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2007-00261

June 22, 2007

Ms. Beth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
PO Box 615  
Frankfort, KY 40602

**FILED**  
JUN 27 2007  
PUBLIC SERVICE  
COMMISSION

**RECEIVED**  
JUN 27 2007  
PUBLIC SERVICE  
COMMISSION

RE: Equitable Gas Company  
Case No.  
GCR Filing Proposed to Become  
Effective August 1, 2007

Dear Ms. O'Donnell:

Enclosed are an original and five copies of Equitable Gas Company's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended April 30, 2007, for rates proposed to become effective August 1, 2007. Also included are an original and five copies of One Hundred Nineteenth Revised Sheet No. 2 and One Hundred Eleventh Revised Sheet No. 5, to Equitable's PSC Kentucky No. 1 Tariff, which are being filed pursuant to the Purchased Gas Adjustment Provision of that Tariff.

This filing proposes a GCR rate of \$11.5111 per Mcf of sales, an increase of \$0.2852 per Mcf from the current PGA, which was approved in Case No. 2007-00130 effective May 1, 2007.

For the purpose of forecasting its (EGC), Equitable is assuming purchases based on the Appalachian Index price of gas for Columbia Transmission. This price is developed by averaging the estimated cost of gas over 3 months beginning August 2006 and adding an additional \$0.27 Basis.

Schedule 1 of the filing is a summary of the proposed PGA rate components. Schedule 2 is a summary of the expected gas costs based on purchases for the 12 months ended April 2007. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended April 2007.

Schedules 4 and 5 are summaries of ACA components, which are presently unreconciled.

Yours truly,

Robert M. Narkevic  
Manager, Rates

Enclosures

EQUITABLE GAS COMPANY  
A DIVISION OF EQUITABLE RESOURCES, INC.  
225 NORTH SHORE DRIVE  
PITTSBURGH, PA 15212-5861

ONE HUNDRED NINETEENTH REVISED SHEET NO. 2  
CANCELING  
ONE HUNDRED EIGHTEENTH REVISED SHEET NO. 2  
P.S.C.K.Y. NO. 1

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RATE

Customer: Various

Expiration: See "Special Conditions"

Point of Delivery:

At connection along Kentucky West Virginia Gas Company's well connection and gathering system in Eastern Kentucky included in Equitable Gas Company's service area.

Rate:

Customer Service Charge: \$7.50

	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	
All Mcf	\$2.1322		\$11.5111 per MCF		\$13.6433	(I)

The minimum monthly bill shall be \$7.50.

\*The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 4 and 5 of this tariff.

The following adjustment shall be made to the above rates:

- (1) Customer bills may also include gross receipts license taxes as authorized under the Kentucky Education Reform Act of 1990.

Gas delivered pursuant to this tariff is from pipelines owned and operated by Equitable Gas Company's supplier and all gas sold hereunder is made available by said supplier. Equitable shall have the right to abandon gas service to any customer served from any line which is no longer operated by its supplier for any reason whatsoever. All gas sold and delivered under this Tariff shall be delivered at the varying pressures of Equitable's supplier's pipeline, and it shall be the responsibility of the customer to supply, maintain, and operate the necessary regulator and related equipment for the customer's use.

(I) Indicates Increase.

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ISSUED: June 22, 2007

EFFECTIVE: August 1, 2007

D. L. Frutchey  
Senior Vice President

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PURCHASED GAS ADJUSTMENT CLAUSE

(Continued)

Definitions

For purposes of this tariff:

- a. "Average Expected Cost" is the cost of purchased gas which results from the application of supplier rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased gas volumes during the twelve-month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments to its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.
- b. "GCR" means the quarterly updated gas cost recovery rate and is the sum of the expected gas cost component plus the supplier refund adjustment plus the actual cost adjustment plus the balancing adjustment; i.e.,  $GCR = EGC + RA + ACA + BA$ .
- c. "Calendar Quarters" means each of the four three-month periods of (1) February, March, and April; (2) May, June, and July; (3) August, September, and October; (4) November, December, and January.
- d. "Reporting Period" means the three-month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas cost recovery rates; i.e., the calendar quarters ended April 30, July 31, October 31, and January 31 of each year.

Gas Cost Recovery Rate (GCR):

Expected Gas Supply Cost (EGC)	12.1280	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(0.6366)	(D)
Balance Adjustment (BA)	0.0197	(D)
Total Gas Cost Recovery Rate per Mcf	11.5111	(I)

(I) Indicated Increase. (D) Indicates Decrease.

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ISSUED: June 22, 2007

EFFECTIVE: August 1, 2007

D. L. Frutchey  
Senior Vice President

Equitable Gas Company  
Kentucky Division

Summary of Gas Cost Recovery Rate  
Proposed to Become Effective for the  
Period August 1, 2007 through October 31, 2007

Line No.	Units (1)	Amount (2)	
<u>GCR Components</u>			
1	\$/Mcf	12.1280	
2	\$/Mcf	0.0000	
3	\$/Mcf	(0.6366)	
4	\$/Mcf	0.0197	
5	\$/Mcf	<u>11.5111</u>	
			(EGC + RA + ACA + BA)
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	\$	2,732,991	(a)
7	Mcf	225,345	(b)
8	\$/Mcf	<u>12.1280</u>	
			(Line 6 ÷ Line 7)
 <u>Supplier Refund Adjustment Summary</u>			
9	\$/Mcf	0.0000	(c)
10	\$/Mcf	0.0000	(d)
11	\$/Mcf	0.0000	(e)
12	\$/Mcf	0.0000	(f)
13	\$/Mcf	<u>0.0000</u>	
 <u>Actual Cost Adjustment Summary</u>			
14	\$/Mcf	(0.2174)	(g)
15	\$/Mcf	(0.2801)	(d)
16	\$/Mcf	(0.2217)	(e)
17	\$/Mcf	0.0826	(f)
18	\$/Mcf	<u>(0.6366)</u>	
 <u>Balance Adjustment Summary</u>			
19	\$/Mcf	(0.0678)	(h)
20	\$/Mcf	0.0718	(d)
21	\$/Mcf	(0.0357)	(e)
22	\$/Mcf	0.0514	(f)
23	\$/Mcf	<u>0.0197</u>	

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during February 2007 through April 2007.

(d) As approved in Case No. 2007-00130.

(e) As approved in Case No. 2006-00560.

(f) As approved in Case No. 2006-00421.

(g) See Schedule 4.

(h) See Schedule 5.

Equitable Gas Company  
Kentucky Division

Calculation of Expected Gas Cost Based on Purchases  
for the Twelve Months Ended April 2007 At Supplier  
Costs Estimated to Become Effective August 1, 2007

	<u>Purchases</u> (1) Mcf	<u>Purchases</u> (2) Dth	<u>Average Rate</u> (3) \$/Dth (a)	<u>Annual Cost</u> (4) \$ (2) x (3)
<u>PURCHASES</u>				
1 May 2006	9,159	11,783	9.5435	112,451
2 June	6,945	8,918	9.5435	85,109
3 July	4,128	5,365	9.5435	51,201
4 August	3,930	5,042	9.5435	48,118
5 September	3,510	4,493	9.5435	42,879
6 October	6,680	8,550	9.5435	81,597
7 November	18,214	23,130	9.5435	220,741
8 December	29,501	37,477	9.5435	357,662
9 January 2007	38,113	48,553	9.5435	463,366
10 February	47,685	60,697	9.5435	579,262
11 March	39,473	49,620	9.5435	473,548
12 April	18,007	22,744	9.5435	217,057
13 Total	<u>225,345</u>	<u>286,372</u>	<u>-</u>	<u>2,732,991</u>

(a) Estimated average rate based on average Nymex prices plus TCO basis for a 3 month period, plus \$0.72065/Dth VTS Rate from Kentucky West Virginia Gas Company, and adjusted for 11% retainage.

Equitable Gas Company  
Kentucky Division

## Summary of Sales

<u>Line</u> <u>No.</u>	<u>Month</u>	<u>Sales</u> (1) Mcf
1	May 2006	9,159
2	June	6,945
3	July	4,128
4	August	3,930
5	September	3,510
6	October	6,680
7	November	18,214
8	December	29,501
9	January 2007	38,113
10	February	47,685
11	March	39,473
12	April	18,007
13	Total	<u>225,345</u>

Equitable Gas Company  
Kentucky Division

Calculation of Actual Cost Adjustment for the Period  
February 2007 through April 2007

<u>Description</u>	<u>Unit</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Dth	60,697	49,620	22,744	133,061
2 Supply Cost Per Books	\$	505,972	334,971	224,547	1,065,490
3 Sales Volume	Mcf	47,685	39,473	18,007	105,165
4 EGC Rate in Effect (a)	\$/Mcf	10.5974	10.5974	10.5974	
5 EGC Revenue (Line 3 x Line 4)	\$	505,336	418,310	190,830	1,114,476
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	(636)	83,339	(33,717)	48,986
7 Total Current Quarter Actual Cost to be included in rates					48,986
8 Sales for the 12 Months Ended April 2007					225,345
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.2174)

(a) Approved in Case No. 2006-00560.

Equitable Gas Company  
Kentucky Division

Calculation of Balancing Adjustment for  
Over/(Under) Recoveries of Gas Cost Incurred  
During the Period May 2006 through April 2007

	Sales	ACA Rate	ACA Recovery	Over/(Under) Collection Balance
	(1)	(2)	(3)	(4)
	Mcf	\$/Mcf	\$ (1) x (2)	\$
Balance Approved by the Commission in Case No. 2006-00127				157,457
<u>Actual</u>				
May 2006	9,159	(0.6309)	(5,778)	151,679
June	6,945	(0.6309)	(4,381)	147,298
July	4,128	(0.6309)	(2,605)	144,693
August	3,930	(0.6309)	(2,480)	142,214
September	3,510	(0.6309)	(2,215)	139,999
October	6,680	(0.6309)	(4,214)	135,785
November	18,214	(0.6309)	(11,491)	124,293
December	29,501	(0.6309)	(18,612)	105,681
January 2007	38,113	(0.6309)	(24,045)	81,636
February	47,685	(0.6309)	(30,084)	51,551
March	39,473	(0.6309)	(24,903)	26,648
April	18,007	(0.6309)	(11,361)	15,287
Total	<u>225,345</u>		<u>(142,170)</u>	

Estimated Annual Sales 225,345 Mcf

Balancing Adjustment (\$0.0678) /Mcf  
(\$15,287 ÷ 225,345 Mcf)

Equitable Gas Company  
Kentucky Division

Summary of Proposed Tariff Rates

	<u>Current Tariff Rate</u> (1) \$/Mcf (a)	<u>Current GCR Rate</u> (2) \$/Mcf (b)	<u>Proposed GCR Rate</u> (3) \$/Mcf	<u>Difference</u> (4) \$/Mcf (3) - (2)	<u>Proposed Tariff Rate</u> (5) \$/Mcf (1) + (4)
All MCF	13.3581	11.2259	11.5111	0.2852	13.6433

(a) Non-Gas Rate approved by the Commission at Case No. 2003-00411.

(b) Rate approved by the Commission at Case No. 2006-00560.