

2007-417

225 North Shore Drive
Pittsburgh, PA 15212-5861
www.eqt.com

TEL 412 395 3248
FAX 412 395 3166



September 20, 2007

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

RECEIVED
SEP 24 2007
PUBLIC SERVICE
COMMISSION

RE: Equitable Gas Company
Case No.
GCR Filing Proposed to become
Effective November 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 July 31, 2007, for rates proposed to become effective November 1, 2007. Also included are an original and five copies of One Hundred Twentieth Revised Sheet No. 2 and One Hundred Twelfth 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 \$11.2753 per Mcf of sales, a decrease of \$0.2358 per Mcf from the current PGA, which was approved in Case No. 2007-00261 effective August 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 November 2007 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 July 2007. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended July 2007.

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

Yours truly,

Robert M. Narkevic
Manager, Rates

Enclosures

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		\$11.2753 per MCF		\$13.4075	(D)

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: September 20, 2007

EFFECTIVE: November 1, 2007

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)	11.9964	(D)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(0.6875)	(D)
Balance Adjustment (BA)	(0.0336)	(D)
Total Gas Cost Recovery Rate per Mcf	11.2753	(D)

(D) Indicates Decrease.

ISSUED: September 20, 2007

EFFECTIVE: November 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 November 1, 2007 through January 31, 2008

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	Expected Gas Cost (EGC)	\$/Mcf	11.9964
2	Supplier Refund (RA)	\$/Mcf	0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf	(0.6875)
4	Balance Adjustment (BA)	\$/Mcf	<u>(0.0336)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf	<u><u>11.2753</u></u>
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	Total Expected Cost of Gas	\$	2,679,829 (a)
7	Total Annual Sales	Mcf	<u>223,386 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf	<u><u>11.9964</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	0.0317 (g)
15	Previous Quarter Adjustment	\$/Mcf	(0.2174) (d)
16	2nd Previous Quarter Adjustment	\$/Mcf	(0.2801) (e)
17	3rd Previous Quarter Adjustment	\$/Mcf	(0.2217) (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf	<u><u>(0.6875)</u></u>
 <u>Balance Adjustment Summary</u>			
19	Current Quarter Adjustment	\$/Mcf	(0.0019) (h)
20	Previous Quarter Adjustment	\$/Mcf	(0.0678) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf	0.0718 (e)
22	3rd Previous Quarter Adjustment	\$/Mcf	(0.0357) (f)
23	Balance Adjustment (BA)	\$/Mcf	<u><u>(0.0336)</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during May 2007 through July 2007.

(d) As approved in Case No. 2007-00261.

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

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

(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 July 2007 At Supplier
Costs Estimated to Become Effective November 1, 2007

	<u>Purchases</u>	<u>Purchases</u>	<u>Average Rate</u>	<u>Annual Cost</u>
	(1)	(2)	(3)	(4)
	Mcf	Dth	\$/Dth	\$
			(a)	(2) x (3)
<u>PURCHASES</u>				
1 August 2006	3,930	5,042	9.4435	47,614
2 September	3,510	4,493	9.4435	42,430
3 October	6,680	8,550	9.4435	80,742
4 November	18,214	23,130	9.4435	218,428
5 December	29,501	37,477	9.4435	353,914
6 January 2007	38,113	48,553	9.4435	458,510
7 February	47,685	60,697	9.4435	573,192
8 March	39,473	49,620	9.4435	468,586
9 April	18,007	22,744	9.4435	214,783
10 May	8,785	11,389	9.4435	107,552
11 June	5,175	6,612	9.4435	62,440
12 July	4,313	5,468	9.4435	51,637
13 Total	<u>223,386</u>	<u>283,775</u>	<u>-</u>	<u>2,679,829</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	August 2006	3,930
2	September	3,510
3	October	6,680
4	November	18,214
5	December	29,501
6	January 2007	38,113
7	February	47,685
8	March	39,473
9	April	18,007
10	May	8,785
11	June	5,175
12	July	4,313
13	Total	<u>223,386</u>

Equitable Gas Company
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
May 2007 through July 2007

<u>Description</u>	<u>Unit</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Dth	11,389	6,612	5,468	23,469
2 Supply Cost Per Books	\$	96,317	75,620	45,669	217,606
3 Sales Volume	Mcf	8,785	5,175	4,313	18,272
4 EGC Rate in Effect (a)	\$/Mcf	11.5215	11.5215	11.5215	
5 EGC Revenue (Line 3 x Line 4)	\$	101,218	59,618	49,689	210,525
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	4,901	(16,002)	4,020	(7,081)
7 Total Current Quarter Actual Cost to be included in rates					(7,081)
8 Sales for the 12 Months Ended July 2007					223,386
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					0.0317

(a) Approved in Case No. 2007-00130.

Equitable Gas Company
Kentucky Division

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Period August 2006 through July 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. 2006-00319				15,495
<u>Actual</u>				
August 2006	3,930	(0.0675)	(265)	15,230
September	3,510	(0.0675)	(237)	14,993
October	6,680	(0.0675)	(451)	14,542
November	18,214	(0.0675)	(1,229)	13,313
December	29,501	(0.0675)	(1,991)	11,321
January 2007	38,113	(0.0675)	(2,573)	8,749
February	47,685	(0.0675)	(3,219)	5,530
March	39,473	(0.0675)	(2,664)	2,866
April	18,007	(0.0675)	(1,215)	1,650
May	8,785	(0.0675)	(593)	1,057
June	5,175	(0.0675)	(349)	708
July	4,313	(0.0675)	(291)	417
Total	<u>223,386</u>		<u>(15,079)</u>	

Estimated Annual Sales 223,386 Mcf

Balancing Adjustment (\$0.0019) /Mcf
(\$417 ÷ 223,386 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	13.6433	11.5111	11.2753	(0.2358)	13.4075

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

(b) Rate approved by the Commission at Case No. 2007-00261.