

March 19, 2012

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

**RECEIVED**

**MAR 22 2012**

**PUBLIC SERVICE  
COMMISSION**

RE: Equitable Gas Company, LLC  
Case No.  
GCR Filing Proposed to Become  
Effective May 1, 2012

Dear Mr. Derouen:

Enclosed are an original and ten (10) copies of Equitable Gas Company, LLC's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended January 31, 2012, for rates proposed to become effective May 1, 2012. 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.

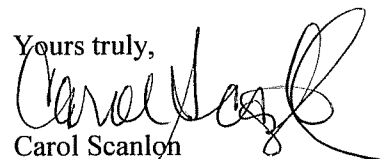
This filing proposes a GCR rate of \$3.0152 per Mcf of sales, a decrease of \$1.3717 per Mcf from the current PGA, which was approved in Case No. 2011-00517 effective February 1, 2012.

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 2012.

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 2012. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended January 2012.

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-EIGHTH REVISED SHEET NO. 2  
CANCELING  
ONE HUNDRED THIRTY-SEVENTH REVISED SHEET NO. 2  
P.S.C.K.Y. NO. 1

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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

|         |                  |   |                                |   |                   |     |
|---------|------------------|---|--------------------------------|---|-------------------|-----|
| All Mcf | <u>Base Rate</u> | + | <u>Gas Cost Recovery Rate*</u> | = | <u>Total Rate</u> | (D) |
|         | \$2.1322         |   | \$3.0152 per MCF               |   | \$5.1474          |     |

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.


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ISSUED: March 19, 2012

EFFECTIVE: May 1, 2012

Issued By:

  
Carol A. Scanlon  
Manager, Rates

WILLIAM R. LUCAS  
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):

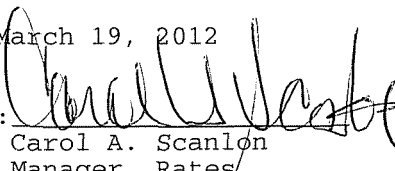
|                                      |               |     |
|--------------------------------------|---------------|-----|
| Expected Gas Supply Cost (EGC)       | 4.3646        | (D) |
| Refund Adjustment (RA)               | 0.0000        |     |
| Actual Cost Adjustment (ACA)         | (1.3643)      | (D) |
| Balance Adjustment (BA)              | <u>0.0149</u> | (I) |
| Total Gas Cost Recovery Rate per Mcf | 3.0152        | (D) |

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

ISSUED: March 19, 2012

EFFECTIVE: May 1, 2012

Issued By:

  
Carol A. Scanlon  
Manager, Rates

WILLIAM R. LUCAS  
PRESIDENT

Equitable Gas Company, LLC  
Kentucky Division

Summary of Proposed Tariff Rates

|         | <u>Current<br/>Tariff Rate</u><br>(1)<br>\$/Mcf<br>(a) | <u>Current<br/>GCR Rate</u><br>(2)<br>\$/Mcf<br>(b) | <u>Proposed<br/>GCR Rate</u><br>(3)<br>\$/Mcf | <u>Difference</u><br>(4)<br>\$/Mcf<br>(3) - (2) | <u>Proposed<br/>Tariff Rate</u><br>(5)<br>\$/Mcf<br>(1) + (4) |
|---------|--|---|---|---|---|
| All MCF | 6.5191   | 4.3869  | 3.0152  | (1.3717)  | 5.1474  |

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

(b) Rate approved by the Commission at Case No. 2011-00517.

Equitable Gas Company, LLC  
Kentucky Division

Summary of Gas Cost Recovery Rate  
Proposed to Become Effective for the  
Period May 1, 2012 through July 31, 2012

| Line<br>No.                                | Units<br>(1) | Amount<br>(2)   |                       |
|--|--------------|-----------------|-----------------------|
| <u>GCR Components</u>                      |              |                 |                       |
| 1  | \$/Mcf       | 4.3646          |                       |
| 2  | \$/Mcf       | 0.0000          |                       |
| 3  | \$/Mcf       | (1.3643)        |                       |
| 4  | \$/Mcf       | 0.0149          |                       |
| 5  | \$/Mcf       | <u>3.0152</u>   |                       |
|  |              |                 | (EGC + RA + ACA + BA) |
| <u>Expected Gas Cost Calculation (EGC)</u> |              |                 |                       |
| 6  | \$           | 969,941         | (a)                   |
| 7  | Mcf          | <u>222,231</u>  | (b)                   |
| 8  | \$/Mcf       | <u>4.3646</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       | (0.5113)        | (g)                   |
| 15   | \$/Mcf       | (0.3257)        | (d)                   |
| 16   | \$/Mcf       | (0.3845)        | (e)                   |
| 17   | \$/Mcf       | (0.1428)        | (f)                   |
| 18   | \$/Mcf       | <u>(1.3643)</u> |                       |
| <u>Balance Adjustment Summary</u>          |              |                 |                       |
| 19   | \$/Mcf       | 0.0019          | (h)                   |
| 20   | \$/Mcf       | (0.0011)        | (d)                   |
| 21   | \$/Mcf       | 0.0067          | (e)                   |
| 22   | \$/Mcf       | 0.0074          | (f)                   |
| 23   | \$/Mcf       | <u>0.0149</u>   |                       |

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during November 2011 through January 2012.

(d) As approved in Case No. 2011-00517.

(e) As approved in Case No. 2011-00389.

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

(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 2012 At Supplier  
Costs Estimated to Become Effective May 1, 2012

|                         | <u>Purchases</u><br>(1)<br>Mcf | <u>Purchases</u><br>(2)<br>Dth | <u>Average Rate</u><br>(3)<br>\$/Dth<br>(a) | <u>Annual Cost</u><br>(4)<br>\$<br>(2) x (3) |
|-------------------------|--------------------------------|--------------------------------|---|--|
| <b><u>PURCHASES</u></b> |                                |                                |   |  |
| 1 February 2011         | 40,980                         | 50,203                         | 3.8648                                      | 194,025                                      |
| 2 March                 | 27,486                         | 33,671                         | 3.8648                                      | 130,132                                      |
| 3 April                 | 16,560                         | 20,083                         | 3.8648                                      | 77,617                                       |
| 4 May                   | 9,806                          | 12,012                         | 3.8648                                      | 46,424                                       |
| 5 June                  | 7,230                          | 6,518                          | 3.8648                                      | 25,191                                       |
| 6 July                  | 4,781                          | 5,856                          | 3.8648                                      | 22,632                                       |
| 7 August                | 3,340                          | 4,092                          | 3.8648                                      | 15,815                                       |
| 8 September             | 4,918                          | 2,833                          | 3.8648                                      | 10,949                                       |
| 9 October               | 11,519                         | 6,822                          | 3.8648                                      | 26,366                                       |
| 10 November             | 18,615                         | 16,530                         | 3.8648                                      | 63,885                                       |
| 11 December             | 34,607                         | 46,796                         | 3.8648                                      | 180,857                                      |
| 12 January 2012         | 42,389                         | 45,552                         | 3.8648                                      | 176,049                                      |
| 13 Total                | <u>222,231</u>                 | <u>250,968</u>                 | <u>-</u>                                    | <u>969,941</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><br><u>No.</u> | <u>Month</u>  | <u>Sales</u><br>(1)<br>Mcf |
|---------------------------|---------------|----------------------------|
| 1                         | February 2011 | 40,980                     |
| 2                         | March         | 27,486                     |
| 3                         | April         | 16,560                     |
| 4                         | May           | 9,806                      |
| 5                         | June          | 7,230                      |
| 6                         | July          | 4,781                      |
| 7                         | August        | 3,340                      |
| 8                         | September     | 4,918                      |
| 9                         | October       | 11,519                     |
| 10                        | November      | 18,615                     |
| 11                        | December      | 34,607                     |
| 12                        | January 2012  | 42,389                     |
| 13                        | Total         | <u>222,231</u>             |

Equitable Gas Company, LLC  
Kentucky Division

Calculation of Actual Cost Adjustment for the Period  
November 2011 through January 2012

| <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         | 15,638          | 48,020          | 45,552         | 109,210      |
| 2 Supply Cost Per Books   | \$          | 91,015          | 236,665         | 209,609        | 537,289      |
| 3 Sales Volume (c)  | Mcf         | 575<br>18,040   | 34,607          | 42,389         | 77,570       |
| 4 EGC Rate in Effect (a), (c)                                       | \$/Mcf      | 8.0704          |                 |                |              |
| EGC Rate in Effect (b), (c)   |             | 6.8003          | 6.8003          | 6.8003         |              |
| 5 EGC Revenue<br>(Line 3 x Line 4)                                  | \$          | 127,315         | 235,336         | 288,256        | 650,907      |
| 6 Over/(Under) Recovery<br>(Line 5 - Line 2)                        | \$          | 36,301          | (1,329)         | 78,647         | 113,618      |
| 7 Total Current Quarter Actual Cost to be included in rates         |             |                 |                 |                | 113,618      |
| 8 Sales for the 12 Months Ended January 2012                        |             |                 |                 |                | 222,231      |
| 9 Current Quarter Actual Cost Adjustment (ACA)<br>(Line 7 ÷ Line 8) |             |                 |                 |                | (0.5113)     |

- (a) Approved in Case No. 2011-00215.  
(b) Approved in Case No. 2011-00389.  
(c) November pro-rated for rate change.



Equitable Gas Company, LLC  
Kentucky Division

Calculation of Balancing Adjustment for  
Over/(Under) Recoveries of Gas Cost Incurred  
During the Twelve Month Period Beginning February 2011

|   | <u>Sales</u>   | <u>ACA</u><br><u>Rate</u> | <u>ACA</u><br><u>Recovery</u> | <u>Over/(Under)</u><br><u>Collection</u><br><u>Balance</u> |
|---|----------------|---------------------------|-------------------------------|--|
|   | (1)            | (2)                       | (3)                           | (4)  |
|   | Mcf            | \$/Mcf                    | \$<br>(1) x (2)               | \$   |
| Balance Approved by the Commission<br>in Case No. 2010-00519. |                |                           |                               | 19,565   |
| <u>Actual</u>   |                |                           |                               |  |
| February 2011   | 40,980         | (0.0920)                  | (3,770)                       | 15,795   |
| March   | 27,486         | (0.0920)                  | (2,529)                       | 13,266   |
| April   | 16,560         | (0.0920)                  | (1,524)                       | 11,742   |
| May   | 9,806          | (0.0920)                  | (902)                         | 10,840   |
| June  | 7,230          | (0.0920)                  | (665)                         | 10,175   |
| July  | 4,781          | (0.0920)                  | (440)                         | 9,735  |
| August  | 3,340          | (0.0920)                  | (307)                         | 9,428  |
| September   | 4,918          | (0.0920)                  | (452)                         | 8,975  |
| October   | 11,519         | (0.0920)                  | (1,060)                       | 7,916  |
| November  | 18,615         | (0.0920)                  | (1,713)                       | 6,203  |
| December  | 34,607         | (0.0920)                  | (3,184)                       | 3,019  |
| January 2012  | 42,389         | (0.0920)                  | (3,900)                       | (880)  |
| February  | (4,866)        | (0.0920)                  | 448                           | (433)  |
| Total   | <u>217,365</u> |                           | <u>(19,998)</u>               |  |
| Estimated Annual Sales  |                |                           |                               | 222,231 Mcf  |
| Balancing Adjustment<br>( \$ 433 ÷ 222,231 Mcf)               |                |                           |                               | \$0.0019 /Mcf  |