

June 23, 2010

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

RECEIVED

JUN 25 2010

PUBLIC SERVICE
COMMISSION

RE: Equitable Gas Company
Case No.
GCR Filing Proposed to Become
Effective August 1, 2010

CASE NO. 2010-00255

Dear Mr. Derouen:

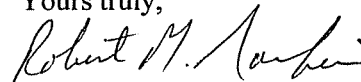
Enclosed are an original and five copies of Equitable Gas Company's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended April 30, 2010, for rates proposed to become effective August 1, 2010. Also included are an original and five copies of One Hundred Thirty-First Revised Sheet No. 2 and One Hundred Twenty-Third 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 \$4.9633 per Mcf of sales, an increase of \$0.3586 per Mcf from the current PGA, which was approved in Case No. 2010-00124 effective May 1, 2010.

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 August 2010 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 April 2010. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended April 2010. 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

All Mcf	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	(I)
	\$2.1322		\$4.9633 per MCF		\$7.0955	

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 23, 2010

EFFECTIVE: August 1, 2010

WILLIAM R. LUCAS
EXECUTIVE VICE PRESIDENT

Issued By: _____
John M. Quinn
Vice President, LDC Rates & Gas Supply

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)	8.7899	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(3.7052)	(D)
Balance Adjustment (BA)	<u>(0.1214)</u>	(D)
Total Gas Cost Recovery Rate per Mcf	4.9633	(I)

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

ISSUED: June 23, 2010

EFFECTIVE: August 1, 2010

WILLIAM R. LUCAS
 EXECUTIVE VICE PRESIDENT

Issued By: _____
 John M. Quinn
 Vice President, LDC Rates & Gas Supply

Equitable Gas Company
Kentucky Division

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period August 1, 2010 through October 31, 2010

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	Expected Gas Cost (EGC)	\$/Mcf 8.7899	
2	Supplier Refund (RA)	\$/Mcf 0.0000	
3	Actual Cost Adjustment (ACA)	\$/Mcf (3.7052)	
4	Balance Adjustment (BA)	\$/Mcf <u>(0.1214)</u>	
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf <u>4.9633</u>	
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	Total Expected Cost of Gas	\$ 1,895,122	(a)
7	Total Annual Sales	Mcf 215,603	(b)
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf <u>8.7899</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 (2.0598)	(g)
15	Previous Quarter Adjustment	\$/Mcf (1.0297)	(d)
16	2nd Previous Quarter Adjustment	\$/Mcf (0.0997)	(e)
17	3rd Previous Quarter Adjustment	\$/Mcf (0.5160)	(f)
18	Actual Cost Adjustment (ACA)	\$/Mcf <u>(3.7052)</u>	
 <u>Balance Adjustment Summary</u>			
19	Current Quarter Adjustment	\$/Mcf (0.0426)	(h)
20	Previous Quarter Adjustment	\$/Mcf (0.0023)	(d)
21	2nd Previous Quarter Adjustment	\$/Mcf (0.0456)	(e)
22	3rd Previous Quarter Adjustment	\$/Mcf (0.0309)	(f)
23	Balance Adjustment (BA)	\$/Mcf <u>(0.1214)</u>	

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during February 2010 through April 2010.

(d) As approved in Case No. 2010-00124.

(e) As approved in Case No. 2009-00537.

(f) As approved in Case No. 2009-00389.

(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 April 2010 At Supplier
Costs Estimated to Become Effective August 1, 2010

	<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 May 2009	9,371	11,588	6.8907	79,849
2 June	6,482	7,940	6.8907	54,712
3 July	4,226	5,177	6.8907	35,673
4 August	3,471	4,778	6.8907	32,924
5 September	3,170	4,363	6.8907	30,064
6 October	6,323	8,703	6.8907	59,970
7 November	12,747	17,545	6.8907	120,897
8 December	31,430	43,261	6.8907	298,099
9 January 2010	45,959	58,134	6.8907	400,584
10 February	44,223	55,185	6.8907	380,263
11 March	30,788	37,443	6.8907	258,008
12 April	17,414	20,909	6.8907	144,078
13 Total	<u>215,603</u>	<u>275,026</u>	<u>-</u>	<u>1,895,122</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	May 2009	9,371
2	June	6,482
3	July	4,226
4	August	3,471
5	September	3,170
6	October	6,323
7	November	12,747
8	December	31,430
9	January 2010	45,959
10	February	44,223
11	March	30,788
12	April	17,414
13	Total	<u>215,603</u>

Equitable Gas Company
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
February 2010 through April 2010

<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	55,185	37,443	20,909	113,537
2 Supply Cost Per Books	\$	158,511	60,274	74,359	293,144
3 Sales Volume	Mcf	44,223	30,788	17,414	92,425
4 EGC Rate in Effect (a)	\$/Mcf	7.9768	7.9768	7.9768	
5 EGC Revenue (Line 3 x Line 4)	\$	352,757	245,587	138,908	737,252
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	194,246	185,313	64,549	444,108
7 Total Current Quarter Actual Cost to be included in rates					444,108
8 Sales for the 12 Months Ended April 2010					215,603
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(2.0598)

(a) Approved in Case No. 2009-00537.

Equitable Gas Company
Kentucky Division

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Period May 2009 through April 2010

	<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. 2009-00121				235,501
<u>Actual</u>				
May 2009	9,371	(1.0497)	(9,837)	225,664
June	6,482	(1.0497)	(6,804)	218,860
July	4,226	(1.0497)	(4,436)	214,424
August	3,471	(1.0497)	(3,643)	210,781
September	3,170	(1.0497)	(3,327)	207,454
October	6,323	(1.0497)	(6,637)	200,817
November	12,747	(1.0497)	(13,380)	187,436
December	31,430	(1.0497)	(32,992)	154,444
January 2010	45,959	(1.0497)	(48,243)	106,201
February	44,223	(1.0497)	(46,421)	59,780
March	30,788	(1.0497)	(32,318)	27,462
April	17,414	(1.0497)	(18,279)	9,183
Total	<u>215,603</u>		<u>(226,318)</u>	

Estimated Annual Sales 215,603 Mcf

Balancing Adjustment (\$0.0426) /Mcf
 (\$9,183 ÷ 215,603 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	6.7369	4.6047	4.9633	0.3586	7.0955

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

(b) Rate approved by the Commission at Case No. 2010-00124.