

**EQUITABLE**  
**GAS**  
*Delivering Everyday Excellence<sup>SM</sup>*

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December 17, 2008

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

RECEIVED  
DEC 22 2008  
REGISTRATION

RE: Equitable Gas Company  
Case No.  
GCR Filing Proposed to Become  
Effective February 1, 2009

2008-548

Dear Ms. Stumbo:

Enclosed are an original and five copies of Equitable Gas Company's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended October 31, 2008, for rates proposed to become effective February 1, 2009. Also included are an original and five copies of One Hundred Twenty-Fifth Revised Sheet No. 2 and One Hundred Seventeenth 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 \$11.5624 per Mcf of sales, a decrease of \$3.3347 per Mcf from the current PGA, which was approved in Case No. 2008-00400 effective November 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 February 2009 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 October 2008. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended October 2008. Schedules 4 and 5 are summaries of ACA components, which are presently unreconciled.

Yours truly,



Robert M. Narkevic  
Manager, Rates

Enclosures

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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		\$11.5624 per MCF		\$13.6946	(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.

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ISSUED: December 17, 2008

M. ELISE HYLAND  
PRESIDENT

EFFECTIVE: February 1, 2009

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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)	10.0355	(D)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	1.5637	(I)
Balance Adjustment (BA)	(0.0368)	(I)
Total Gas Cost Recovery Rate per Mcf	11.5624	(D)

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

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ISSUED: December 17, 2008

M. ELISE HYLAND  
PRESIDENT

EFFECTIVE: February 1, 2009

Equitable Gas Company  
Kentucky Division

Summary of Gas Cost Recovery Rate  
Proposed to Become Effective for the  
Period February 1, 2009 through April 30, 2009

Line No.	Units (1)	Amount (2)	
<u>GCR Components</u>			
1	\$/Mcf	10.0355	
2	\$/Mcf	0.0000	
3	\$/Mcf	1.5637	
4	\$/Mcf	<u>(0.0368)</u>	
5	\$/Mcf	<u>11.5624</u>	
			(EGC + RA + ACA + BA)
<u>Expected Gas Cost Calculation (EGC)</u>			
6	\$	2,091,324	(a)
7	Mcf	<u>208,393</u>	(b)
8	\$/Mcf	<u>10.0355</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	0.1236	(g)
15	\$/Mcf	1.0416	(d)
16	\$/Mcf	0.6483	(e)
17	\$/Mcf	<u>(0.2498)</u>	(f)
18	\$/Mcf	<u>1.5637</u>	
<u>Balance Adjustment Summary</u>			
19	\$/Mcf	0.0023	(h)
20	\$/Mcf	(0.0178)	(d)
21	\$/Mcf	(0.0124)	(e)
22	\$/Mcf	<u>(0.0089)</u>	(f)
23	\$/Mcf	<u>(0.0368)</u>	

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during August 2008 through October 2008.

(d) As approved in Case No. 2008-00400.

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

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

(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 October 2008 At Supplier  
Costs Estimated to Become Effective February 1, 2009

	<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)
<b><u>PURCHASES</u></b>				
1 November 2007	12,298	15,574	7.7536	120,755
2 December	31,167	39,817	7.7536	308,725
3 January 2008	36,203	46,515	7.7536	360,659
4 February	41,103	52,713	7.7536	408,716
5 March	34,726	44,893	7.7536	348,082
6 April	20,887	27,069	7.7536	209,882
7 May	8,417	10,900	7.7536	84,514
8 June	7,111	10,838	7.7536	84,034
9 July	4,961	6,401	7.7536	49,631
10 August	3,423	4,437	7.7536	34,403
11 September	3,690	4,840	7.7536	37,527
12 October	4,406	5,726	7.7536	44,397
13 Total	<u>208,393</u>	<u>269,723</u>	<u>-</u>	<u>2,091,324</u>

(a) Estimated average rate based on average Nymex prices plus TCC 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	November 2007	12,298
2	December	31,167
3	January 2008	36,203
4	February	41,103
5	March	34,726
6	April	20,887
7	May	8,417
8	June	7,111
9	July	4,961
10	August	3,423
11	September	3,690
12	October	4,406
13	Total	<u>208,393</u>

Equitable Gas Company  
Kentucky Division

Calculation of Actual Cost Adjustment for the Period  
August 2008 through October 2008

<u>Description</u>	<u>Unit</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Dth	4,437	4,840	5,726	15,003
2 Supply Cost Per Books	\$	88,731	64,768	95,760	249,260
3 Sales Volume	Mcf	3,423	3,690	4,406	11,519
4 EGC Rate in Effect (a)	\$/Mcf	19.4034	19.4034	19.4034	
5 EGC Revenue (Line 3 x Line 4)	\$	66,418	71,599	85,491	223,508
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	(22,313)	6,831	(10,269)	(25,752)
7 Total Current Quarter Actual Cost to be included in rates					(25,752)
8 Sales for the 12 Months Ended July 2008					208,393
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 + Line 8)					0.1236

(a) Approved in Case No. 2008-00236.

Equitable Gas Company  
Kentucky Division

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

	<u>Sales</u>	<u>ACA</u>	<u>ACA</u>	<u>Over/(Under)</u>
	(1)	Rate	Recovery	Collection
	Mcf	\$/Mcf	\$	Balance
			(1) x (2)	
Balance Approved by the Commission in Case No. 2006-00560				(7,081)
<u>Actual</u>				
November 2007	12,298	0.0317	390	(6,691)
December	31,167	0.0317	988	(5,703)
January 2008	36,203	0.0317	1,148	(4,555)
February	41,103	0.0317	1,303	(3,252)
March	34,726	0.0317	1,101	(2,151)
April	20,887	0.0317	662	(1,489)
May	8,417	0.0317	267	(1,222)
June	7,111	0.0317	225	(997)
July	4,961	0.0317	157	(840)
August	3,423	0.0317	109	(731)
September	3,690	0.0317	117	(614)
October	4,406	0.0317	140	(474)
Total	<u>208,393</u>		<u>6,606</u>	
Estimated Annual Sales				208,393 Mcf
Balancing Adjustment (\$474 ÷ 208,393 Mcf)				\$0.0023 /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	17.0293	14.8971	11.5624	(3.3347)	13.6946

- (a) Non-Gas Rate approved by the Commission at Case No. 2003-00411.  
(b) Rate approved by the Commission at Case No. 2008-00400.