

**Colette D. Honorable**  
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**ARKANSAS  
PUBLIC SERVICE COMMISSION**  
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April 14, 2011

Ms. Cynthia L. Quarterman, Administrator  
United States Department of Transportation  
Pipeline and Hazardous Materials Safety Administration  
1200 New Jersey Avenue, SE  
Washington, D.C. 20590

Dear Ms. Quarterman:

I am responding to your request for information regarding the plans in Arkansas for the replacement of the highest risk natural gas pipeline facilities such as cast-iron and bare steel pipe. Following is a description of the current activities of the jurisdictional natural gas utilities in Arkansas.

CenterPoint Energy Resources Corp. dba CenterPoint Energy Arkansas Gas (CenterPoint) has a formal cast-iron and bare steel main replacement program. This program includes a plan to replace all cast-iron mains, bare steel mains, and the associated service lines within its territory. The original plan called for the replacement to be completed by 2027. However, that date was recently moved forward to 2018. In Docket No. 00-353-U, the Commission approved a tariff that enables the Company to recover the return and depreciation expense associated with the mains and services installed to replace the cast-iron mains, bare steel mains, and associated services between rate cases. This replacement program and tariff were implemented to improve public safety by accelerating the replacement of those facilities.

Arkansas Oklahoma Gas Corporation (AOG) does not have any cast-iron mains in service. AOG does not have a formal plan to replace its bare steel mains, but it is actively working to prepare a formal plan as part of its pending implementation of its Distribution Integrity Management Plan (DIMP). The Company identifies and prioritizes mains for replacement based upon consideration of the leak history, the vintage of the pipe, whether there is cathodic protection in place, whether the pipe is in a high-consequence area, the population density near the pipe, and whether the pipe is part of a low pressure system. AOG is taking steps to minimize the possibility of catastrophic failure on its system by reducing operating pressures on its system, lowering the maximum allowable operating pressures on its system, and eliminating low pressure systems.

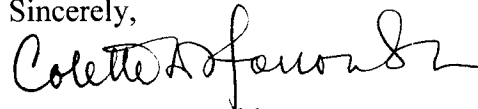
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Arkansas Western Gas Company, a SourceGas Company (AWG) has approximately 4.2 miles of cast-iron mains that it plans to replace in 2011 or early 2012. AWG does not have a formal plan to replace its bare steel mains. However, it does have an informal plan to identify the higher risk segments of pipe on its system and replace those as needed. AWG annually includes amounts in its operating budgets sufficient to replace the identified high risk segments of pipe. Additionally, the Company includes all transmission pipelines into its risk analysis and replaces the identified high risk segments.

On Monday, April 4, 2011, Governor Mike Beebe signed a proclamation designating April as "Safe Digging Month" in Arkansas. This proclamation was part of the state's efforts to promote the 811 "Call Before You Dig" program. Additionally, Arkansas One-Call and its members are actively promoting 811 through advertisements in the media.

I hope this information is helpful to you. I plan to attend the April 18, 2011 forum, and Bobby Henry, our Chief of Pipeline Safety, will also attend. I look forward to participating in the forum.

Sincerely,

A handwritten signature in black ink, appearing to read "Colette D. Honorable". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Colette D. Honorable  
Chairman