billed in accordance with the Delivery Rates called for by the customer's applicable natural gas sales or transportation service rate schedule. For billings with meter read dates during the months of June through September, the customer's usage for natural gas air conditioning shall be separately metered or separately determined through mathematical equations or other means, and such volumes so registered shall be billed in accordance with the following Delivery Rates based on the customer's applicable annual volumes and natural gas sales or transportation service rate schedule.

Business 3 Sales Service or Natural Gas Transportation Service
Annual Use of 50,001 Ccf - 300,000 Ccf

Delivery Rate: \$.098269 Per Ccf

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Business 4 Sales Service or Natural Gas Transportation Service
Annual Use of 300,001 Ccf – 700,000 Ccf

Delivery Rate: \$.081340 Per Ccf

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THIS SPACE FOR PSC USE

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.5
	First Revised Rider Schedule No. 3.5 Sheet No. 2 of 2
	Replacing Original Rider Schedule No. 3.5 Sheet No. 2 of 2
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: Commercial / Industrial

Business 5 Sales Service or Natural Gas Transportation Service
Annual Use of 700,001 Ccf or More

Delivery Rate: \$.077079 Per Ccf

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Unless otherwise provided herein, all other provisions, charges, terms and conditions applicable to Rate Schedule No. 2.4 - Business 3 Sales Service, Rate Schedule No. 2.5 - Business 4 Sales Service, Rate Schedule No. 2.6 - Business 5 Sales Service, and Rate Schedule No. 2.7 - Natural Gas Transportation Service shall remain in effect for customers billed rates under this Rider.

Special Terms:

To be eligible for this Rider, a customer must provide all the service piping to extend service to the meter location and all or part of the meter loop. The Company shall own and install the meter at no cost to the customer. The customer's natural gas air conditioning equipment must be approved by the Company.

Applicable Rate Schedules:

1. Rate Schedule No. 2.4 - Business 3 Sales Service
2. Rate Schedule No. 2.5 - Business 4 Sales Service
3. Rate Schedule No. 2.6 - Business 5 Sales Service
4. Rate Schedule No. 2.7 - Natural Gas Transportation Service

THIS SPACE FOR PSC USE

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.6
	Third Revised Rider Schedule No. 3.6 Sheet No. 1 of 6
	Replacing Second Revised Rider Schedule No. 3.6 Sheet No. 1 of 6
	<u>SourceGas Arkansas Inc.</u> (Name of Company)
	Kind of Service: <u>Natural Gas</u>
	Class of Service: <u>All</u>

BILLING DETERMINANT RATE ADJUSTMENT RIDER (BDA RIDER)

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A. Purpose

The purpose of the Billing Determinant Rate Adjustment Rider ("BDA Rider") is to account for a decline in billing determinants, which results in a decline in Non-Gas Revenues ("Base Revenues") by the Company subsequent to rates being established in Docket No. 13-079-U. The base revenues in any given evaluation period shall be compared to the base revenues as approved in the Final Order of Docket No. 13-079-U. To the extent that a revenue shortfall exists, the BDA Rider rate adjustment shall be determined as described in Section D(3) Methodology.

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The impact on rates resulting from the decline in billed volumes due to warmer-than-normal heating degree days is accounted for through the Weather Normalization Adjustment Rider (WNA).

No rate adjustment (BDA Rider rate adjustment will be set at zero) shall be made to an applicable rate classification if:

- (1) The actual Base Revenue for any applicable rate classification for the Evaluation Period is equal to or greater than the corresponding Base Revenues established in the Final Order in Docket No. 13-079-U for that rate classification; or,
- (2) The allocated Revenue Surplus for any applicable rate classification is greater than the Initial Revenue Shortfall for that rate classification.

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The BDA Rider as described in this rider shall apply to the Residential Sales and NGV ("R-1"), Business 1 Sales, NGV, and Transportation ("B-1"), Business 2 Sales, NGV, Transportation ("B-2"), and Irrigation Sales Service ("I-1") rate classes.

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.6
	Thrd Revised Rider Schedule No. 3.6 Sheet No. 2 of 6
	Replacing Second Revised Rider Schedule No. 3.6 Sheet No. 2 of 8
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

B. Evaluation Report Filing and Review

The Evaluation Period shall be the 12 months ending July 31. No later than October 1 of each year, the Company shall file with the Commission an Evaluation Report ("Evaluation Report") prepared in accordance with the provisions described in Section D (Base Revenue Analysis). The Company shall provide the Staff with workpapers supporting the data and calculations reflected in the Evaluation Report.

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The benchmark non-gas revenues, gas volumes, and customer counts on the "Evaluation Report" will be equal to the non-gas revenues, gas volumes and customer counts approved in Docket No. 13-079-U.

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The collection period for the BDA Rider shall be the 12-month period beginning with bills having meter read dates on or after January 1 following filing of the Evaluation Report and terminate with the bills rendered for the meters read on December 31.

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In the event the Staff disputes any portion of the rate adjustment proposed, the undisputed portion of the BDA Rider rate adjustment shall become effective with the meters read on or after January 1 following the filing of the Evaluation Report. However, to the extent that the Commission ultimately supports a finding in excess of the undisputed portion, the unrecognized portion of the increase shall be collectable.

Any initially contested amounts that are ultimately supported by the Commission shall be recoverable during the current annual collection period unless ratepayer impact would indicate that the recovery time frame be lengthened, in which case the recovery period will not exceed twelve months.

The Company shall record its best estimate of the amounts to be recognized under the BDA Rider so as to reflect in its books and records a fair representation of actual earnings for the accounting period. Such estimate shall be adjusted, if necessary, upon filing the BDA Rider computations with the Commission, and again upon final Commission approval.

THIS SPACE FOR PSC USE

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	<u>Rider Schedule No. 3.6</u>
	Third Revised Rider Schedule No. 3.6 Sheet No. 3 of 6
	Replacing Second Revised Rider Schedule No. 3.6 Sheet No. 3 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

C. Rate Case Filings

If, prior to the annual October 1 reporting date, the Company files an Application for a general rate change, the BDA Rider adjustment in place at that time shall continue through the 12-month collection period.

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The BDA Evaluation Report due October 1 following the issuance of a Final Order in a general rate case filing will reflect new benchmark values for revenues, customer counts and volumes established in that Order and will not include any of the pro forma months (report may be for less than 12 months). Subsequent BDA Evaluation Reports will be due October 1 for the 12 months ending July 31 until the next general rate case filing.

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D. Base Revenue Analysis

(1) Evaluation Period

The annual Evaluation Period shall reflect the twelve-month period ended July 31 immediately preceding the filing of the associated Evaluation Report. All data provided in the Evaluation Report shall be based on actual results for the Evaluation Period as recorded on the books of the Company in accordance with the Uniform System of Accounts.

(2) Evaluation Period Adjustments

Actual (per book) data for each Evaluation Period shall be adjusted to exclude the revenues associated with the Cost of Gas Rider (COG), the BDA Rider, the Act 310 Surcharge Rider (Act 310), the Energy Efficiency Cost Recovery (EECR) Rider (except for the Lost Contributions to Fixed Cost (LCFC) component which shall be included), and non-rate class specific revenues.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.6
	Third Revised Rider Schedule No. 3.6 Sheet No. 4 of 6
	Replacing Second Revised Rider Schedule No. 3.6 Sheet No. 4 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

(3) Methodology

The BDA Rider rate adjustment for any Evaluation Period shall be determined in accordance with the methodology set out in Attachment A. Actual (per book) data shall be utilized for each Evaluation Period, subject to the weather normalization of weather-sensitive gas sales, as determined in accordance with the weather normalization methodology set out in Attachment B.

- a. If the non-gas revenues from the Evaluation Period for applicable BDA rate classes (as listed in Section A and shown on Attachment A) are equal to or greater than the Benchmark Value non-gas revenues for these same rate classifications, the BDA Rider rate adjustment for that class shall be set at zero.
- b. Any Revenue Surplus by rate classification included shall be netted against any Initial Revenue Shortfall that might exist in any other rate classifications(s) also included.
- c. If, as determined on Attachment A, a Revenue Surplus exists in any of the non-applicable rate classes, the Revenue Surplus shall be netted against any Initial Revenue Shortfall that exists in the applicable rate classes (R1, B1, and B2 rate classes). In the event that an Initial Revenue Shortfall exists in more than one of the applicable rate classes, then the Revenue Surplus from the non-applicable rate classes shall be netted against the Revenue Shortfalls in the applicable rate classes on a pro-rata basis.

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E. Definition of Terms

(1) Non-Gas Revenues

The actual (per book) data for each Evaluation Period adjusted to exclude the revenues associated with the COG Rider, the BDA Rider, Act 310 Surcharge Rider, EECR Rider (except for the LCFC component, which shall be included in non-gas revenues), and non-rate class specific revenues.

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ARKANSAS PUBLIC SERVICE COMMISSION

Rider Schedule No. 3.6

Third Revised Rider Schedule No. 3.6 Sheet No. 5 of 6
Replacing Second Revised Rider Schedule No. 3.6 Sheet No. 5 of 6

SourceGas Arkansas Inc.
(Name of Company)

Kind of Service: Natural Gas

Class of Service: All

PSC File Mark Only

(2) Initial Revenue Shortfall

The Initial Revenue Shortfall for any applicable rate classification included herein for the Evaluation Period, if any, shall be determined using the Initial Revenue Shortfall formula set out in Section 1 of Attachment A.

(3) Final Revenue Shortfall

The Final Revenue Shortfall for any applicable rate classification included herein for the Evaluation Period, if any, shall be determined using the methodology set out in Section 2 of Attachment A.

(4) Revenue Surplus

The Revenue Surplus for any applicable rate classification included herein for the Evaluation Period, if any, shall be determined using the Revenue Surplus Formula set out in Section 2 of Attachment A.

(5) Evaluation Period Volumes

The Evaluation Period Volumes for the calendar year shall be the volumes associated with the non-gas revenues reported on the Company's books and records.

(6) Benchmark Value

For the purposes of this rider, the Benchmark Value shall mean the non-gas rate schedule requirement established in the Final Rate Case Order in Docket No. 13-079-U.

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.6
	Third Revised Rider Schedule No. 3.6 Sheet No. 6 of 6
	Replacing Second Revised Rider Schedule No. 3.6 Sheet No. 6 of 6
	<u>Source Gas Arkansas Inc.</u> (Name of Company)
	Kind of Service: <u>Natural Gas</u>
	Class of Service: <u>All</u>

(7) Weather Normalization of Gas Sales

The Weather Normalization of weather sensitive gas sales and transportation volumes by rate classification shall be determined using the Weather Normalization Formula set out in Attachment B. The weather normalized volumes for a rate classification shall be divided into the Final Revenue Shortfall for that rate classification to determine the BDA Rider rate adjustment for that rate classification.

F. Applicable Rate Schedules:

1. Residential (R-1)
2. Business 1 – Sales and Transport (B-1)
3. Business 2 – Sales and Transport (B-2)
4. Local Distribution Company Sales Service –
(applicable annual usages less than 50,001 annually)
5. Irrigation Sales Service (I-1)
6. Natural Gas Vehicle – (NGV)
(applicable annual usages less than 50,001 annually)

SOURCEGAS ARKANSAS INC.
DETERMINATION OF TRIAL BILLING DETERMINANT ADJUSTMENT RATE TARIFF
EVALUATION PERIOD ENDING July 31, 20__

SECTION 1						
TRIAL BILLING DETERMINANT RATE ADJUSTMENT TARIFF (BDA) CALCULATION						
	(a) Description	(b) Reference	(c) Residential	(d) Business-1	(e) Business-2	(f) Other Classes
1	Non-Gas Revenues - Evaluation Period	1/ Per Books				
2	Non-Gas Rate Schedule Requirement	Docket No. 13-079-U				
3	Initial Revenue Shortfall	Line 1 - Line 2	\$ -	\$ -	\$ -	\$ -
4	If Line 3 < 0, then Go to Section 2, Otherwise No Adjustment		No Adjustment	No Adjustment	No Adjustment	N/A
	1/ Includes Lost Contribution to Fixed Costs (LCFC).					
SECTION 2						
TRIAL BILLING DETERMINANT RATE ADJUSTMENT TARIFF (BDA TARIFF) CALCULATION						
	Description	Reference	Residential	Business-1	Business-2	Other Classes
5	Revenue Surplus	Line 1 - Line 2	\$ -	\$ -	\$ -	\$ -
6	Revenue Surplus Allocation Factors	Line 3 / (sum of Negative values on Line 3)				NA
7	Revenue Surplus Allocation	Line 6 * (sum of positive values on Line 6)				NA
8	Final Revenue Shortfall	Line 3 + Line 7	\$ -	\$ -	\$ -	NA
9	Weather Adjustment Volumes	Attachment B, Page 1, Lines 13, 28 & 39	0 Ccf	0 Ccf	0 Ccf	NA
10	Weather Normalized Volumes	Line 8 + Line 12	0 Ccf	0 Ccf	0 Ccf	NA
11	BDA Calculation	-(Line 8 / Line 10)	per Ccf	per Ccf	per Ccf	NA
Section 3 (For Informational Purposes Only)						
Line No.	Description	Reference	Residential	Business-1	Business-2	
12	Gas Volumes - Evaluation Period	Per Books		Ccf	Ccf	
13	Gas Volumes - Benchmark Value	Docket No. 13-079-U		Ccf	Ccf	
14	Volume Deficiency	Line 12 - Line 13	0	0	0	
15	Customer Count - Evaluation Period	Per Books				
16	Customer Count - Benchmark Value	Docket No. 13-079-U				
17	Customer Count Deficiency	Line 15 - Line 16	N/A	N/A	N/A	

SOURCEGAS ARKANSAS INC,
CALCULATION OF WEATHER ADJUSTMENT FACTOR
EVALUATION PERIOD ENDING July 31, 20__

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		(a)	(b)	(c) = (b - a)	(d)	(e) = (c * d)	(f)	(g) = (e * f)	
RESIDENTIAL:									
Line No.	Month	Evaluation Period Actual HDD	Normal HDD	HDD Variance	Ccf/HDD/Cust Factor	Volume Adjust Per Customer	Monthly Customers	Weather Adjustment Volumes	CT
1	August	0	0	0	0	0.00	0	0.0	CT
2	September	0	0	0	0	0.00	0	0.0	CT
3	October	0	0	0	0	0.00	0	0.0	CT
4	November	0	0	0	0	0.00	0	0.0	CT
5	December	0	0	0	0	0.00	0	0.0	CT
6	January	0	0	0	0	0.00	0	0.0	CT
7	February	0	0	0	0	0.00	0	0.0	CT
8	March	0	0	0	0	0.00	0	0.0	CT
9	April	0	0	0	0	0.00	0	0.0	CT
10	May	0	0	0	0	0.00	0	0.0	CT
11	June	0	0	0	0	0.00	0	0.0	CT
12	July	0	0	0	0	0.00	0	0.0	CT
13	Annual	0	0	0				0.0	CT
BUSINESS 1:									
Line No.	Month	Evaluation Period Actual HDD	Normal HDD	HDD Variance	Ccf/HDD/Cust Factor	Volume Adjust Per Customer	Monthly Customers	Weather Adjustment Volumes	CT
14	August	0	0	0	0	0.00	0	0	CT
15	September	0	0	0	0	0.00	0	0	CT
16	October	0	0	0	0	0.00	0	0	CT
17	November	0	0	0	0	0.00	0	0	CT
18	December	0	0	0	0	0.00	0	0	CT
19	January	0	0	0	0	0.00	0	0	CT
20	February	0	0	0	0	0.00	0	0	CT
21	March	0	0	0	0	0.00	0	0	CT
22	April	0	0	0	0	0.00	0	0	CT
23	May	0	0	0	0	0.00	0	0	CT
24	June	0	0	0	0	0.00	0	0	CT
25	July	0	0	0	0	0.00	0	0	CT
26	Annual	0	0	0				0	CT
BUSINESS 2:									
Line No.	Month	Evaluation Period Actual HDD	Normal HDD	HDD Variance	Ccf/HDD/Cust Factor	Volume Adjust Per Customer	Monthly Customers	Weather Adjustment Volumes	CT
27	August	0	0	0	0	0.00	0	0.0	CT
28	September	0	0	0	0	0.00	0	0.0	CT
29	October	0	0	0	0	0.00	0	0.0	CT
30	November	0	0	0	0	0.00	0	0.0	CT
31	December	0	0	0	0	0.00	0	0.0	CT
32	January	0	0	0	0	0.00	0	0.0	CT
33	February	0	0	0	0	0.00	0	0.0	CT
34	March	0	0	0	0	0.00	0	0.0	CT
35	April	0	0	0	0	0.00	0	0.0	CT
36	May	0	0	0	0	0.00	0	0.0	CT
37	June	0	0	0	0	0.00	0	0.0	CT
38	July	0	0	0	0	0.00	0	0.0	CT
39	Annual	0	0	0				0.0	CT

Note: Columns (b) and (d) are from Docket No. 13-079-U.

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.8
	Second Revised Schedule No. 3.8 Sheet No. 1 of 2
	Replacing First Revised Schedule No. 3.8 Sheet No. 1 of 2
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
Class of Service: All	

Act 310 Surcharge Rider (Act 310)

Purpose:

To recover, pursuant to the provisions of Ark. Code Ann. § 23-4-501, et seq., expenditures incurred as a direct result of legislative or regulatory requirements relating to the protection of the public health, safety or the environment.

Application:

To all gas service provided under any rate schedule, whether metered or unmetered, subject to the jurisdiction of the Arkansas Public Service Commission. The prudence of expenditures which form the basis for this surcharge shall be addressed in general rate case proceedings. If any expenditure is found imprudent in a general rate case proceeding, all associated surcharge collections will be refunded with interest.

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Rates:

The following surcharges by rate schedule shall be applied to customer bills on and after the date this tariff is filed

Applicable Rate Schedules and Surcharge:

Rates Effective for bills rendered on and after _____:			RT
Residential & NGV	\$.000000 Per Ccf		CR
Business 1 Sales, Transportation, Irrigation & NGV	\$.000000 Per Ccf		CR
Business 2 Sales, Transportation & NGV	\$.000000 Per Ccf		CR
Business 3 Sales, Transportation & NGV	\$.000000 Per Ccf		CR
Business 4 Sales, Transportation, NGV & LDC	\$.000000 Per Ccf		CR
Business 5 Sales and Transportation	\$.000000 Per Ccf		CR
Unmetered Gas Light	\$.000000 Per Ccf		CR
Rates Effective for bills rendered on and after _____:			RT
Residential & NGV	\$.000000 Per Ccf		CR
Business 1 Sales, Transportation, Irrigation & NGV	\$.000000 Per Ccf		CR
Business 2 Sales, Transportation & NGV	\$.000000 Per Ccf		CR

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.8
	Second Revised Schedule No. 3.8 Sheet No. 2 of 2
	Replacing First Revised Schedule No. 3.8 Sheet No. 2 of 2
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

Business 3 Sales, Transportation & NGV	\$.000000 Per Ccf	CR
Business 4 Sales, Transportation, NGV & LDC	\$.000000 Per Ccf	CR
Business 5 Sales and Transportation	\$.000000 Per Ccf	CR
Unmetered Gas Light	\$.000000 Per Ccf	CR

Calculation of the Act 310 Surcharge

The Act 310 Surcharge shall be determined by application of rate formula set out in the Attachment A to this rider.

Future Rate Case Applications

In the event the Company files a general rate application, all qualifying Act 310 investments upon which a return was recovered pursuant to this Rider (Act 310 Surcharge Rider) shall be included in the rate base net of depreciation in calculating the revenue requirement and the current Act 310 surcharge rate will become \$0.0000 per Ccf. The rate will remain \$0.000 per ccf until Company submits a new filing to cover incremental investments covered under the Act 310 Surcharge Rider.

AT
AT
AT

Separate Line Item on the Customer's Bill

The Company will list the Rider Act 310 Surcharge as a separate line item on customer bills labeled "Act 310 Surcharge."

SourceGas Arkansas
Calculation of Act 310 Revenue Requirement

Effective through				RT	Effective				RT
Line No.	Description	Reference	Amount		Line No.	Description	Reference	Amount	
1	Adjusted Rate Base		\$	RT	1	Adjusted Rate Base		\$	RT
2	Required Operating Income (a)	Line 1 * ___%	\$	RT	2	Required Operating Income (a)	Line 1 * ___%	\$	RT
3	Operating Expenses		\$	RT	3	Operating Expenses		\$	RT
4	Depreciation Expense Increase		\$	RT	4	Depreciation Expense Increase		\$	RT
5	Property Tax Expense Increase		\$	RT	5	Property Tax Expense Increase		\$	RT
6	Fixed Charges (b)	Line 1 * ___%	\$	RT	6	Fixed Charges (b)	Line 1 * ___%	\$	RT
7	Expense Increase before Income Taxes		\$	RT	7	Expense Increase before Income Taxes		\$	RT
8	Income Tax Expense (c)	Line 7 * ___%	\$	RT	8	Income Tax Expense (c)	Line 7 * ___%	\$	RT
9	Operating Income Reduction	Line 3 + Line 4 + Line 5 - Line 6	\$	RT	9	Operating Income Reduction	Line 3 + Line 4 + Line 5 - Line 6	\$	RT
10	Revenue Deficiency	Line 2 + Line 9	\$	RT	10	Revenue Deficiency	Line 2 + Line 9	\$	RT
11	Revenue Conversion Factor (d)			RT	11	Revenue Conversion Factor (d)			RT
12	Revenue Requirement	Line 10 * Line 11	\$	RT	12	Revenue Requirement	Line 10 * Line 11	\$	RT

NOTES:

(a) Overall Rate of Return from Docket No. _____

(b) Weighted Cost of Debt from Docket No. _____

(c) Combined State and Federal Tax Rate

(d) Revenue Conversion factor from Docket No. _____

Rider Schedule 3.0
 Attachment A

SOURCEGAS ARKANSAS INC.
 Franchise Taxes by Community

Item No.	Town/City	Franchise Tax		Item No.	Town/City	Franchise Tax	
1	Alpena	4%		42	Johnson	2%	
2	Altus	4%		43	Joiner	5%	
3	Bassett	5%		44	Lake City	5%	
4	Bellefonte	3%		45	Leachville	5%	
5	Bentonville	4%		46	Lincoln	4.25%	
6	Bethel Heights	2%		47	Little Rock	2%	
7	Black Oak	5%		48	Lowell -- Res/Comm	4%	CR, AT
8	Blytheville	5%		49	Lowell -- Industrial	1%	GR, AT
9	Branch	2%		50	Luxora	5%	
10	Burdette	5%		51	Manila	5%	
11	Caraway	5%		52	Marmaduke	5%	
12	Caulkville	2%		53	Melbourne	4.25%	
13	Cave Springs	3%		54	Monetta	5%	
14	Centerston	4%		55	Mountain Home	4.25%	CR
15	Charleston	2%		56	Mountain View	4%	
16	Clarksville	4%		57	Mulberry	4%	
17	Coal Hill	4%		58	Norfolk	3%	
18	Coltar	4%		59	Osceola	5%	
19	Dacatur	4%		60	Ozark	4%	
20	Dell	5%		61	Paris	3%	
21	Denning	2%		62	Pea Ridge	2%	
22	Dyer	2%		63	Piggott	5%	
23	Elkins	2%		64	Prairie Grove	4.25%	
24	Elm Springs	4%		65	Railcliff	2%	
25	Eureka Springs	5%		66	Ractor	5%	
26	Farmington	4.25%		67	Rogers -- Res/Comm	2%	CR, AT
27	Fayetteville -- Res/Comm	3%	CR, AT	68	Rogers -- Industrial	1%	CR, AT
28	Fayetteville -- Industrial	1%	CR, AT	69	Saint Francis	5%	
29	Filppin	3%		70	Saint Paul	2%	
30	Gentry	4%		71	Salesville	4%	
31	Goshan	3%		72	Slidam Springs	2%	
32	Gosnell	5%		73	Springdale -- Res/Comm	4%	CR, AT
33	Gravette	4%		74	Springdale -- Industrial	1%	CR, AT
34	Green Forest -- Res/Comm	4%	CR, AT	75	Springtown	4%	
35	Green Forest -- Industrial	2%	CR, AT	76	Subiaco	2%	
36	Greenland	2%		77	Sulphur Springs	4%	
37	Greenway	5%		78	Summit	4%	
38	Harrison	4.50%		79	Tontitown	2%	
39	Hartman	2%		80	Victoria	5%	
40	Highfill	2%		81	West Fork	4.25%	
41	Huntsville	5%		82	Wilson	5%	
				83	Yalville	4%	

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.11
	Original Rider Schedule No. 3.11 Sheet No. 1 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

Main Replacement Program Rider (MRP Rider)

A. Purpose:

The primary purpose of the MRP Rider is to support the expedited replacement of Subject Mains and Associated Services. Subject Mains are: 1) bare steel mains; 2) coated steel mains that are not cathodically protected; and 3) mains that are the subject of an advisory issued by a federal or state agency and which the Company has determined to be in unsatisfactory condition. Associated Services are services that are associated with Subject Mains.

To accomplish this purpose, the MRP Rider provides: (1) a return on the net investment (gross plant less accumulated depreciation) in new mains and new services, which was not included in the Company's most recent rate determination and which was made to replace Subject Mains and Associated Services, by applying the approved pre-tax rate of return to the net investment (gross plant less accumulated depreciation) in new mains and new services, and (2) a return of the investment which was not included in the Company's most recent rate determination and which was made in new mains and new services to replace Subject Mains and Associated Services, by applying the approved depreciation rates to the investment in new mains and services.

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

B. Records and Reports:

Qualifying replacements are defined as amounts that are in-service, and all materials, labor, other costs, and adjustments related thereto must be recorded in the Gross Plant in Service FERC Account No. 367 Mains-Transmission, FERC Account No. 376 Mains-Distribution, or FERC Account No. 380 Services before being included in the MRP Rider.

On the first business day of each month, the Company shall calculate its MRP Revenue Requirement in the manner prescribed by Sections C and D of this Rider and may file an adjustment and the supporting documentation identified below with the Commission. The portion of the adjustment that is not in dispute shall become effective for all bills rendered on or after the first day of the month following the month during which the filing occurred, and shall be recovered from customers through the Company's Base Rate Adjustment as defined in Step 3 of Section D of this Rider. Any disputed amount will not go into effect as filed.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.11
	Original Rider Schedule No. 3.11 Sheet No. 2 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

Simultaneously with the filing of each adjustment, the Company will file information that:

- Separately identifies whether each project included in the filing was to replace Subject Mains or was to replace Associated Services;
- Specifically identifies the percentage of the total cost of each such project that will be included in the MRP Rider;
- Specifically identifies the date plant costs are first included in the MRP Rider;
- Specifically identifies for each project included in the filing the number of feet of new mains (i.e. plastic mains or coated steel mains) installed by month per books and the number of feet of retired mains (i.e. bare steel mains, coated steel mains that are not cathodically protected, mains that are the subject of an advisory issued by a federal or state agency and which the Company has determined to be in unsatisfactory condition, and other mains not qualifying for the MRP Rider) by month per books;
- Specifically identifies for each project included in the filing the number of new services installed by month per books and number of Associated Services retired by month per books, and

The MRP Rider establishes monthly Base Rate Adjustments for natural gas service provided under the Company's rate schedules specified in Section H. Such Base Rate Adjustments shall be recovered from customers in accordance with Step 3 of Section D.

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

The MRP Rider will not include any retirements of assets, cost of removal (except the cost of removal component comprehended in the approved depreciation rates), depreciation rates applied to cost of removal, pre-tax rate of return applied to cost of removal, or any costs otherwise included in current base rates.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.11
	Original Rider Schedule No. 3.11 Sheet No. 3 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas Class of Service: All

C. MRP Revenue Requirement:

The MRP Rider is to provide recovery of the MRP Revenue Requirement which shall only include:

- Investment in new mains which was not included in the Company's most recent rate determination and which was made to replace Subject Mains (Account Nos. 367 and/or 376), times the appropriate depreciation rate(s) approved in the Company's most recent rate determination. The depreciation rate(s) 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 accounts corresponding to Account Nos. 367 and 376.
- Net investment (gross plant less accumulated depreciation) which was not included in the Company's most recent rate determination and which was made in new mains to replace Subject Mains (Account Nos. 367 and/or 376), times the pre-tax rate of return approved in the Company's most recent rate determination.
- Investment which was not included in the Company's most recent rate determination and which was made in new services to replace Associated Services (Account No. 380), times the depreciation rate approved in the Company's most recent rate determination. The depreciation rate 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 No. 380.
- Net investment (gross plant less accumulated depreciation) which was not included in the Company's most recent rate determination and which was made in new services to replace Associated Services (Account No. 380), times the pre-tax rate of return approved in the Company's most recent rate determination.
- The MRP Rider Revenue Requirement is net of savings of \$79,760 per year (the cumulative amount of the credit will increase on August 1 of each year by \$79,760 until the MRP Rider is reset in the next rate case).

PSC File Mark Only	<p style="text-align: center;">ARKANSAS PUBLIC SERVICE COMMISSION</p> <hr/> <p style="text-align: center;">Rider Schedule No. 3.11</p> <hr/> <p style="text-align: center;">Original Rider Schedule No. 3.11 Sheet No. 4 of 6</p> <hr/> <p style="text-align: center;">SourceGas Arkansas Inc. (Name of Company)</p> <hr/> <p>Kind of Service: Natural Gas</p> <hr/> <p>Class of Service: All</p>
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D. Calculation of the MRP Revenue Requirement

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

Step 1: MRP Revenue Requirement.

The MRP Revenue Requirement shall be calculated on an annual basis as follows:

<u>Line Number</u>	<u>Description</u>	<u>Reference</u>
1	Transmission Mains	Qualifying Replacements of Mains-Transmission (FERC Account No. 367)
2	Distribution Mains	Qualifying Replacements of Mains – Distribution (FERC Account No. 376)
3	Services	Qualifying Replacements of Services (FERC Account No. 380)
4	Gross Plant	Line 1 + Line 2 + Line 3
5	Accumulated Depreciation	(Line 8 / 12) + Previous Month's Balance
6	Net Investment	Line 4 – Line 5
7	Pre-Tax Return On Net Investment	Line 6 x Approved Pre-Tax Rate of Return
8	Depreciation Expense	(Line 1 x Approved Depreciation Rate for FERC Account No. 367) + (Line 2 x Approved Depreciation Rate for FERC Account No. 376) + (Line 3 x Approved Depreciation Rate for FERC Account No. 380)

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.11
	Original Rider Schedule No. 3.11 Sheet No. 5 of 8
	<u>Source Gas Arkansas Inc.</u> (Name of Company)
	Kind of Service: <u>Natural Gas</u> Class of Service: <u>All</u>

9	Reduction for Leaks Associated with Bare Steel Mains	\$79,760
10	MRP Revenue Requirement	Line 7 + Line 8 – Line 9

Step 2: Allocation of MRP Revenue Requirement by Class.

The MRP Revenue Requirement determined under Step 1 shall be allocated to customer classes based on the allocations approved in the Company's most recent rate determination for 1) transmission mains and 2) distribution mains and services.

Step 3: Base Rate Adjustments.

- a. Base Rate Adjustment for B-3 Sales and Transportation, B-4 Sales and Transportation, and B-5 Sales and Transportation

The Base Rate Adjustment for B-3 Sales and Transportation, B-4 Sales and Transportation, and B-5 Sales and Transportation rate schedules will be a flat charge per customer that is determined by dividing the MRP Revenue Requirement by Customer Class determined in Step 2 by the customer counts for each of those Customer Classes used to design the rates approved in the Company's most recent rate determination.

- b. Base Rate Adjustment for All Other Rate Schedules

The Base Rate Adjustment for all other rate schedules will be a per Ccf rate that is determined by dividing the MRP Revenue Requirement by Customer Class determined in Step 2 by the annual volumes by customer class used to design the rates approved in the Company's most recent rate determination.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.11
	Original Rider Schedule No. 3.11 Sheet No. 6 of 8
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

E. Future Rate Case Applications

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

F. Compliance Audits

Each monthly filing under the MRP Rider 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.

Staff will advise the Company in writing when it begins a compliance audit and will identify to the Company the MRP Rider filings that will be subject to such 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 the MRP Rider not conforming to the specific tariff language shall be subject to refund.

G. Separate Line Item on the Customer's Bill

The Company will list the MRP Rider as a separate line item on customer bills labeled "Main Replacement".

H. Applicable Rate Schedules

1. Residential
2. Business 1 Sales and Transportation
3. Business 2 Sales and Transportation
4. Business 3 Sales and Transportation
5. Business 4 Sales and Transportation
6. Business 5 Sales and Transportation
7. Unmetered Gas Light
8. Local Distribution Company
9. Irrigation
10. Natural Gas Vehicles

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.12
	Original Rider Schedule No. 3.12 Sheet No. 1 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

At-Risk Meter Relocation Program Rider (ARMRP Rider)

A. Purpose:

The primary purpose of the ARMRP Rider is to support the expedited relocation of At-Risk Meters, the installation of New Services and the retirement of Old Services. An At-Risk Meter is a meter that the Company has identified as being situated at a location that makes the meter susceptible to being struck by a motor vehicle. 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 an At-Risk Meter. An Old Service is a service line that is retired by the Company when the Company relocates an At-Risk Meter.

The Company will give priority to the relocation of meters and replacement of the associated service lines found to pose the greatest risk pursuant to its most recent Distribution Integrity Management Plan. While the Company will give priority to the relocation of the meters that pose the greatest risk, it will conduct the meter relocations and replacement of the associated service lines in a manner that also promotes the economic and cost effective relocation of meters and associated service lines.

Pursuant to the terms set forth herein, the ARMRP Rider is intended to provide cost recovery associated with relocating approximately 30,000 At-Risk Meters and replacing the associated service lines over a 20 year period. The ARMRP Rider will allow cost recovery of up to 4,700 At-Risk Meters and replacement of associated service lines during any period of three consecutive years. This limit may be waived upon a showing by the Company that exceeding the cap would be more cost-effective than not exceeding it.

To accomplish this purpose, the ARMRP Rider provides: (1) a return on the net investment (gross plant less accumulated depreciation) in New Services, which was not included in the Company's most recent rate determination, by applying the approved pre-tax rate of return to the net investment (gross plant less accumulated depreciation) in New Services, and (2) a return of the investment which was not included in the Company's most recent rate determination and which was made in New Services, by applying the approved depreciation rate to the investment in New Services.

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

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.12
	Original Rider Schedule No. 3.12 Sheet No. 2 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas
	Class of Service: All

B. Records and Reports:

Qualifying installations are defined as amounts that are in-service, 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 the ARMRP Rider.

On the first business day of each month, the Company shall calculate its ARMRP Revenue Requirement in the manner prescribed by Sections C and D of this Rider and may file an adjustment and the supporting documentation identified below with the Commission. The portion of the adjustment that is not in dispute shall become effective for all bills rendered on or after the first day of the month following the month during which the filing occurred, and shall be recovered from customers through the Company's Base Rate Adjustment as defined in Step 3 of Section D of this Rider. Any disputed amount will not go into effect as filed.

Simultaneously with the filing of each adjustment, the Company will file information that:

- Separately identifies whether each project included in the filing was to relocate an At-Risk Meter;
- Specifically identifies the percentage of the total cost of each such project that will be included in the ARMRP Rider;
- Specifically identifies the date plant costs are first included in the ARMRP Rider; and
- Specifically identifies for each project included in the filing the number of feet of New Services installed by month per books and the number of feet of Old Services retired by month per books.

At the end of each calendar quarter, the Company shall identify the approximate number of At-Risk Meters scheduled for relocation during the following quarter. The "Upcoming At-Risk Meter Relocation Report" shall be filed in the underlying rate case docket.

The ARMRP Rider establishes monthly Base Rate Adjustments for natural gas service provided under the Company's rate schedules specified in Section H. Such Base Rate Adjustments shall be recovered from customers in accordance with Step 3 of Section D.

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

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.12
	Original Rider Schedule No. 3.12 Sheet No. 3 of 6
	SourceGas Arkansas Inc. (Name of Company)
	Kind of Service: Natural Gas Class of Service: All

The ARM RP Rider will not include any retirements of assets, cost of removal (except the cost of removal component comprehended in the approved depreciation rates), depreciation rates applied to cost of removal, pre-tax rate of return applied to cost of removal, or any costs otherwise included in current base rates.

C. ARM RP Revenue Requirement:

The ARM RP Rider is to provide recovery of the ARM RP Revenue Requirement which shall only include:

Investment in New Services (Account No. 380) which was not included in the Company's most recent rate determination, times the depreciation rate approved in the Company's most recent rate determination. The depreciation rate 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 accounts corresponding to Account No. 380.

- Net investment (gross plant less accumulated depreciation) which was not included in the Company's most recent rate determination and which was made in New Services (Account No. 380), times the pre-tax rate of return approved in the Company's most recent rate determination.
- The ARM RP Rider Revenue Requirement is net of savings of \$13,478 per year (the cumulative amount of the credit will increase on August 1 of each year by \$13,478 until ARM RP Rider is reset in the next rate case).

D. Calculation of the ARM RP Revenue Requirement

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

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Step 1: ARM RP Revenue Requirement.

The ARM RP Revenue Requirement shall be calculated on an annual basis as follows:

<u>Line Number</u>	<u>Description</u>	<u>Reference</u>
1	New Services	Qualifying Services (FERC Account No. 380)
2	Gross Plant	Line 1
3	Accumulated Depreciation	(Line 6 / 12) + Previous Month's Balance
4	Net Investment	Line 2 – Line 3
5	Pre-Tax Return On Net Investment	Line 4 x Approved Pre-Tax Rate of Return
6	Depreciation Expense	(Line 1 x Approved Depreciation Rate for FERC Account No. 380)
7	Reduction for Repairs Associated with Damaged Meters	\$13,478
8	ARM RP Revenue Requirement	Line 5 + Line 6 – Line 7

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PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.12
	Original Rider Schedule No. 3.12 Sheet No. 5 of 6
	Source <u>Gas Arkansas Inc.</u> (Name of Company)
	Kind of Service: <u>Natural Gas</u> Class of Service: <u>All</u>

Step 2: Allocation of ARM RP Revenue Requirement by Class.

The ARM RP Revenue Requirement determined under Step 1 shall be assigned to each customer class based on the number of meters relocated and service lines replaced for each customer class.

Step 3: Base Rate Adjustments.

The Base Rate Adjustment ~~for~~ will be a per Ccf rate that is determined by dividing the ARM RP Revenue Requirement by Customer Class determined in Step 2 by the annual volumes by customer class used to design the rates approved in the Company's most recent rate determination.

E. Future Rate Case Applications

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

F. Compliance Audits

Each monthly filing under the ARM RP Rider 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.

Staff will advise the Company in writing when it begins a compliance audit and will identify to the Company the ARM RP Rider filings that will be subject to such 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 the ARM RP Rider not conforming to the specific tariff language shall be subject to refund.

PSC File Mark Only	ARKANSAS PUBLIC SERVICE COMMISSION
	Rider Schedule No. 3.12
	Original Rider Schedule No. 3.12 Sheet No. 6 of 6
	Source <u>Gas Arkansas Inc.</u> (Name of Company)
	Kind of Service: <u>Natural Gas</u> Class of Service: <u>All</u>

G. Separate Line Item on the Customer's Bill

The Company will list the ARM RP Rider as a separate line item on customer bills labeled "At-Risk Meter Relocation".

H. Applicable Rate Schedules

1. Residential
2. Business 1 Sales and Transportation
3. Business 2 Sales and Transportation
4. Business 3 Sales and Transportation
5. Business 4 Sales and Transportation
6. Business 5 Sales and Transportation
7. Unmetered Gas Light
8. Local Distribution Company
9. Irrigation
10. Natural Gas Vehicles