

EQUITABLE GAS

Delivering Everyday ExcellenceSM

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June 24, 2008

Ms. Stephanie Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
PO Box 615
Frankfort, KY 40602

RECEIVED

JUN 27 2008

**PUBLIC SERVICE
COMMISSION**

RE: Equitable Gas Company
Case No.
GCR Filing Proposed to become
Effective August 1, 2008

2008-236

Dear Ms. Stumbo:

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, 2008, for rates proposed to become effective August 1, 2008. Also included are an original and five copies of One Hundred Twenty-Third Revised Sheet No. 2 and One Hundred Fifteenth 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.

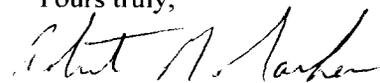
This filing proposes a GCR rate of \$19.6712 per Mcf of sales, an increase of \$5.8689 per Mcf from the current PGA, which was approved in Case No. 2008-00107 effective May 1, 2008.

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 2008 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 2008. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended April 2008.

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		\$19.6712 per MCF		\$21.8034	(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.

ISSUED: June 24, 2008

EFFECTIVE: August 1, 2008

D. L. Frutchet
CHIEF REGULATORY OFFICER, EQUITABLE UTILITIES

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)	19.4034	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	0.2903	(I)
Balance Adjustment (BA)	<u>(0.0225)</u>	(I)
Total Gas Cost Recovery Rate per Mcf	19.6712	(I)

(I) Indicates Increase.

ISSUED: June 24, 2008

EFFECTIVE: August 1, 2008

D. L. Frutchey
CHIEF REGULATORY OFFICER, EQUITABLE UTILITIES

Equitable Gas Company
Kentucky Division

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period August 1, 2008 through October 31, 2008

Line No.	Units (1)	Amount (2)	
<u>GCR Components</u>			
1	\$/Mcf	19.4034	
2	\$/Mcf	0.0000	
3	\$/Mcf	0.2903	
4	\$/Mcf	<u>(0.0225)</u>	
5	\$/Mcf	<u>19.6712</u>	
			(EGC + RA + ACA + BA)
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	\$	3,998,371	(a)
7	Mcf	<u>206,065</u>	(b)
8	\$/Mcf	<u>19.4034</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	<u>0.0000</u>	(f)
13	\$/Mcf	<u>0.0000</u>	
 <u>Actual Cost Adjustment Summary</u>			
14	\$/Mcf	0.6483	(g)
15	\$/Mcf	(0.2498)	(d)
16	\$/Mcf	(0.1399)	(e)
17	\$/Mcf	0.0317	(f)
18	\$/Mcf	<u>0.2903</u>	
 <u>Balance Adjustment Summary</u>			
19	\$/Mcf	(0.0124)	(h)
20	\$/Mcf	(0.0089)	(d)
21	\$/Mcf	0.0007	(e)
22	\$/Mcf	(0.0019)	(f)
23	\$/Mcf	<u>(0.0225)</u>	

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during February 2008 through April 2008.

(d) As approved in Case No. 2008-00107.

(e) As approved in Case No. 2007-00549.

(f) As approved in Case No. 2007-00417.

(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 2008 At Supplier
Costs Estimated to Become Effective August 1, 2008

	<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 2007	8,785	11,389	15.1150	172,145
2 June	5,175	6,612	15.1150	99,940
3 July	4,313	5,468	15.1150	82,649
4 August	4,015	5,111	15.1150	77,253
5 September	3,299	4,140	15.1150	62,576
6 October	4,094	5,229	15.1150	79,036
7 November	12,298	15,574	15.1150	235,401
8 December	31,167	39,817	15.1150	601,834
9 January 2008	36,203	46,515	15.1150	703,074
10 February	41,103	52,713	15.1150	796,757
11 March	34,726	44,893	15.1150	678,558
12 April	20,887	27,069	15.1150	409,148
13 Total	<u>206,065</u>	<u>264,530</u>	<u>-</u>	<u>3,998,371</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 2007	8,785
2	June	5,175
3	July	4,313
4	August	4,015
5	September	3,299
6	October	4,094
7	November	12,298
8	December	31,167
9	January 2008	36,203
10	February	41,103
11	March	34,726
12	April	20,887
13	Total	<u>206,065</u>

Equitable Gas Company
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
February 2008 through April 2008

<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	52,713	44,893	27,069	124,675
2 Supply Cost Per Books	\$	445,244	543,820	263,101	1,252,165
3 Sales Volume	Mcf	41,103	34,726	20,887	96,717
4 EGC Rate in Effect (a)	\$/Mcf	11.5655	11.5655	11.5655	
5 EGC Revenue (Line 3 x Line 4)	\$	475,381	401,627	241,573	1,118,581
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	30,137	(142,193)	(21,528)	(133,584)
7 Total Current Quarter Actual Cost to be included in rates					(133,584)
8 Sales for the 12 Months Ended April 2008					206,065
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					0.6483

(a) Approved in Case No. 2007-00417.

Equitable Gas Company
Kentucky Division

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Period February 2007 through January 2008

	<u>Sales</u>	<u>ACA</u> <u>Rate</u>	<u>ACA</u> <u>Recovery</u>	<u>Over/(Under)</u> <u>Collection</u> <u>Balance</u>
	(1)	(2)	(3)	(4)
	Mcf	\$/Mcf	\$ (1) x (2)	\$
Balance Approved by the Commission in Case No. 2006-00560				60,281
<u>Actual</u>				
May 2007	8,785	(0.2801)	(2,461)	57,820
June	5,175	(0.2801)	(1,449)	56,371
July	4,313	(0.2801)	(1,208)	55,163
August	4,015	(0.2801)	(1,125)	54,038
September	3,299	(0.2801)	(924)	53,114
October	4,094	(0.2801)	(1,147)	51,968
November	12,298	(0.2801)	(3,445)	48,523
December	31,167	(0.2801)	(8,730)	39,793
January 2008	36,203	(0.2801)	(10,140)	29,653
February	41,103	(0.2801)	(11,513)	18,140
March	34,726	(0.2801)	(9,727)	8,413
April	20,887	(0.2801)	(5,851)	2,562
Total	<u>206,065</u>		<u>(57,719)</u>	
Estimated Annual Sales				206,065 Mcf
Balancing Adjustment (\$2,562 ÷ 206,065 Mcf)				(\$0.0124) /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	15.9345	13.8023	19.6712	5.8689	21.8034

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

(b) Rate approved by the Commission at Case No. 2008-00107.