

September 22, 2011

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

RECEIVED

SEP 26 2011

PUBLIC SERVICE
COMMISSION

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

Dear Mr. Derouen:

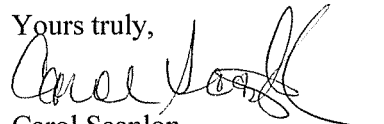
Enclosed are an original and ten copies of Equitable Gas Company, LLC's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended July 31, 2011, for rates proposed to become effective November 1, 2011. Also included are an original and five copies of One Hundred Thirty-Sixth Revised Sheet No. 2 and One Hundred Twenty-Eighth 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 \$6.0042 per Mcf of sales, a decrease of \$1.6639 per Mcf from the current PGA, which was approved in Case No. 2011-00215 effective August 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 November 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 July 2011. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended July 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-SIXTH REVISED SHEET NO. 2
CANCELING
ONE HUNDRED THIRTY-FIFTH 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		\$6.0042 per MCF		\$8.1364	(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 22, 2011

EFFECTIVE: November 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)	6.8003	(D)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(0.8027)	(D)
Balance Adjustment (BA)	<u>0.0066</u>	(I)
Total Gas Cost Recovery Rate per Mcf	6.0042	(D)

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

ISSUED: September 22, 2011

EFFECTIVE: November 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	9.8003	7.6681	6.0042	(1.6639)	8.1364

- (a) Non-Gas Rate approved by the Commission at Case No. 2003-00411.
(b) Rate approved by the Commission at Case No. 2011-00215.

Equitable Gas Company, LLC
Kentucky Division

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period November 1, 2011 through January 31, 2012

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)
<u>GCR Components</u>		
1	Expected Gas Cost (EGC)	\$/Mcf 6.8003
2	Supplier Refund (RA)	\$/Mcf 0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf (0.8027)
4	Balance Adjustment (BA)	\$/Mcf 0.0066
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf <u>6.0042</u>
 <u>Expected Gas Cost Calculation (EGC)</u>		
6	Total Expected Cost of Gas	\$ 1,471,000 (a)
7	Total Annual Sales	Mcf <u>216,313 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf <u>6.8003</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 (0.3845) (g)
15	Previous Quarter Adjustment	\$/Mcf (0.1428) (d)
16	2nd Previous Quarter Adjustment	\$/Mcf (0.1834) (e)
17	3rd Previous Quarter Adjustment	\$/Mcf (0.0920) (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf <u>(0.8027)</u>
 <u>Balance Adjustment Summary</u>		
19	Current Quarter Adjustment	\$/Mcf 0.0067 (h)
20	Previous Quarter Adjustment	\$/Mcf 0.0074 (d)
21	2nd Previous Quarter Adjustment	\$/Mcf 0.0015 (e)
22	3rd Previous Quarter Adjustment	\$/Mcf (0.0090) (f)
23	Balance Adjustment (BA)	\$/Mcf <u>0.0066</u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during May 2011 through July 2011.

(d) As approved in Case No. 2011-00215.

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

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

(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 July 2011 At Supplier
Costs Estimated to Become Effective November 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 August	3,098	3,796	5.6401	21,410
2 September	3,041	3,725	5.6401	21,009
3 October	4,582	5,613	5.6401	31,658
4 November	13,494	16,531	5.6401	93,236
5 December	38,201	46,796	5.6401	263,934
6 January 2011	47,052	57,643	5.6401	325,112
7 February	40,980	50,203	5.6401	283,150
8 March	27,486	33,671	5.6401	189,908
9 April	16,560	20,083	5.6401	113,270
10 May	9,806	12,012	5.6401	67,749
11 June	7,230	6,518	5.6401	36,762
12 July	4,781	4,220	5.6401	23,801
13 Total	<u>216,313</u>	<u>260,811</u>	<u>-</u>	<u>1,471,000</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	August	3,098
2	September	3,041
3	October	4,582
4	November	13,494
5	December	38,201
6	January 2011	47,052
7	February	40,980
8	March	27,486
9	April	16,560
10	May	9,806
11	June	7,230
12	July	4,781
13	Total	<u>216,313</u>

Equitable Gas Company, LLC
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
May 2011 through July 2011

<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	10,046	177	130	10,353
2 Supply Cost Per Books	\$	62,163	1,728	689	64,580
3 Sales Volume	Mcf	9,806	7,230	4,781	21,818
4 EGC Rate in Effect (a)	\$/Mcf	6.7726	6.7726	6.7726	
5 EGC Revenue (Line 3 x Line 4)	\$	66,415	48,968	32,379	147,762
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	4,252	47,240	31,690	83,182
7 Total Current Quarter Actual Cost to be included in rates					83,182
8 Sales for the 12 Months Ended July 2011					216,313
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.3845)

(a) Approved in Case No. 2011-00101.

Equitable Gas Company, LLC
Kentucky Division

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Period August 2010 through July 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. 2010-00255.				444,108
<u>Actual</u>				
August	3,098	(2.0598)	(6,382)	437,726
September	3,041	(2.0598)	(6,264)	431,462
October	4,582	(2.0598)	(9,439)	422,024
November	13,494	(2.0598)	(27,796)	394,228
December	38,201	(2.0598)	(78,686)	315,542
January 2011	47,052	(2.0598)	(96,917)	218,625
February	40,980	(2.0598)	(84,411)	134,213
March	27,486	(2.0598)	(56,616)	77,598
April	16,560	(2.0598)	(34,110)	43,488
May	9,806	(2.0598)	(20,199)	23,288
June	7,230	(2.0598)	(14,893)	8,395
July	4,781	(2.0598)	(9,848)	(1,452)
Total	<u>216,313</u>		<u>(445,560)</u>	
Estimated Annual Sales				216,313 Mcf
Balancing Adjustment				\$0.0067 /Mcf
(\$(1,452) ÷ 216,313 Mcf)				