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March 20, 2009

2009-00121

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

RECEIVED

MAR 23 2009

PUBLIC SERVICE
COMMISSION

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

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, 2009, for rates proposed to become effective May 1, 2009. Also included are an original and five copies of One Hundred Twenty-Sixth Revised Sheet No. 2 and One Hundred Eighteenth 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 \$8.1745 per Mcf of sales, a decrease of \$3.3879 per Mcf from the current PGA, which was approved in Case No. 2008-00548 effective February 1, 2009.

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 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 January 2009. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended January 2009.

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-SIXTH REVISED SHEET NO. 2
CANCELING
ONE HUNDRED TWENTY-FIFTH 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		\$8.1745 per MCF		\$10.3067	(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: March 20, 2009

M. ELISE HYLAND
PRESIDENT

EFFECTIVE: May 1, 2009

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)	7.4363	(D)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	0.7638	(D)
Balance Adjustment (BA)	<u>(0.0256)</u>	(I)
Total Gas Cost Recovery Rate per Mcf	8.1745	(D)

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

ISSUED: March 20, 2009

M. ELISE HYLAND
PRESIDENT

EFFECTIVE: May 1, 2009

Equitable Gas Company
Kentucky Division

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period May 1, 2009 through July 31, 2009

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	\$/Mcf	7.4363	
2	\$/Mcf	0.0000	
3	\$/Mcf	0.7638	
4	\$/Mcf	<u>(0.0256)</u>	
5	\$/Mcf	<u>8.1745</u>	
			(EGC + RA + ACA + BA)
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	\$	1,668,261	(a)
7	Mcf	<u>224,340</u>	(b)
8	\$/Mcf	<u>7.4363</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	(1.0497)	(g)
15	\$/Mcf	0.1236	(d)
16	\$/Mcf	1.0416	(e)
17	\$/Mcf	0.6483	(f)
18	\$/Mcf	<u>0.7638</u>	
 <u>Balance Adjustment Summary</u>			
19	\$/Mcf	0.0023	(h)
20	\$/Mcf	0.0023	(d)
21	\$/Mcf	(0.0178)	(e)
22	\$/Mcf	(0.0124)	(f)
23	\$/Mcf	<u>(0.0256)</u>	

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during November 2008 through January 2009.

(d) As approved in Case No. 2008-00548.

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

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

(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 2009 At Supplier
Costs Estimated to Become Effective May 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)
<u>PURCHASES</u>				
1 February 2008	41,103	52,713	5.7396	302,552
2 March	34,726	44,893	5.7396	257,668
3 April	20,887	27,069	5.7396	155,365
4 May	8,417	10,900	5.7396	62,562
5 June	7,111	10,838	5.7396	62,206
6 July	4,961	6,401	5.7396	36,739
7 August	3,423	4,437	5.7396	25,467
8 September	3,690	4,840	5.7396	27,780
9 October	4,406	5,726	5.7396	32,865
10 November	16,258	21,005	5.7396	120,560
11 December	37,866	48,585	5.7396	278,858
12 January 2009	41,493	53,251	5.7396	305,639
13 Total	<u>224,340</u>	<u>290,658</u>	<u>-</u>	<u>1,668,261</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	February 2008	41,103
2	March	34,726
3	April	20,887
4	May	8,417
5	June	7,111
6	July	4,961
7	August	3,423
8	September	3,690
9	October	4,406
10	November	16,258
11	December	37,866
12	January 2009	41,493
13	Total	<u>224,340</u>

Equitable Gas Company
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
November 2008 through January 2009

<u>Description</u>	<u>Unit</u> (1)	<u>November</u> (2)	<u>December</u> (3)	<u>January</u> (4)	<u>Total</u> (5)
1 Supply Volume Per Invoice	Dth	21,005	48,585	53,251	122,841
2 Supply Cost Per Books	\$	259,455	403,713	405,086	1,068,253
3 Sales Volume	Mcf	16,258	37,866	41,493	95,616
4 EGC Rate in Effect (a)	\$/Mcf	13.6353	13.6353	13.6353	
5 EGC Revenue (Line 3 x Line 4)	\$	221,677	516,307	565,770	1,303,754
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	(37,778)	112,594	160,684	235,501
7 Total Current Quarter Actual Cost to be included in rates					235,501
8 Sales for the 12 Months Ended January 2009					224,340
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(1.0497)

(a) Approved in Case No. 2008-00400.

Equitable Gas Company
Kentucky Division

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Period February 2008 through January 2009

	<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. 2007-00549				30,864
<u>Actual</u>				
February 2008	41,103	(0.1399)	(5,750)	25,114
March	34,726	(0.1399)	(4,858)	20,256
April	20,887	(0.1399)	(2,922)	17,333
May	8,417	(0.1399)	(1,177)	16,156
June	7,111	(0.1399)	(995)	15,161
July	4,961	(0.1399)	(694)	14,467
August	3,423	(0.1399)	(479)	13,988
September	3,690	(0.1399)	(516)	13,472
October	4,406	(0.1399)	(616)	12,856
November	16,258	(0.1399)	(2,274)	10,581
December	37,866	(0.1399)	(5,297)	5,284
January 2009	41,493	(0.1399)	(5,805)	(521)
Total	<u>224,340</u>		<u>(31,385)</u>	
Estimated Annual Sales				224,340 Mcf
Balancing Adjustment (\$521 ÷ 224,340 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	13.6946	11.5624	8.1745	(3.3879)	10.3067

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

(b) Rate approved by the Commission at Case No. 2008-00548.