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March 22, 2004

Mr. Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
PO Box 615
Frankfort, KY 40602

RECEIVED

MAR 25 2004

**PUBLIC SERVICE
COMMISSION**

RE: Equitable Gas Company
Case No.
GCR Filing Proposed to Become
Effective May 1, 2004

Case 2004-00100

Dear Mr. Dorman:

Enclosed are an original and five copies of Equitable Gas Company's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended January 31, 2004, for rates proposed to become effective May 1, 2004. Also included are an original and five copies of One Hundred-Fourth Revised Sheet No. 2 and Ninety-Seventh 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 \$10.2307 per Mcf of sales, a decrease of \$0.2584 per Mcf from the current PGA, which was approved in Case No. 2003-00493 effective February 1, 2004.

For the purpose of forecasting its (EGC), Equitable is assuming purchases at the Appalachian Index price of gas for Columbia Transmission as published in the Inside FERC Gas Market Report. A copy of the applicable Kentucky West tariff sheets used in calculating the EGC as well as the March 1, 2004 edition of Inside FERC Gas Market Report is enclosed.

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 January 2004. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended January 2004.

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.
200 ALLEGHENY CENTER MALL
PITTSBURGH, PA 15212-5352

ONE HUNDRED-FOURTH REVISED SHEET NO. 2
CANCELING
ONE HUNDRED-THIRD REVISED SHEET NO. 2
P.S.C.K.Y. NO. 1

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		\$4.45	
For the first	2 MCF used per Month	\$11.2706 per MCF	(D)
For the next	18 MCF used per Month	\$11.0485 per MCF	(D)
For the next	30 MCF used per Month	\$10.9486 per MCF	(D)
For the next	50 MCF used per Month	\$10.8597 per MCF	(D)
All over	100 MCF used per Month	\$10.7820 per MCF	(D)

The minimum monthly bill shall be \$4.45.

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.

(D) Denotes Decrease.

ISSUED: March 22, 2004

R. L. Crawford
President

EFFECTIVE: May 1, 2004

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)	8.2309	(D)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	2.0908	(D)
Balance Adjustment (BA)	<u>(0.0910)</u>	(I)
Total Gas Cost Recovery Rate per Mcf	10.2307	(D)

(I) Denotes Increase. (D) Denotes Decrease.

ISSUED: March 22, 2004

R. L. Crawford
President

EFFECTIVE: May 1, 2004

Equitable Gas Company
Kentucky Division

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period May 1, 2004 through July 31, 2004

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	Expected Gas Cost (EGC)	\$/Mcf	8.2309
2	Supplier Refund (RA)	\$/Mcf	0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf	2.0908
4	Balance Adjustment (BA)	\$/Mcf	<u>(0.0910)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf	<u>10.2307</u>
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	Total Expected Cost of Gas	\$	2,708,674 (a)
7	Total Annual Sales	Mcf	<u>329,087 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf	<u>8.2309</u>
 <u>Supplier Refund Adjustment Summary</u>			
9	Current Quarter Refund Adjustment	\$/Mcf	0.0000 (c)
10	Previous Quarter Refund Adjustment	\$/Mcf	0.0000 (d)
11	2nd Previous Quarter Refund Adjustment	\$/Mcf	0.0000 (e)
12	3rd Previous Quarter Refund Adjustment	\$/Mcf	<u>0.0000 (f)</u>
13	Supplier Refund Adjustment (RA)	\$/Mcf	<u>0.0000</u>
 <u>Actual Cost Adjustment Summary</u>			
14	Current Quarter Adjustment	\$/Mcf	0.5381 (g)
15	Previous Quarter Adjustment	\$/Mcf	(0.2046) (d)
16	2nd Previous Quarter Adjustment	\$/Mcf	0.0346 (e)
17	3rd Previous Quarter Adjustment	\$/Mcf	1.7227 (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf	<u>2.0908</u>
 <u>Balance Adjustment Summary</u>			
19	Current Quarter Adjustment	\$/Mcf	(0.0030) (h)
20	Previous Quarter Adjustment	\$/Mcf	(0.0189) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf	(0.0492) (e)
22	3rd Previous Quarter Adjustment	\$/Mcf	(0.0199) (f)
23	Balance Adjustment (BA)	\$/Mcf	<u>(0.0910)</u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during November 2003 through January 2004.

(d) As approved in Case No. 2003-00493.

(e) As approved in Case No. 2003-00362.

(f) As approved in Case No. 2003-00241.

(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 January 2004 At Supplier
Costs Estimated to Become Effective May 1, 2004

	<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 from Kentucky West Virginia Gas Company</u>				
1 February 2003	66,016	84,312	6.4957	547,665
2 March	52,956	65,971	6.4957	428,528
3 April	39,714	49,265	6.4957	320,011
4 May	13,634	17,438	6.4957	113,272
5 June	9,072	10,915	6.4957	70,901
6 July	6,115	7,328	6.4957	47,600
7 August	5,459	6,866	6.4957	44,599
8 September	5,071	5,555	6.4957	36,084
9 October	9,915	7,306	6.4957	47,458
10 November	19,479	28,496	6.4957	185,101
11 December	39,137	53,660	6.4957	348,559
12 January 2004	62,519	79,883	6.4957	518,896
13 Total	<u>329,087</u>	<u>416,995</u>	<u>-</u>	<u>2,708,674</u>

(a) Estimated average rate based on Kentucky West's FERC Gas Tariff to be effective October 1, 1997 plus \$0.4221/Dth VTS gathering, \$0.2828/Dth transportation, \$0.02/Dth GRI Surcharge, \$0.0022/Dth ACA surcharge, and adjusted for 6.99% retainage.

Equitable Gas Company
Kentucky Division

Summary of Sales

<u>Line</u> <u>No.</u>	<u>Month</u>	<u>Sales</u> (1) Mcf
1	February 2003	66,016
2	March	52,956
3	April	39,714
4	May	13,634
5	June	9,072
6	July	6,115
7	August	5,459
8	September	5,071
9	October	9,915
10	November	19,479
11	December	39,137
12	January 2004	62,519
13	Total	<u>329,087</u>

Equitable Gas Company
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
November 2003 through January 2004

<u>Description</u>	<u>Unit</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Dth	28,496	53,660	79,883	162,039
2 Supply Cost Per Books	\$	182,476	370,931	666,636	1,220,043
3 Sales Volume	Mcf	19,479	39,137	62,519	121,135
4 EGC Rate in Effect (a)	\$/Mcf	8.61	8.61	8.61	
5 EGC Revenue (Line 3 x Line 4)	\$	167,714	336,970	538,289	1,042,973
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	(14,762)	(33,961)	(128,347)	(177,070)
7 Total Current Quarter Actual Cost to be included in rates					(177,070)
8 Sales for the 12 Months Ended January 2004					329,087
Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					0.5381

(a) Approved in Case No. 2003-00362.

Equitable Gas Company
Kentucky Division

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Period February 2003 through January 2004

	<u>Sales</u> (1) Mcf	<u>ACA</u> <u>Rate</u> (2) \$/Mcf	<u>ACA</u> <u>Recovery</u> (3) \$ (1) x (2)	<u>Over/(Under)</u> <u>Collection</u> <u>Balance</u> (4) \$
Balance Approved by the Commission in Case No. 2002-00483				(19,210)
Actual				
February 2003	66,016	0.0614	4,053	(15,157)
March	52,956	0.0614	3,251	(11,905)
April	39,714	0.0614	2,438	(9,467)
May	13,634	0.0614	837	(8,630)
June	9,072	0.0614	557	(8,073)
July	6,115	0.0614	375	(7,697)
August	5,459	0.0614	335	(7,362)
September	5,071	0.0614	311	(7,051)
October	9,915	0.0614	609	(6,442)
November	19,479	0.0614	1,196	(5,246)
December	39,137	0.0614	2,403	(2,843)
January 2004	62,519	0.0614	3,839	996
Total	<u>329,087</u>		<u>20,206</u>	

Estimated Annual Sales 329,087 Mcf

Balancing Adjustment (\$0.0030) /Mcf
(\$996 ÷ 329,087 Mcf)

Equitable Gas Company
Kentucky Division

Summary of Proposed Tariff Rates

		<u>Current</u> <u>Tariff Rates</u>	<u>Current</u> <u>GCR Rate</u>	<u>Proposed</u> <u>GCR Rate</u>	<u>Difference</u>	<u>Proposed</u> <u>Tariff Rates</u>
		(1)	(2)	(3)	(4)	(5)
		\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf
		(a)	(a)		(3) - (2)	(1) + (4)
First	2 Mcf	11.5290	10.4891	10.2307	(0.2584)	11.2706
Next	18 Mcf	11.3069	10.4891	10.2307	(0.2584)	11.0485
Next	30 Mcf	11.2070	10.4891	10.2307	(0.2584)	10.9486
Next	50 Mcf	11.1181	10.4891	10.2307	(0.2584)	10.8597
All Over	100 Mcf	11.0404	10.4891	10.2307	(0.2584)	10.7820

(a) Rates approved by the Commission at Case No. 2003-00493.

Inside FERC's Gas Market Report

March 2004

Prices of spot gas delivered to pipelines, March 1 (\$/MMBtu)

	Range	Index	Tier
ANR Pipeline Co.			
Louisiana	\$5.09 to \$5.18	\$5.12	2
Oklahoma	\$4.75 to \$4.88	\$4.81	2
Colorado Interstate Gas Co.			
Rocky Mountains	\$4.27 to \$4.55	\$4.40	1
Columbia Gas Transmission Corp.			
Appalachia	\$5.36 to \$5.65	\$5.40	1
Columbia Gulf Transmission Co.			
Louisiana	\$5.12 to \$5.23	\$5.16	2
Dominion Transmission Inc.			
Appalachia	\$5.46 to \$5.62	\$5.49	1
El Paso Natural Gas Co.			
Permian Basin	\$4.47 to \$4.60	\$4.53	1
San Juan Basin	\$4.34 to \$4.60	\$4.40	1
EPGT Texas Pipeline, L.P.			
Texas	N.A. to N.A.	N.A.	
Florida Gas Transmission Co.			
Zone 1	\$5.09 to \$5.15	\$5.11	1
Zone 2	\$5.10 to \$5.16	\$5.15	2
Zone 3	\$5.15 to \$5.17	\$5.16	2
Gulf South Pipeline Co., L.P.			
South Louisiana/East Side	\$5.05 to \$5.12	\$5.10	3
Kern River Gas Transmission Co.			
Wyoming	\$4.37 to \$4.61	\$4.47	1
Mississippi River Transmission Corp.			
Mainline	\$5.10 to \$5.15	\$5.12	2
West leg	N.A. to N.A.	N.A.	
Natural Gas Pipeline Co. of America			
Midcontinent zone	\$4.58 to \$4.75	\$4.64	1
Louisiana zone	\$5.06 to \$5.06	\$5.06	3
Texok zone	\$4.78 to \$4.93	\$4.89	1
South Texas zone	\$4.82 to \$4.88	\$4.86	1
Northern Natural Gas Co.			
Texas, Oklahoma, Kansas	N.A. to N.A.	N.A.	
Demarcation	\$4.79 to \$4.92	\$4.84	1
Ventura, Iowa	\$4.82 to \$4.99	\$4.91	1

	Range	Index	Tier
Northwest Pipeline Corp.			
Rocky Mountains	\$4.29 to \$4.61	\$4.46	1
Canadian border	\$4.36 to \$4.54	\$4.42	1
Oneok Gas Transportation LLC			
Oklahoma	\$4.64 to \$4.78	\$4.67	2
Panhandle Eastern Pipe Line Co.			
Texas, Oklahoma (mainline)	\$4.62 to \$4.78	\$4.69	1
Questar Pipeline Co.			
Rocky Mountains	\$4.28 to \$4.40	\$4.33	2
Reliant Energy Gas Transmission Co.			
East	\$4.83 to \$5.07	\$4.90	2
West	\$4.69 to \$4.69	\$4.69	3
Southern Natural Gas Co.			
Louisiana	\$5.05 to \$5.16	\$5.12	2
Tennessee Gas Pipeline Co.			
Louisiana, 500 leg	\$5.05 to \$5.15	\$5.08	2
Louisiana, 800 leg	\$5.04 to \$5.14	\$5.07	1
Texas, zone 0	\$4.76 to \$4.91	\$4.84	1
Texas Eastern Transmission Corp.			
East Louisiana zone	\$5.09 to \$5.20	\$5.11	1
West Louisiana zone	\$5.07 to \$5.11	\$5.09	3
East Texas zone	\$4.88 to \$4.97	\$4.93	2
South Texas zone	\$4.80 to \$4.87	\$4.84	1
Texas Gas Transmission Corp.			
Zone 1	\$5.10 to \$5.14	\$5.12	2
Zone SL	\$5.10 to \$5.19	\$5.13	1
Transcontinental Gas Pipe Line Corp.			
Zone 1	\$4.82 to \$4.86	\$4.85	2
Zone 2	\$5.16 to \$5.17	\$5.16	3
Zone 3	\$5.14 to \$5.30	\$5.19	1
Zone 4	\$5.21 to \$5.22	\$5.21	3
Transwestern Pipeline Co.			
Permian Basin	\$4.50 to \$4.63	\$4.52	3
Trunkline Gas Co.			
Louisiana	\$5.08 to \$5.10	\$5.09	1
Texas	N.A. to N.A.	N.A.	
Williams Gas Pipelines Central Inc.			
Texas, Oklahoma, Kansas	\$4.64 to \$4.75	\$4.66	2

CURRENTLY EFFECTIVE RATES

The following rates for transportation and sales services under the indicated Rate Schedules and for gathering service, if applicable, shall apply and may be adjusted from time to time. Pipeline may, in its sole discretion, agree to discount gathering or transportation rates between the maximum rate and the minimum rate. Any amounts related to surcharges to recover costs identified in Section 31 are in addition to the rates contained in this section:

Transportation Services			
	Base Tariff Rates (Per Dth)	FERC ACA (Per Dth)	Total Rates (Per Dth)
1. RATE SCHEDULE - FTS Firm Transportation			
(a) Maximum Rate			
Reservation Charge	\$6.7597	-	\$6.7597
Commodity Charge	\$.0341	\$.0022	\$.0363
Capacity Release			
Volumetric Charge	\$.2563	\$.0022	\$.2585
(b) Minimum Rate			
Commodity Charge	\$.0341	\$.0022	\$.0363
2. RATE SCHEDULE - ITS Interruptible Transportation			
(a) Maximum Rate			
Commodity Charge	\$.2563	\$.0022	\$.2585
(b) Minimum Rate			
Commodity Charge	\$.0341	\$.0022	\$.0363
3. RATE SCHEDULE - VTS Volumetric Transportation			
(a) Maximum Rate			
Commodity Charge	\$.2828	\$.0022	\$.2850
(b) Minimum Rate			
Commodity Charge	\$.0341	\$.0022	\$.0363

GRI Surcharge to applicable customers, pursuant to Section 28 of the General Terms and Conditions.

Reservation - High load factor customers	\$0.26/Dth/Month
- Low load factor customers	\$0.16/Dth/Month
Commodity	\$0.088/Dth
VTS Customers	\$0.02/Dth

Issued by: Daniel L. Frutchey, V. P. & General Counsel

Issued on: October 10, 1997

Effective: October 1, 1997

Filed to comply with order of the Federal Energy Regulatory Commission,
 Docket No. TM98-1-46-001, issued September 29, 1997, 80 FERC ¶ 62,290

CURRENTLY EFFECTIVE RATES
 Gathering Service

If gathering services are provided under Rate Schedules FTS, ITS or VTS, the following charges will be assessed:

	Base Tariff Rates (Per Dth)	FERC ACA (Per Dth)	Total Rates (Per Dth)
FTS Gathering:			
(a) Maximum Rate			
Reservation Charge	\$11.4347	-	\$11.4347
Commodity Charge	\$.0013	\$.0022	\$.0035
Capacity Release			
Volumetric Charge	\$.3772	\$.0022	\$.3794
(b) Minimum Rate			
Commodity Charge	\$.0013	\$.0022	\$.0035
ITS Gathering:			
(a) Maximum Rate			
Commodity Charge	\$.3772	\$.0022	\$.3794
(b) Minimum Rate			
Commodity Charge	\$.0013	\$.0022	\$.0035
VTS Gathering:			
(a) Maximum Rate			
Commodity Charge	\$.4221	\$.0022	\$.4243
(b) Minimum Rate			
Commodity Charge	\$.0013	\$.0022	\$.0035

GRI Surcharge to applicable customers, pursuant to Section 28 of the General Terms and Conditions.

Reservation - High load factor customers	\$0.26/Dth/Month
- Low load factor customers	\$0.16/Dth/Month
Commodity	\$0.088/Dth
VTS customers	\$0.02/Dth

Customers with both gathering and transportation services will be billed the ACA and GRI charge on only one service.

Note: In addition to the transportation and gathering charges stated above, the following levels of retainage must be added:

gathering only:	3.40%
transportation only:	6.22%
combined gathering and transportation:	6.39%