

December 21, 2009

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

2009-00537

**RECEIVED**

DEC 23 2009

**PUBLIC SERVICE  
COMMISSION**

RE: Equitable Gas Company  
Case No.  
GCR Filing Proposed to Become  
Effective February 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 October 31, 2009, for rates proposed to become effective February 1, 2010. Also included are an original and five copies of One Hundred Twenty-Ninth Revised Sheet No. 2 and One Hundred Twenty-First 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 \$5.4156 per Mcf of sales, a decrease of \$0.1783 per Mcf from the current PGA, which was approved in Case No. 2009-00389 effective November 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 February 2010 and adding an additional \$0.15 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 2009. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended October 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, INC.  
225 NORTH SHORE DRIVE  
PITTSBURGH, PA 15212-5861

ONE HUNDRED TWENTY-NINTH REVISED SHEET NO. 2  
CANCELING  
ONE HUNDRED TWENTY-EIGHTH 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		\$5.4156 per MCF		\$7.5478	(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 21, 2009

M. ELISE HYLAND  
PRESIDENT

EFFECTIVE: February 1, 2010

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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)	7.9768	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(2.4896)	(D)
Balance Adjustment (BA)	<u>(0.0716)</u>	(D)
Total Gas Cost Recovery Rate per Mcf	5.4156	(D)

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

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ISSUED: December 21, 2009

M. ELISE HYLAND  
PRESIDENT

EFFECTIVE: February 1, 2010

Equitable Gas Company  
Kentucky Division

Summary of Gas Cost Recovery Rate  
Proposed to Become Effective for the  
Period February 1, 2010 through April 30, 2010

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	Expected Gas Cost (EGC)	\$/Mcf	7.9768
2	Supplier Refund (RA)	\$/Mcf	0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf	(2.4896)
4	Balance Adjustment (BA)	\$/Mcf	<u>(0.0716)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf	<u><u>5.4156</u></u>
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	Total Expected Cost of Gas	\$	1,737,389 (a)
7	Total Annual Sales	Mcf	<u>217,806 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf	<u><u>7.9768</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	(0.0997) (g)
15	Previous Quarter Adjustment	\$/Mcf	(0.5160) (d)
16	2nd Previous Quarter Adjustment	\$/Mcf	(0.8242) (e)
17	3rd Previous Quarter Adjustment	\$/Mcf	(1.0497) (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf	<u><u>(2.4896)</u></u>
 <u>Balance Adjustment Summary</u>			
19	Current Quarter Adjustment	\$/Mcf	(0.0456) (h)
20	Previous Quarter Adjustment	\$/Mcf	(0.0309) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf	0.0026 (e)
22	3rd Previous Quarter Adjustment	\$/Mcf	0.0023 (f)
23	Balance Adjustment (BA)	\$/Mcf	<u><u>(0.0716)</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during August 2009 through October 2009.

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

(e) As approved in Case No. 2009-00239.

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

(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 2009 At Supplier  
Costs Estimated to Become Effective February 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 November 2008	16,258	21,005	6.2004	130,239
2 December	37,866	48,585	6.2004	301,246
3 January 2009	41,493	53,251	6.2004	330,178
4 February	43,750	56,363	6.2004	349,473
5 March	27,300	35,137	6.2004	217,863
6 April	18,097	23,316	6.2004	144,569
7 May	9,371	11,588	6.2004	71,850
8 June	6,482	7,940	6.2004	49,231
9 July	4,226	5,177	6.2004	32,099
10 August	3,471	4,778	6.2004	29,626
11 September	3,170	4,363	6.2004	27,052
12 October	6,323	8,703	6.2004	53,962
13 Total	<u>217,806</u>	<u>280,206</u>	<u>-</u>	<u>1,737,389</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	November 2008	16,258
2	December	37,866
3	January 2009	41,493
4	February	43,750
5	March	27,300
6	April	18,097
7	May	9,371
8	June	6,482
9	July	4,226
10	August	3,471
11	September	3,170
12	October	6,323
13	Total	<u>217,806</u>

Equitable Gas Company  
Kentucky Division

Calculation of Actual Cost Adjustment for the Period  
August 2009 through October 2009

<u>Description</u>	<u>Unit</u> (1)	<u>August</u> (2)	<u>September</u> (3)	<u>October</u> (4)	<u>Total</u> (5)
1 Supply Volume Per Invoice	Dth	4,778	4,363	8,703	17,844
2 Supply Cost Per Books	\$	21,523	16,999	41,898	80,420
3 Sales Volume	Mcf	3,471	3,170	6,323	12,963
4 EGC Rate in Effect (a)	\$/Mcf	7.8794	7.8794	7.8794	
5 EGC Revenue (Line 3 x Line 4)	\$	27,345	24,974	49,822	102,141
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	5,822	7,975	7,924	21,721
7 Total Current Quarter Actual Cost to be included in rates					21,721
8 Sales for the 12 Months Ended October 2009					217,806
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.0997)

(a) Approved in Case No. 2009-00239.

Equitable Gas Company  
Kentucky Division

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

	<u>Sales</u>	<u>ACA</u>	<u>ACA</u>	<u>Over/(Under)</u>
	(1)	Rate	Recovery	Collection
	Mcf	\$/Mcf	\$	Balance
			(1) x (2)	(4)
				\$
Balance Approved by the Commission in Case No. 2008-00400				(216,945)
<u>Actual</u>				
November 2008	16,258	1.0416	16,934	(200,011)
December	37,866	1.0416	39,441	(160,571)
January 2009	41,493	1.0416	43,219	(117,351)
February	43,750	1.0416	45,570	(71,781)
March	27,300	1.0416	28,436	(43,345)
April	18,097	1.0416	18,850	(24,495)
May	9,371	1.0416	9,761	(14,734)
June	6,482	1.0416	6,752	(7,983)
July	4,226	1.0416	4,402	(3,581)
August	3,471	1.0416	3,615	34
September	3,170	1.0416	3,301	3,335
October	6,323	1.0416	6,586	9,921
Total	<u>217,806</u>		<u>226,866</u>	
Estimated Annual Sales				217,806 Mcf
Balancing Adjustment (\$9,921 ÷ 217,806 Mcf)				(\$0.0456) /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	7.7261	5.5939	5.4156	(0.1783)	7.5478

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

(b) Rate approved by the Commission at Case No. 2009-00389.