

June 20, 2011

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

RECEIVED

JUN 22 2011

PUBLIC SERVICE  
COMMISSION

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

Dear Mr. Derouen:

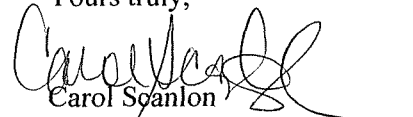
Enclosed are an original and ten copies of Equitable Gas Company, LLC's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended April 30, 2011, for rates proposed to become effective August 1, 2011. Also included are an original and ten copies of One Hundred Thirty-Fifth Revised Sheet No. 2 and One Hundred Twenty-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 \$7.6681 per Mcf of sales, an increase of \$3.2648 per Mcf from the current PGA, which was approved in Case No. 2011-00101 effective May 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 August 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 April 2011. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended April 2011. Schedules 4 and 5 are summaries of ACA components, which are presently unreconciled.

Yours truly,

  
Carol Scanlon  
Manager, Rates

CS/jcm  
Enclosures

## RATE

Customer: VariousExpiration: 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		\$7.6681 per MCF		\$9.83	(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 20, 2011

EFFECTIVE: August 1, 2011

WILLIAM R. LUCAS  
EXECUTIVE VICE PRESIDENTIssued By: \_\_\_\_\_  
Carol A. Scanlon  
Manager, Rates

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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)	8.0704	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(0.3950)	(I)
Balance Adjustment (BA)	(0.0073)	(I)
Total Gas Cost Recovery Rate per Mcf	<u>7.6681</u>	(I)

(I) Indicates Increase.

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ISSUED: June 20, 2011

EFFECTIVE: August 1, 2011

WILLIAM R. LUCAS  
EXECUTIVE VICE PRESIDENT

Issued By: \_\_\_\_\_  
Carol A. Scanlon  
Manager, Rates

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	6.5355	4.4033	7.6681	3.2648	9.8003

- (a) Non-Gas Rate approved by the Commission at Case No. 2003-00411.  
(b) Rate approved by the Commission at Case No. 2011-00101.

Equitable Gas Company, LLC  
Kentucky Division

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

Line No.	Units (1)	Amount (2)
<u>GCR Components</u>		
1	Expected Gas Cost (EGC)	\$/Mcf 8.0704
2	Supplier Refund (RA)	\$/Mcf 0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf (0.3950)
4	Balance Adjustment (BA)	\$/Mcf (0.0073)
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf <u>7.6681</u>
<u>Expected Gas Cost Calculation (EGC)</u>		
6	Total Expected Cost of Gas	\$ 1,725,931 (a)
7	Total Annual Sales	Mcf <u>213,861</u> (b)
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf <u>8.0704</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</u> (f)
13	Supplier Refund Adjustment (RA)	\$/Mcf <u>0.0000</u>
<u>Actual Cost Adjustment Summary</u>		
14	Current Quarter Adjustment	\$/Mcf (0.1428) (g)
15	Previous Quarter Adjustment	\$/Mcf (0.1834) (d)
16	2nd Previous Quarter Adjustment	\$/Mcf (0.0920) (e)
17	3rd Previous Quarter Adjustment	\$/Mcf 0.0232 (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf <u>(0.3950)</u>
<u>Balance Adjustment Summary</u>		
19	Current Quarter Adjustment	\$/Mcf 0.0074 (h)
20	Previous Quarter Adjustment	\$/Mcf 0.0015 (d)
21	2nd Previous Quarter Adjustment	\$/Mcf (0.0090) (e)
22	3rd Previous Quarter Adjustment	\$/Mcf (0.0072) (f)
23	Balance Adjustment (BA)	\$/Mcf <u>(0.0073)</u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during February 2011 through April 2011.

(d) As approved in Case No. 2011-00101.

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

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

(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 April 2011 At Supplier  
Costs Estimated to Become Effective August 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)
<b><u>PURCHASES</u></b>				
1 May 2010	10,600	12,985	6.3645	82,643
2 June	5,321	5,018	6.3645	31,937
3 July	3,445	2,720	6.3645	17,311
4 August	3,098	3,796	6.3645	24,160
5 September	3,041	3,725	6.3645	23,708
6 October	4,582	5,613	6.3645	35,724
7 November	13,494	16,531	6.3645	105,212
8 December	38,201	46,796	6.3645	297,833
9 January 2011	47,052	57,643	6.3645	366,869
10 February	40,980	50,203	6.3645	319,517
11 March	27,486	39,727	6.3645	252,842
12 April	16,560	26,424	6.3645	168,176
13 Total	<u>213,861</u>	<u>271,181</u>	<u>-</u>	<u>1,725,931</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	May 2010	10,600
2	June	5,321
3	July	3,445
4	August	3,098
5	September	3,041
6	October	4,582
7	November	13,494
8	December	38,201
9	January 2011	47,052
10	February	40,980
11	March	27,486
12	April	16,560
13	Total	<u>213,861</u>

Equitable Gas Company, LLC  
Kentucky Division

Calculation of Actual Cost Adjustment for the Period  
February 2011 through April 2011

<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	54,173	6,542	22,458	83,173
2 Supply Cost Per Books	\$	311,365	168,786	125,817	605,968
3 Sales Volume	Mcf	40,980	27,486	16,560	85,026
4 EGC Rate in Effect (a)	\$/Mcf	7.4859	7.4859	7.4859	
5 EGC Revenue (Line 3 x Line 4)	\$	306,774	205,758	123,966	636,498
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	(4,591)	36,972	(1,851)	30,530
7 Total Current Quarter Actual Cost to be included in rates					30,530
8 Sales for the 12 Months Ended April 2011					213,861
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.1428)

(a) Approved in Case No. 2010-00519.



Equitable Gas Company, LLC  
Kentucky Division

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

	<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. 2010-00124.				218,636
<u>Actual</u>				
May 2010	10,600	(1.0297)	(10,915)	207,721
June	5,321	(1.0297)	(5,479)	202,242
July	3,445	(1.0297)	(3,547)	198,695
August	3,098	(1.0297)	(3,190)	195,505
September	3,041	(1.0297)	(3,131)	192,374
October	4,582	(1.0297)	(4,718)	187,655
November	13,494	(1.0297)	(13,895)	173,760
December	38,201	(1.0297)	(39,335)	134,425
January 2011	47,052	(1.0297)	(48,449)	85,975
February	40,980	(1.0297)	(42,197)	43,778
March	27,486	(1.0297)	(28,302)	15,475
April	16,560	(1.0297)	(17,052)	(1,576)
Total	<u>213,861</u>		<u>(220,212)</u>	
Estimated Annual Sales				213,861 Mcf
Balancing Adjustment				\$0.0074 /Mcf
( \$(1,576) ÷ 213,861 Mcf)				