



225 North Shore Drive
Pittsburgh, PA 15212-5861
www.eqt.com

TEL 412 395 3248
FAX 412 395 3166

March 20, 2008

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
PO Box 615
Frankfort, KY 40602

RECEIVED
MAR 24 2008
PUBLIC SERVICE
COMMISSION

RE: Equitable Gas Company
Case No.
GCR Filing Proposed to Become
Effective May 1, 2008

2008-107

Dear Ms. O'Donnell:

Enclosed are an original and five copies of Equitable Gas Company's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended January 31, 2008, for rates proposed to become effective May 1, 2008. Also included are an original and five copies of One Hundred Twenty-Second Revised Sheet No. 2 and One Hundred Fourteenth 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.

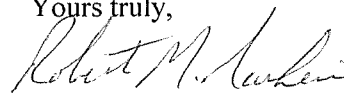
This filing proposes a GCR rate of \$13.8023 per Mcf of sales, an increase of \$2.8397 per Mcf from the current PGA, which was approved in Case No. 2007-00549 effective February 1, 2008.

For the purpose of forecasting its (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 2008 and adding an additional \$0.27 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 2008. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended January 2008.

Schedules 4 and 5 are summaries of ACA components, which are presently unreconciled.

Yours truly,


Robert M. Narkevic
Manager, Rates

Enclosures

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		\$13.8023 per MCF		\$15.9345	(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 20, 2008

EFFECTIVE: May 1, 2008

D. L. Frutchey
CHIEF REGULATORY OFFICER, EQUITABLE UTILITIES

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)	14.4556	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(0.5754)	(I)
Balance Adjustment (BA)	(0.0779)	(D)
Total Gas Cost Recovery Rate per Mcf	13.8023	(I)

(I) Indicates Increase.

ISSUED: March 20, 2008

EFFECTIVE: May 1, 2008

D. L. Frutchey
CHIEF REGULATORY OFFICER, EQUITABLE UTILITIES

Equitable Gas Company
Kentucky Division

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period May 1, 2008 through July 31, 2008

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	Expected Gas Cost (EGC)	\$/Mcf	14.4556
2	Supplier Refund (RA)	\$/Mcf	0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf	(0.5754)
4	Balance Adjustment (BA)	\$/Mcf	<u>(0.0779)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf	<u><u>13.8023</u></u>
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	Total Expected Cost of Gas	\$	3,100,926 (a)
7	Total Annual Sales	Mcf	<u>214,513 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf	<u><u>14.4556</u></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 (f)</u>
13	Supplier Refund Adjustment (RA)	\$/Mcf	<u><u>0.0000</u></u>
 <u>Actual Cost Adjustment Summary</u>			
14	Current Quarter Adjustment	\$/Mcf	(0.2498) (g)
15	Previous Quarter Adjustment	\$/Mcf	(0.1399) (d)
16	2nd Previous Quarter Adjustment	\$/Mcf	0.0317 (e)
17	3rd Previous Quarter Adjustment	\$/Mcf	(0.2174) (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf	<u><u>(0.5754)</u></u>
 <u>Balance Adjustment Summary</u>			
19	Current Quarter Adjustment	\$/Mcf	(0.0089) (h)
20	Previous Quarter Adjustment	\$/Mcf	0.0007 (d)
21	2nd Previous Quarter Adjustment	\$/Mcf	(0.0019) (e)
22	3rd Previous Quarter Adjustment	\$/Mcf	(0.0678) (f)
23	Balance Adjustment (BA)	\$/Mcf	<u><u>(0.0779)</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during November 2007 through January 2008.

(d) As approved in Case No. 2007-00549.

(e) As approved in Case No. 2007-00417.

(f) As approved in Case No. 2007-00261.

(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 January 2008 At Supplier
Costs Estimated to Become Effective May 1, 2008

	<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 February 2007	47,685	60,697	11.3622	689,651
2 March	39,473	49,620	11.3622	563,792
3 April	18,007	22,744	11.3622	258,422
4 May	8,785	11,389	11.3622	129,404
5 June	5,175	6,612	11.3622	75,127
6 July	4,313	5,468	11.3622	62,129
7 August	4,015	5,111	11.3622	58,072
8 September	3,299	4,140	11.3622	47,040
9 October	4,094	5,229	11.3622	59,413
10 November	12,298	15,574	11.3622	176,955
11 December	31,167	39,817	11.3622	452,409
12 January 2008	36,203	46,515	11.3622	528,513
13 Total	<u>214,513</u>	<u>272,916</u>	<u>-</u>	<u>3,100,926</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	February 2007	47,685
2	March	39,473
3	April	18,007
4	May	8,785
5	June	5,175
6	July	4,313
7	August	4,015
8	September	3,299
9	October	4,094
10	November	12,298
11	December	31,167
12	January 2008	36,203
13	Total	<u>214,513</u>

Equitable Gas Company
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
November 2007 through January 2008

<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	15,574	39,817	46,515	101,906
2 Supply Cost Per Books	\$	128,154	366,940	407,049	902,144
3 Sales Volume	Mcf	12,298	31,167	36,203	79,669
4 EGC Rate in Effect (a)	\$/Mcf	11.9964	11.9964	11.9964	
5 EGC Revenue (Line 3 x Line 4)	\$	147,537	373,893	434,306	955,736
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	19,383	6,953	27,257	53,592
7 Total Current Quarter Actual Cost to be included in rates					53,592
8 Sales for the 12 Months Ended January 2008					214,513
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.2498)

(a) Approved in Case No. 2007-00417.

Equitable Gas Company
Kentucky Division

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Period February 2007 through January 2008

	<u>Sales</u>	<u>ACA</u> <u>Rate</u>	<u>ACA</u> <u>Recovery</u>	<u>Over/(Under)</u> <u>Collection</u> <u>Balance</u>
	(1)	(2)	(3)	(4)
	Mcf	\$/Mcf	\$ (1) x (2)	\$
Balance Approved by the Commission in Case No. 2006-00560				49,468
<u>Actual</u>				
February 2007	47,685	(0.2217)	(10,572)	38,896
March	39,473	(0.2217)	(8,751)	30,145
April	18,007	(0.2217)	(3,992)	26,153
May	8,785	(0.2217)	(1,948)	24,205
June	5,175	(0.2217)	(1,147)	23,058
July	4,313	(0.2217)	(956)	22,102
August	4,015	(0.2217)	(890)	21,212
September	3,299	(0.2217)	(731)	20,480
October	4,094	(0.2217)	(908)	19,573
November	12,298	(0.2217)	(2,727)	16,846
December	31,167	(0.2217)	(6,910)	9,937
January 2008	36,203	(0.2217)	(8,026)	1,910
Total	<u>214,513</u>		<u>(47,558)</u>	
Estimated Annual Sales				214,513 Mcf
Balancing Adjustment (\$1,910 ÷ 214,513 Mcf)				(\$0.0089) /Mcf

Equitable Gas Company
Kentucky Division

Summary of Proposed Tariff Rates

	<u>Current Tariff Rate</u> (1) \$/Mcf (a)	<u>Current GCR Rate</u> (2) \$/Mcf (b)	<u>Proposed GCR Rate</u> (3) \$/Mcf	<u>Difference</u> (4) \$/Mcf (3) - (2)	<u>Proposed Tariff Rate</u> (5) \$/Mcf (1) + (4)
All MCF	13.0948	10.9626	13.8023	2.8397	15.9345

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

(b) Rate approved by the Commission at Case No. 2007-00549.