

December 21, 2010

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
PO Box 615
Frankfort, KY 40602

RECEIVED

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**PUBLIC SERVICE
COMMISSION**

RE: Equitable Gas Company
Case No.
GCR Filing Proposed to Become
Effective February 1, 2011

CASE NO. 2010-00519

Dear Mr. Derouen:

Enclosed are an original and ten copies of Equitable Gas Company's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended October 31, 2010, for rates proposed to become effective February 1, 2011. Also included are an original and ten copies of One Hundred Thirty-Third Revised Sheet No. 2 and One Hundred Twenty-Fifth 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 \$4.2665 per Mcf of sales, an increase of \$0.3207 per Mcf from the current PGA, which was approved in Case No. 2010-00376 effective November 1, 2010.

For the purpose of forecasting, 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 February 2011 and adding an additional \$0.150 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 October 2010. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended October 2010. Schedules 4 and 5 are summaries of ACA components, which are presently unreconciled.

Yours truly,



Carol Scanlon
Manager, Rates

Enclosures

EQUITABLE GAS COMPANY, LLC
225 NORTH SHORE DRIVE
PITTSBURGH, PA 15212-5861

ONE HUNDRED THIRTY-THIRD REVISED SHEET NO. 2
CANCELING
ONE HUNDRED THIRTY-SECOND 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

	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	
All Mcf	\$2.1322		\$4.2665 per MCF		\$6.3987	(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: December 21, 2010

EFFECTIVE: February 1, 2011

WILLIAM R. LUCAS
EXECUTIVE VICE PRESIDENT

Issued By: _____
Carol A. Scanlon
Manager, Rates

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)	7.4859	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(3.1583)	(I)
Balance Adjustment (BA)	<u>(0.0611)</u>	(I)
Total Gas Cost Recovery Rate per Mcf	4.2665	(I)

(I) Indicates Increase.

ISSUED: December 21, 2010

EFFECTIVE: February 1, 2011

WILLIAM R. LUCAS
EXECUTIVE VICE PRESIDENT

Issued By: _____
Carol A. Scanlon
Manager, Rates

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	6.0780	3.9458	4.2665	0.3207	6.3987

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

(b) Rate approved by the Commission at Case No. 2010-00376.

Equitable Gas Company
Kentucky Division

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period February 1, 2011 through April 30, 2011

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	\$/Mcf	7.4859	
2	\$/Mcf	0.0000	
3	\$/Mcf	(3.1583)	
4	\$/Mcf	<u>(0.0611)</u>	
5	\$/Mcf	<u>4.2665</u>	
			(EGC + RA + ACA + BA)
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	\$	1,591,861	(a)
7	Mcf	<u>212,648</u>	(b)
8	\$/Mcf	<u>7.4859</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	(0.0920)	(g)
15	\$/Mcf	0.0232	(d)
16	\$/Mcf	(2.0598)	(e)
17	\$/Mcf	(1.0297)	(f)
18	\$/Mcf	<u>(3.1583)</u>	
 <u>Balance Adjustment Summary</u>			
19	\$/Mcf	(0.0090)	(h)
20	\$/Mcf	(0.0072)	(d)
21	\$/Mcf	(0.0426)	(e)
22	\$/Mcf	(0.0023)	(f)
23	\$/Mcf	<u>(0.0611)</u>	

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during August 2010 through October 2010.

(d) As approved in Case No. 2010-00376.

(e) As approved in Case No. 2010-00255.

(f) As approved in Case No. 2009-00124.

(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 October 2010 At Supplier
Costs Estimated to Become Effective February 1, 2011

	<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 November 2009	12,747	17,545	5.8442	102,536
2 December	31,430	43,261	5.8442	252,826
3 January 2010	45,959	58,134	5.8442	339,747
4 February	44,223	55,185	5.8442	322,512
5 March	30,788	37,443	5.8442	218,824
6 April	17,414	20,909	5.8442	122,196
7 May	10,600	12,898	5.8442	75,378
8 June	5,321	7,421	5.8442	43,370
9 July	3,445	4,317	5.8442	25,229
10 August	3,098	4,778	5.8442	27,924
11 September	3,041	4,185	5.8442	24,458
12 October	4,582	6,307	5.8442	36,859
13 Total	<u>212,648</u>	<u>272,383</u>	<u>-</u>	<u>1,591,861</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	November 2009	12,747
2	December	31,430
3	January 2010	45,959
4	February	44,223
5	March	30,788
6	April	17,414
7	May	10,600
8	June	5,321
9	July	3,445
10	August	3,098
11	September	3,041
12	October	4,582
13	Total	<u>212,648</u>

Equitable Gas Company
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
August 2010 through October 2010

<u>Description</u>	<u>Unit</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Dth	4,778	4,185	6,307	15,270
2 Supply Cost Per Books	\$	26,925	18,519	29,234	74,677
3 Sales Volume	Mcf	3,098	3,041	4,582	10,722
4 EGC Rate in Effect (a)	\$/Mcf	8.7899	8.7899	8.7899	
5 EGC Revenue (Line 3 x Line 4)	\$	27,235	26,729	40,278	94,242
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	310	8,210	11,044	19,565
7 Total Current Quarter Actual Cost to be included in rates					19,565
8 Sales for the 12 Months Ended October 2010					212,648
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.0920)

(a) Approved in Case No. 2010-00255.

Equitable Gas Company
Kentucky Division

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Period November 2009 through October 2010

	<u>Sales</u>	<u>ACA</u>	<u>ACA</u>	<u>Over/(Under)</u>
	(1)	Rate	Recovery	Collection
	Mcf	\$/Mcf	\$	Balance
			(1) x (2)	(4)
				\$
Balance Approved by the Commission in Case No. 2009-00389.				111,642
<u>Actual</u>				
November 2009	12,747	(0.5160)	(6,577)	105,065
December	31,430	(0.5160)	(16,218)	88,847
January 2010	45,959	(0.5160)	(23,715)	65,132
February	44,223	(0.5160)	(22,819)	42,313
March	30,788	(0.5160)	(15,886)	26,427
April	17,414	(0.5160)	(8,986)	17,441
May	10,600	(0.5160)	(5,470)	11,971
June	5,321	(0.5160)	(2,746)	9,226
July	3,445	(0.5160)	(1,777)	7,448
August	3,098	(0.5160)	(1,599)	5,849
September	3,041	(0.5160)	(1,569)	4,280
October	4,582	(0.5160)	(2,364)	1,916
Total	<u>212,648</u>		<u>(109,726)</u>	
Estimated Annual Sales				212,648 Mcf
Balancing Adjustment (\$1,916 ÷ 212,648 Mcf)				(\$0.0090) /Mcf