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June 22, 2009

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

RECEIVED

JUN 25 2009

PUBLIC SERVICE
COMMISSION

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

2009-00239

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 April 30, 2009, for rates proposed to become effective August 1, 2009. Also included are an original and five copies of One Hundred Twenty-Seventh Revised Sheet No. 2 and One Hundred Nineteenth 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 \$7.1601 per Mcf of sales, a decrease of \$1.0144 per Mcf from the current PGA, which was approved in Case No. 2009-00121 effective May 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 August 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 April 2009. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended April 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, LLC
225 NORTH SHORE DRIVE
PITTSBURGH, PA 15212-5861

ONE HUNDRED TWENTY-SEVENTH REVISED SHEET NO. 2
CANCELING
ONE HUNDRED TWENTY-SIXTH 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		\$7.1601 per MCF		\$9.2923	(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: June 22, 2009

M. ELISE HYLAND
PRESIDENT

EFFECTIVE: August 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)	7.8794	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(0.7087)	(D)
Balance Adjustment (BA)	(0.0106)	(I)
Total Gas Cost Recovery Rate per Mcf	<u>7.1601</u>	(D)

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

ISSUED: June 22, 2009

M. ELISE HYLAND
PRESIDENT

EFFECTIVE: August 1, 2009

Equitable Gas Company
Kentucky Division

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

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)
<u>GCR Components</u>		
1	Expected Gas Cost (EGC) \$/Mcf	7.8794
2	Supplier Refund (RA) \$/Mcf	0.0000
3	Actual Cost Adjustment (ACA) \$/Mcf	(0.7087)
4	Balance Adjustment (BA) \$/Mcf	<u>(0.0106)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA) \$/Mcf	<u><u>7.1601</u></u>
 <u>Expected Gas Cost Calculation (EGC)</u>		
6	Total Expected Cost of Gas \$	1,708,016 (a)
7	Total Annual Sales Mcf	<u>216,771 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7) \$/Mcf	<u><u>7.8794</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 (f)</u>
13	Supplier Refund Adjustment (RA) \$/Mcf	<u><u>0.0000</u></u>
 <u>Actual Cost Adjustment Summary</u>		
14	Current Quarter Adjustment \$/Mcf	(0.8242) (g)
15	Previous Quarter Adjustment \$/Mcf	(1.0497) (d)
16	2nd Previous Quarter Adjustment \$/Mcf	0.1236 (e)
17	3rd Previous Quarter Adjustment \$/Mcf	1.0416 (f)
18	Actual Cost Adjustment (ACA) \$/Mcf	<u><u>(0.7087)</u></u>
 <u>Balance Adjustment Summary</u>		
19	Current Quarter Adjustment \$/Mcf	0.0026 (h)
20	Previous Quarter Adjustment \$/Mcf	0.0023 (d)
21	2nd Previous Quarter Adjustment \$/Mcf	0.0023 (e)
22	3rd Previous Quarter Adjustment \$/Mcf	(0.0178) (f)
23	Balance Adjustment (BA) \$/Mcf	<u><u>(0.0106)</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during February 2009 through April 2009.

(d) As approved in Case No. 2009-00121.

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

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

(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 2009 At Supplier
Costs Estimated to Become Effective August 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 May 2008	8,417	10,900	6.0827	66,301
2 June	7,111	10,838	6.0827	65,924
3 July	4,961	6,401	6.0827	38,935
4 August	3,423	4,437	6.0827	26,989
5 September	3,690	4,840	6.0827	29,440
6 October	4,406	5,726	6.0827	34,830
7 November	16,258	21,005	6.0827	127,767
8 December	37,866	48,585	6.0827	295,528
9 January 2009	41,493	53,251	6.0827	323,910
10 February	43,750	56,363	6.0827	342,839
11 March	27,300	35,137	6.0827	213,728
12 April	18,097	23,316	6.0827	141,824
13 Total	<u>216,771</u>	<u>280,799</u>	<u>-</u>	<u>1,708,016</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 2008	8,417
2	June	7,111
3	July	4,961
4	August	3,423
5	September	3,690
6	October	4,406
7	November	16,258
8	December	37,866
9	January 2009	41,493
10	February	43,750
11	March	27,300
12	April	18,097
13	Total	<u>216,771</u>

Equitable Gas Company
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
February 2009 through April 2009

<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	56,363	35,137	23,316	114,816
2 Supply Cost Per Books	\$	318,831	219,542	177,609	715,982
3 Sales Volume	Mcf	43,750	27,300	18,097	89,148
4 EGC Rate in Effect (a)	\$/Mcf	10.0355	10.0355	10.0355	
5 EGC Revenue (Line 3 x Line 4)	\$	439,054	273,973	181,615	894,642
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	120,223	54,431	4,006	178,660
7 Total Current Quarter Actual Cost to be included in rates					178,660
8 Sales for the 12 Months Ended April 2009					216,771
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.8242)

(a) Approved in Case No. 2008-00548.

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. 2008-00107				53,592
<u>Actual</u>				
May 2008	8,417	(0.2498)	(2,102)	51,490
June	7,111	(0.2498)	(1,776)	49,713
July	4,961	(0.2498)	(1,239)	48,474
August	3,423	(0.2498)	(855)	47,619
September	3,690	(0.2498)	(922)	46,697
October	4,406	(0.2498)	(1,101)	45,597
November	16,258	(0.2498)	(4,061)	41,536
December	37,866	(0.2498)	(9,459)	32,077
January 2009	41,493	(0.2498)	(10,365)	21,712
February	43,750	(0.2498)	(10,929)	10,783
March	27,300	(0.2498)	(6,820)	3,963
April	18,097	(0.2498)	(4,521)	(557)
Total	<u>216,771</u>		<u>(54,149)</u>	

Estimated Annual Sales	216,771 Mcf
Balancing Adjustment (\$557 ÷ 216,771 Mcf)	\$0.0026 /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	10.3067	8.1745	7.1601	(1.0144)	9.2923

- (a) Non-Gas Rate approved by the Commission at Case No. 2003-00411.
(b) Rate approved by the Commission at Case No. 2009-00121.