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September 24, 2008

Ms. Stephanie Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
PO Box 615
Frankfort, KY 40602

RECEIVED

SEP 29 2008

PUBLIC SERVICE
COMMISSION

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

Dear Ms. Stumbo:

2008-4100

Enclosed are an original and five copies of Equitable Gas Company's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended July 31, 2008, for rates proposed to become effective November 1, 2008. Also included are an original and five copies of One Hundred Twenty-Fourth Revised Sheet No. 2 and One Hundred Sixteenth 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 \$14.8971 per Mcf of sales, a decrease of \$4.7741 per Mcf from the current PGA, which was approved in Case No. 2008-00236 effective August 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 November 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 July 2008. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended July 2008.

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

Yours truly,

Robert M. Narkevic
Manager, Rates

Enclosures

EQUITABLE GAS COMPANY
225 NORTH SHORE DRIVE
PITTSBURGH, PA 15212-5861

ONE HUNDRED TWENTY-FOURTH REVISED SHEET NO. 2
CANCELING
ONE HUNDRED TWENTY-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		\$14.8971 per MCF		\$17.0293	(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 24, 2008

EFFECTIVE: November 1, 2008

D. L. Frutchey
CHIEF REGULATORY OFFICER, EQUITABLE DISTRIBUTION

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)	13.6353	(D)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	1.3002	(I)
Balance Adjustment (BA)	<u>(0.0384)</u>	(D)
Total Gas Cost Recovery Rate per Mcf	14.8971	(D)

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

ISSUED: September 24, 2008

EFFECTIVE: November 1, 2008

D. L. Frutchey
CHIEF REGULATORY OFFICER, EQUITABLE DISTRIBUTION

Equitable Gas Company
Kentucky Division

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period November 1, 2008 through January 31, 2009

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	Expected Gas Cost (EGC)	\$/Mcf	13.6353
2	Supplier Refund (RA)	\$/Mcf	0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf	1.3002
4	Balance Adjustment (BA)	\$/Mcf	<u>(0.0384)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf	<u>14.8971</u>
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	Total Expected Cost of Gas	\$	2,839,979 (a)
7	Total Annual Sales	Mcf	<u>208,281 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf	<u>13.6353</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>0.0000</u>
 <u>Actual Cost Adjustment Summary</u>			
14	Current Quarter Adjustment	\$/Mcf	1.0416 (g)
15	Previous Quarter Adjustment	\$/Mcf	0.6483 (d)
16	2nd Previous Quarter Adjustment	\$/Mcf	(0.2498) (e)
17	3rd Previous Quarter Adjustment	\$/Mcf	(0.1399) (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf	<u>1.3002</u>
 <u>Balance Adjustment Summary</u>			
19	Current Quarter Adjustment	\$/Mcf	(0.0178) (h)
20	Previous Quarter Adjustment	\$/Mcf	(0.0124) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf	(0.0089) (e)
22	3rd Previous Quarter Adjustment	\$/Mcf	0.0007 (f)
23	Balance Adjustment (BA)	\$/Mcf	<u>(0.0384)</u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during May 2008 through July 2008.

(d) As approved in Case No. 2008-00236.

(e) As approved in Case No. 2008-00107.

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

(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 July 2008 At Supplier
Costs Estimated to Become Effective November 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 August 2007	4,015	5,111	10.5497	53,920
2 September	3,299	4,140	10.5497	43,676
3 October	4,094	5,229	10.5497	55,164
4 November	12,298	15,574	10.5497	164,301
5 December	31,167	39,817	10.5497	420,057
6 January 2008	36,203	46,515	10.5497	490,719
7 February	41,103	52,713	10.5497	556,106
8 March	34,726	44,893	10.5497	473,608
9 April	20,887	27,069	10.5497	285,570
10 May	8,417	10,900	10.5497	114,992
11 June	7,111	10,838	10.5497	114,338
12 July	4,961	6,401	10.5497	67,529
13 Total	<u>208,281</u>	<u>269,200</u>	<u>-</u>	<u>2,839,979</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 14% retainage.

Equitable Gas Company
Kentucky Division

Summary of Sales

<u>Line</u> <u>No.</u>	<u>Month</u>	<u>Sales</u> (1) Mcf
1	August 2007	4,015
2	September	3,299
3	October	4,094
4	November	12,298
5	December	31,167
6	January 2008	36,203
7	February	41,103
8	March	34,726
9	April	20,887
10	May	8,417
11	June	7,111
12	July	4,961
13	Total	<u>208,281</u>

Equitable Gas Company
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
May 2008 through July 2008

<u>Description</u>	<u>Unit</u> (1)	<u>May</u> (2)	<u>June</u> (3)	<u>July</u> (4)	<u>Total</u> (5)
1 Supply Volume Per Invoice	Dth	10,900	10,838	6,401	28,139
2 Supply Cost Per Books	\$	197,471	176,908	138,731	513,110
3 Sales Volume	Mcf	8,417	7,111	4,961	20,488
4 EGC Rate in Effect (a)	\$/Mcf	14.4556	14.4556	14.4556	
5 EGC Revenue (Line 3 x Line 4)	\$	121,667	102,787	71,711	296,165
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	(75,804)	(74,121)	(67,020)	(216,945)
7 Total Current Quarter Actual Cost to be included in rates					(216,945)
8 Sales for the 12 Months Ended July 2008					208,281
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					1.0416

(a) Approved in Case No. 2008-00107.

Equitable Gas Company
Kentucky Division

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

	<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. 2006-00560				48,986
<u>Actual</u>				
August 2007	4,015	(0.2174)	(873)	48,114
September	3,299	(0.2174)	(717)	47,396
October	4,094	(0.2174)	(890)	46,506
November	12,298	(0.2174)	(2,674)	43,833
December	31,167	(0.2174)	(6,776)	37,057
January 2008	36,203	(0.2174)	(7,871)	29,187
February	41,103	(0.2174)	(8,936)	20,251
March	34,726	(0.2174)	(7,549)	12,701
April	20,887	(0.2174)	(4,541)	8,160
May	8,417	(0.2174)	(1,830)	6,330
June	7,111	(0.2174)	(1,546)	4,785
July	4,961	(0.2174)	(1,078)	3,706
Total	<u>208,281</u>		<u>(45,280)</u>	
Estimated Annual Sales				208,281 Mcf
Balancing Adjustment (\$2,562 ÷ 206,065 Mcf)				(\$0.0178) /Mcf

Equitable Gas Company
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	21.8034	19.6712	14.8971	(4.7741)	17.0293

- (a) Non-Gas Rate approved by the Commission at Case No. 2003-00411.
(b) Rate approved by the Commission at Case No. 2008-00236.