

March 16, 2011

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, LLC
Case No.
GCR Filing Proposed to Become
Effective May 1, 2011

Dear Mr. Derouen:

Enclosed are an original and ten (10) copies of Equitable Gas Company's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended January 31, 2011, for rates proposed to become effective May 1, 2011. Also included are an original and ten (10) copies of One Hundred Thirty-Fourth Revised Sheet No. 2 and One Hundred Twenty-Sixth 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.

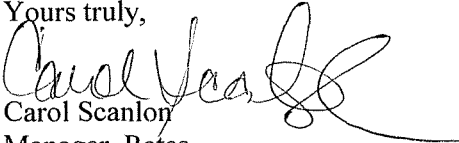
This filing proposes a GCR rate of \$4.4033 per Mcf of sales, an increase of \$0.1368 per Mcf from the current PGA, which was approved in Case No. 2010-00519 effective February 1, 2011.

For the purpose of forecasting its Expected Gas Cost (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 May 2011 and adding an additional \$0.15 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 January 2011. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended January 2011.

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-FOURTH REVISED SHEET NO. 2
CANCELING
ONE HUNDRED THIRTY-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: \$7.50

	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	
All Mcf	\$2.1322		\$4.4033 per MCF		\$6.5355	(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.

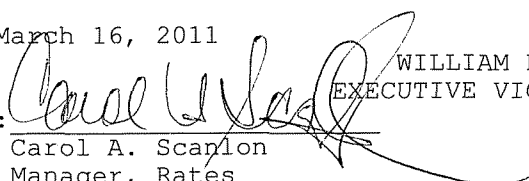
Gas delivered pursuant to this tariff is from pipelines owned and operated by Equitable Gas Company's supplier and all gas sold hereunder is made available by said supplier. Equitable shall have the right to abandon gas service to any customer served from any line which is no longer operated by its supplier 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: March 16, 2011

EFFECTIVE: May 1, 2011

Issued By:


Carol A. Scanlon
Manager, Rates

WILLIAM R. LUCAS
EXECUTIVE 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.

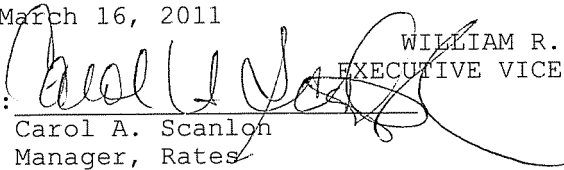
Gas Cost Recovery Rate (GCR):

Expected Gas Supply Cost (EGC)	6.7726	(D)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(2.3120)	(I)
Balance Adjustment (BA)	(0.0573)	(I)
Total Gas Cost Recovery Rate per Mcf	<u>4.4033</u>	(I)

(I) Indicates Increase. (D) Indicates Decrease.

ISSUED: March 16, 2011

EFFECTIVE: May 1, 2011

Issued By: 

Carol A. Scanlon
Manager, Rates

WILLIAM R. LUCAS
EXECUTIVE VICE PRESIDENT

Equitable Gas Company, LLC
Kentucky Division

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period May 1, 2011 through July 31, 2011

Line No.	Units (1)	Amount (2)
<u>GCR Components</u>		
1	Expected Gas Cost (EGC)	\$/Mcf 6.7726
2	Supplier Refund (RA)	\$/Mcf 0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf (2.3120)
4	Balance Adjustment (BA)	\$/Mcf (0.0573)
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf <u>4.4033</u>
<u>Expected Gas Cost Calculation (EGC)</u>		
6	Total Expected Cost of Gas	\$ 1,498,499 (a)
7	Total Annual Sales	Mcf 221,259 (b)
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf <u>6.7726</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 0.0000 (f)
13	Supplier Refund Adjustment (RA)	\$/Mcf <u>0.0000</u>
<u>Actual Cost Adjustment Summary</u>		
14	Current Quarter Adjustment	\$/Mcf (0.1834) (g)
15	Previous Quarter Adjustment	\$/Mcf (0.0920) (d)
16	2nd Previous Quarter Adjustment	\$/Mcf 0.0232 (e)
17	3rd Previous Quarter Adjustment	\$/Mcf (2.0598) (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf <u>(2.3120)</u>
<u>Balance Adjustment Summary</u>		
19	Current Quarter Adjustment	\$/Mcf 0.0015 (h)
20	Previous Quarter Adjustment	\$/Mcf (0.0090) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf (0.0072) (e)
22	3rd Previous Quarter Adjustment	\$/Mcf (0.0426) (f)
23	Balance Adjustment (BA)	\$/Mcf <u>(0.0573)</u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during November 2010 through January 2011.

(d) As approved in Case No. 2010-00519.

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

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

(g) See Schedule 4.

(h) See Schedule 5.

Equitable Gas Company, LLC
Kentucky Division

Calculation of Expected Gas Cost Based on Purchases
for the Twelve Months Ended January 2011 At Supplier
Costs Estimated to Become Effective May 1, 2011

	<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 February 2010	44,223	55,185	5.3094	292,999
2 March	30,788	37,443	5.3094	198,800
3 April	17,414	20,909	5.3094	111,014
4 May	10,600	12,898	5.3094	68,481
5 June	5,321	7,421	5.3094	39,401
6 July	3,445	4,317	5.3094	22,921
7 August	3,098	4,778	5.3094	25,368
8 September	3,041	4,185	5.3094	22,220
9 October	4,582	6,307	5.3094	33,486
10 November	13,494	18,573	5.3094	98,611
11 December	38,201	52,580	5.3094	279,168
12 January 2011	47,052	57,639	5.3094	306,029
13 Total	<u>221,259</u>	<u>282,235</u>	<u>-</u>	<u>1,498,499</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, LLC
Kentucky Division

Summary of Sales

<u>Line</u> <u>No.</u>	<u>Month</u>	<u>Sales</u> (1) Mcf
1	February 2010	44,223
2	March	30,788
3	April	17,414
4	May	10,600
5	June	5,321
6	July	3,445
7	August	3,098
8	September	3,041
9	October	4,582
10	November	13,494
11	December	38,201
12	January 2011	47,052
13	Total	<u>221,259</u>

Equitable Gas Company, LLC
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
November 2010 through January 2011

<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	18,573	52,580	57,639	128,792
2 Supply Cost Per Books	\$	75,873	270,004	325,453	671,329
3 Sales Volume	Mcf	13,494	38,201	47,052	98,747
4 EGC Rate in Effect (a)	\$/Mcf	7.2095	7.2095	7.2095	
5 EGC Revenue (Line 3 x Line 4)	\$	97,288	275,409	339,220	711,917
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	21,415	5,405	13,767	40,588
7 Total Current Quarter Actual Cost to be included in rates					40,588
8 Sales for the 12 Months Ended January 2011					221,259
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.1834)

(a) Approved in Case No. 2010-00376.

Equitable Gas Company, LLC
Kentucky Division

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Period February 2010 through January 2011

	<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. 2009-00537.				21,721
<u>Actual</u>				
February 2010	44,223	(0.0997)	(4,409)	17,312
March	30,788	(0.0997)	(3,070)	14,242
April	17,414	(0.0997)	(1,736)	12,506
May	10,600	(0.0997)	(1,057)	11,449
June	5,321	(0.0997)	(530)	10,919
July	3,445	(0.0997)	(343)	10,575
August	3,098	(0.0997)	(309)	10,267
September	3,041	(0.0997)	(303)	9,963
October	4,582	(0.0997)	(457)	9,506
November	13,494	(0.0997)	(1,345)	8,161
December	38,201	(0.0997)	(3,809)	4,352
January 2011	47,052	(0.0997)	(4,691)	(339)
Total	<u>221,259</u>		<u>(22,060)</u>	
Estimated Annual Sales				221,259 Mcf
Balancing Adjustment (\$(339) ÷ 221,259 Mcf)				\$0.0015 /Mcf

Equitable Gas Company, LLC
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	6.3987	4.2665	4.4033	0.1368	6.5355

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

(b) Rate approved by the Commission at Case No. 2010-00519.