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June 21, 2006

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

Case No. 2006-00319

RECEIVED

JUN 26 2006

PUBLIC SERVICE
COMMISSION

RE: Equitable Gas Company
Case No.
GCR Filing Proposed to Become
Effective August 1, 2006

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, 2006, for rates proposed to become effective August 1, 2006. Also included are an original and five copies of One Hundred Fifteenth Revised Sheet No. 2 and One Hundred 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 \$9.8363 per Mcf of sales, a decrease of \$1.2805 per Mcf from the current PGA, which was approved in Case No. 2006-00127 effective May 1, 2006.

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 2006. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended April 2006.

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 FIFTEENTH REVISED SHEET NO. 2
CANCELING
ONE HUNDRED FOURTEENTH 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: \$7.50

All Mcf	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	(D)
	\$2.1322		\$9.8363 per MCF		\$11.9685	

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.

(D) Indicates Decrease.

ISSUED: June 21, 2006

EFFECTIVE: August 1, 2006

D. L. Frutchey
Senior Vice President

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)	10.2143	(D)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(0.5273)	(D)
Balance Adjustment (BA)	0.1493	(D)
Total Gas Cost Recovery Rate per Mcf	9.8363	(D)

(D) Indicates Decrease.

ISSUED: June 21, 2006

EFFECTIVE: August 1, 2006

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, 2006 through October 31, 2006

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	Expected Gas Cost (EGC)	\$/Mcf	10.2143
2	Supplier Refund (RA)	\$/Mcf	0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf	(0.5273)
4	Balance Adjustment (BA)	\$/Mcf	<u>0.1493</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf	<u><u>9.8363</u></u>
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	Total Expected Cost of Gas	\$	2,345,556 (a)
7	Total Annual Sales	Mcf	<u>229,635 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf	<u><u>10.2143</u></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><u>0.0000</u></u>
 <u>Actual Cost Adjustment Summary</u>			
14	Current Quarter Adjustment	\$/Mcf	(0.0675) (g)
15	Previous Quarter Adjustment	\$/Mcf	(0.6309) (d)
16	2nd Previous Quarter Adjustment	\$/Mcf	0.4134 (e)
17	3rd Previous Quarter Adjustment	\$/Mcf	(0.2423) (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf	<u><u>(0.5273)</u></u>
 <u>Balance Adjustment Summary</u>			
19	Current Quarter Adjustment	\$/Mcf	0.1036 (h)
20	Previous Quarter Adjustment	\$/Mcf	(0.0044) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf	0.0166 (e)
22	3rd Previous Quarter Adjustment	\$/Mcf	0.0335 (f)
23	Balance Adjustment (BA)	\$/Mcf	<u><u>0.1493</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during February 2006 through April 2006.

(d) As approved in Case No. 2006-00127.

(e) As approved in Case No. 2006-00004.

(f) As approved in Case No. 2005-00407.

(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 2006 At Supplier
Costs Estimated to Become Effective August 1, 2006

	<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 2005	14,213	17,834	8.0874	144,231
2 June	7,920	9,686	8.0874	78,335
3 July	5,358	6,729	8.0874	54,420
4 August	4,425	5,567	8.0874	45,023
5 September	4,099	5,150	8.0874	41,650
6 October	4,813	6,022	8.0874	48,702
7 November	15,849	19,876	8.0874	160,745
8 December	37,166	46,742	8.0874	378,021
9 January 2006	40,771	51,050	8.0874	412,862
10 February	37,470	47,563	8.0874	384,661
11 March	36,263	46,212	8.0874	373,735
12 April	21,288	27,595	8.0874	223,172
13 Total	<u>229,635</u>	<u>290,026</u>	<u>-</u>	<u>2,345,556</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 2005	14,213
2	June	7,920
3	July	5,358
4	August	4,425
5	September	4,099
6	October	4,813
7	November	15,849
8	December	37,166
9	January 2006	40,771
10	February	37,470
11	March	36,263
12	April	21,288
13	Total	<u>229,635</u>

Equitable Gas Company
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
February 2006 through April 2006

<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	47,563	46,212	27,595	121,370
2 Supply Cost Per Books	\$	549,516	588,966	218,375	1,356,857
3 Sales Volume	Mcf	37,470	36,263	21,288	95,020
4 EGC Rate in Effect (a)	\$/Mcf	14.4427	14.4427	14.4427	
5 EGC Revenue (Line 3 x Line 4)	\$	541,170	523,730	307,452	1,372,352
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	(8,346)	(65,236)	89,077	15,495
		11.5534	12.7449	7.913572	
7 Total Current Quarter Actual Cost to be included in rates					15,495
8 Sales for the 12 Months Ended April 2006					229,635
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.0675)

(a) Approved in Case No. 2006-00004.

Equitable Gas Company
Kentucky Division

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Period May 2005 through April 2006

	<u>Sales</u>	<u>ACA Rate</u>	<u>ACA Recovery</u>	<u>Over/(Under) Collection Balance</u>
	(1)	(2)	(3)	(4)
	Mcf	\$/Mcf	\$ (1) x (2)	\$
Balance Approved by the Commission in Case No. 2005-00127				(168,799)
<u>Actual</u>				
May 2005	14,213	0.6315	8,976	(159,824)
June	7,920	0.6315	5,001	(154,822)
July	5,358	0.6315	3,384	(151,439)
August	4,425	0.6315	2,794	(148,644)
September	4,099	0.6315	2,588	(146,056)
October	4,813	0.6315	3,040	(143,016)
November	15,849	0.6315	10,009	(133,007)
December	37,166	0.6315	23,470	(109,537)
January 2006	40,771	0.6315	25,747	(83,790)
February	37,470	0.6315	23,662	(60,128)
March	36,263	0.6315	22,900	(37,228)
April	21,288	0.6315	13,443	(23,785)
Total	<u>229,635</u>		<u>145,014</u>	

Estimated Annual Sales 229,635 Mcf

Balancing Adjustment \$0.1036 /Mcf
(\$23,785 ÷ 229,635 Mcf)

Equitable Gas Company
Kentucky Division

Summary of Proposed Tariff Rates

	<u>Current Tariff Rate</u>	<u>Current GCR Rate</u>	<u>Proposed GCR Rate</u>	<u>Difference</u>	<u>Proposed Tariff Rate</u>
	(1)	(2)	(3)	(4)	(5)
	\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf
	(a)	(b)		(3) - (2)	(1) + (4)
All MCF	13.2490	11.1168	9.8363	(1.2805)	11.9685

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

(b) Rate approved by the Commission at Case No. 2006-00004.