

September 22, 2010

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

RECEIVED

2010-00376

SEP 24 2010

PUBLIC SERVICE  
COMMISSION

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

Dear Mr. Derouen:

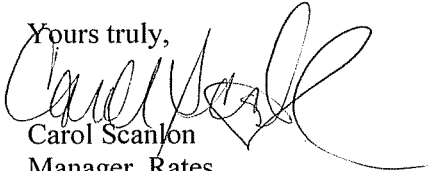
Enclosed are an original and five copies of Equitable Gas Company's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended July 31, 2010, for rates proposed to become effective November 1, 2010. Also included are an original and five copies of One Hundred Thirty-Second Revised Sheet No. 2 and One Hundred Twenty-Fourth 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 \$3.9458 per Mcf of sales, a decrease of \$1.0175 per Mcf from the current PGA, which was approved in Case No. 2010-00255 effective August 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 November 2010 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 2010. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended July 2010. 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-SECOND REVISED SHEET NO. 2  
CANCELING  
ONE HUNDRED THIRTY-FIRST 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

	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	
All Mcf	\$2.1322		\$3.9458 per MCF		\$6.0780	(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.

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(D) Indicates Decrease.

ISSUED: September 22, 2010

EFFECTIVE: November 1, 2010

Issued By: 

Carol A. Scanlon  
Manager, Rates

WILLIAM R. LUCAS  
EXECUTIVE VICE 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):

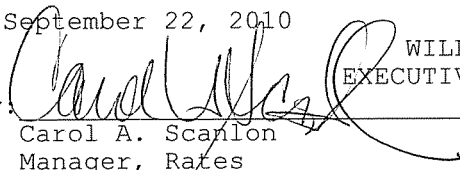
Expected Gas Supply Cost (EGC)	7.2095	(D)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(3.1660)	(I)
Balance Adjustment (BA)	<u>(0.0977)</u>	(I)
Total Gas Cost Recovery Rate per Mcf	3.9458	(D)

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

ISSUED: September 22, 2010

EFFECTIVE: November 1, 2010

Issued By:

  
Carol A. Scanlon  
Manager, Rates

WILLIAM R. LUCAS  
EXECUTIVE VICE PRESIDENT

Equitable Gas Company  
Kentucky Division

Summary of Gas Cost Recovery Rate  
Proposed to Become Effective for the  
Period November 1, 2010 through January 31, 2011

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)
<u>GCR Components</u>		
1	Expected Gas Cost (EGC)	\$/Mcf 7.2095
2	Supplier Refund (RA)	\$/Mcf 0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf (3.1660)
4	Balance Adjustment (BA)	\$/Mcf <u>(0.0977)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf <u><u>3.9458</u></u>
 <u>Expected Gas Cost Calculation (EGC)</u>		
6	Total Expected Cost of Gas	\$ 1,549,245 (a)
7	Total Annual Sales	Mcf <u>214,890</u> (b)
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf <u><u>7.2095</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</u> (f)
13	Supplier Refund Adjustment (RA)	\$/Mcf <u><u>0.0000</u></u>
 <u>Actual Cost Adjustment Summary</u>		
14	Current Quarter Adjustment	\$/Mcf 0.0232 (g)
15	Previous Quarter Adjustment	\$/Mcf (2.0598) (d)
16	2nd Previous Quarter Adjustment	\$/Mcf (1.0297) (e)
17	3rd Previous Quarter Adjustment	\$/Mcf (0.0997) (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf <u><u>(3.1660)</u></u>
 <u>Balance Adjustment Summary</u>		
19	Current Quarter Adjustment	\$/Mcf (0.0072) (h)
20	Previous Quarter Adjustment	\$/Mcf (0.0426) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf (0.0023) (e)
22	3rd Previous Quarter Adjustment	\$/Mcf (0.0456) (f)
23	Balance Adjustment (BA)	\$/Mcf <u><u>(0.0977)</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during May 2010 through July 2010.

(d) As approved in Case No. 2010-00255.

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

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

(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 2010 At Supplier  
Costs Estimated to Become Effective November 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 August 2009	3,471	4,778	5.6345	26,922
2 September	3,170	4,363	5.6345	24,583
3 October	6,323	8,703	5.6345	49,037
4 November	12,747	17,545	5.6345	98,857
5 December	31,430	43,261	5.6345	243,754
6 January 2010	45,959	58,134	5.6345	327,556
7 February	44,223	55,185	5.6345	310,940
8 March	30,788	37,443	5.6345	210,973
9 April	17,414	20,909	5.6345	117,812
10 May	10,600	12,898	5.6345	72,674
11 June	5,321	7,421	5.6345	41,814
12 July	3,445	4,317	5.6345	24,324
13 Total	<u>214,890</u>	<u>274,957</u>	<u>-</u>	<u>1,549,245</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	August 2009	3,471
2	September	3,170
3	October	6,323
4	November	12,747
5	December	31,430
6	January 2010	45,959
7	February	44,223
8	March	30,788
9	April	17,414
10	May	10,600
11	June	5,321
12	July	3,445
13	Total	<u>214,890</u>

Equitable Gas Company  
Kentucky Division

Calculation of Actual Cost Adjustment for the Period  
May 2010 through July 2010

<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	12,898	7,421	4,317	24,636
2 Supply Cost Per Books	\$	66,104	44,918	32,430	143,452
3 Sales Volume	Mcf	10,600	5,321	3,445	19,366
4 EGC Rate in Effect (a)	\$/Mcf	7.1505	7.1505	7.1505	
5 EGC Revenue (Line 3 x Line 4)	\$	75,796	38,046	24,631	138,473
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	9,692	(6,872)	(7,799)	(4,979)
7 Total Current Quarter Actual Cost to be included in rates					(4,979)
8 Sales for the 12 Months Ended April 2010					214,890
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					0.0232

(a) Approved in Case No. 2010-00124.

Equitable Gas Company  
Kentucky Division

Calculation of Balancing Adjustment for  
Over/(Under) Recoveries of Gas Cost Incurred  
During the Period August 2009 through July 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. 2009-00239.				178,660
<u>Actual</u>				
August 2009	3,471	(0.8242)	(2,860)	175,800
September	3,170	(0.8242)	(2,612)	173,187
October	6,323	(0.8242)	(5,211)	167,976
November	12,747	(0.8242)	(10,506)	157,470
December	31,430	(0.8242)	(25,905)	131,565
January 2010	45,959	(0.8242)	(37,880)	93,686
February	44,223	(0.8242)	(36,449)	57,237
March	30,788	(0.8242)	(25,375)	31,862
April	17,414	(0.8242)	(14,353)	17,509
May	10,600	(0.8242)	(8,737)	8,773
June	5,321	(0.8242)	(4,385)	4,387
July	3,445	(0.8242)	(2,839)	1,548
Total	<u>214,890</u>		<u>(177,112)</u>	

Estimated Annual Sales 214,890 Mcf

Balancing Adjustment (\$0.0072) /Mcf  
(\$1,548 ÷ 214,890 Mcf)