

March 19, 2010

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

RECEIVED

MAR 22 2010

PUBLIC SERVICE
COMMISSION

2010-00124

RE: Equitable Gas Company
Case No.
GCR Filing Proposed to Become
Effective May 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 January 31, 2010, for rates proposed to become effective May 1, 2010. Also included are an original and five copies of One Hundred Thirtieth Revised Sheet No. 2 and One Hundred Twenty-Second 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.

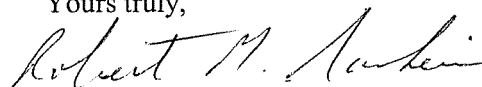
This filing proposes a GCR rate of \$4.6047 per Mcf of sales, a decrease of \$0.8109 per Mcf from the current PGA, which was approved in Case No. 2009-00537 effective February 1, 2010.

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 2009 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 January 2010. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended January 2010.

Schedules 4 and 5 are summaries of ACA components, which are presently unreconciled.

Yours truly,



Robert M. Narkevic
Manager, Rates

Enclosures

RATE

Customer: VariousExpiration: 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

All Mcf	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	(D)
	\$2.1322		\$4.6047 per MCF		\$6.7369	

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 19, 2010

EFFECTIVE: May 1, 2010

Issued By: _____
Robert M. Narkevic
Manager, Rates

M. ELISE HYLAND
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)	7.1505	(D)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(2.4696)	(I)
Balance Adjustment (BA)	(0.0762)	(D)
Total Gas Cost Recovery Rate per Mcf	<u>4.6047</u>	(D)

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

ISSUED: March 19, 2010

EFFECTIVE: May 1, 2010

Issued By: _____

Robert M. Narkevic
Manager, Rates

M. ELISE HYLAND
PRESIDENT

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	7.1505
2	Supplier Refund (RA)	\$/Mcf	0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf	(2.4696)
4	Balance Adjustment (BA)	\$/Mcf	<u>(0.0762)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf	<u><u>4.6047</u></u>
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	Total Expected Cost of Gas	\$	1,518,241 (a)
7	Total Annual Sales	Mcf	<u>212,326 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf	<u><u>7.1505</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	(1.0297) (g)
15	Previous Quarter Adjustment	\$/Mcf	(0.0997) (d)
16	2nd Previous Quarter Adjustment	\$/Mcf	(0.5160) (e)
17	3rd Previous Quarter Adjustment	\$/Mcf	(0.8242) (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf	<u><u>(2.4696)</u></u>
 <u>Balance Adjustment Summary</u>			
19	Current Quarter Adjustment	\$/Mcf	(0.0023) (h)
20	Previous Quarter Adjustment	\$/Mcf	(0.0456) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf	(0.0309) (e)
22	3rd Previous Quarter Adjustment	\$/Mcf	0.0026 (f)
23	Balance Adjustment (BA)	\$/Mcf	<u><u>(0.0762)</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during November 2009 through January 2010.

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

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

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

(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 2010 At Supplier
Costs Estimated to Become Effective May 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 February 2009	43,750	56,363	5.4948	309,703
2 March	27,300	35,137	5.4948	193,071
3 April	18,097	23,316	5.4948	128,117
4 May	9,371	11,588	5.4948	63,674
5 June	6,482	7,940	5.4948	43,629
6 July	4,226	5,177	5.4948	28,447
7 August	3,471	4,778	5.4948	26,254
8 September	3,170	4,363	5.4948	23,974
9 October	6,323	8,703	5.4948	47,821
10 November	12,747	17,545	5.4948	96,406
11 December	31,430	43,261	5.4948	237,711
12 January 2010	45,959	58,134	5.4948	319,435
13 Total	<u>212,326</u>	<u>276,305</u>	<u>-</u>	<u>1,518,241</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 2009	43,750
2	March	27,300
3	April	18,097
4	May	9,371
5	June	6,482
6	July	4,226
7	August	3,471
8	September	3,170
9	October	6,323
10	November	12,747
11	December	31,430
12	January 2010	45,959
13	Total	<u>212,326</u>

Equitable Gas Company
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
November 2009 through January 2010

<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	17,545	43,261	58,134	118,940
2 Supply Cost Per Books	\$	62,573	174,365	255,051	491,989
3 Sales Volume	Mcf	12,747	31,430	45,959	90,136
4 EGC Rate in Effect (a)	\$/Mcf	7.8839	7.8839	7.8839	
5 EGC Revenue (Line 3 x Line 4)	\$	100,495	247,791	362,339	710,625
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	37,922	73,426	107,288	218,636
7 Total Current Quarter Actual Cost to be included in rates					218,636
8 Sales for the 12 Months Ended January 2010					212,326
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(1.0297)

(a) Approved in Case No. 2009-00389.

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>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. 2008-00400				(25,752)
<u>Actual</u>				
February 2009	43,750	0.1236	5,408	(20,344)
March	27,300	0.1236	3,374	(16,970)
April	18,097	0.1236	2,237	(14,733)
May	9,371	0.1236	1,158	(13,575)
June	6,482	0.1236	801	(12,774)
July	4,226	0.1236	522	(12,252)
August	3,471	0.1236	429	(11,823)
September	3,170	0.1236	392	(11,431)
October	6,323	0.1236	782	(10,649)
November	12,747	0.1236	1,576	(9,074)
December	31,430	0.1236	3,885	(5,189)
January 2010	45,959	0.1236	5,681	492
Total	<u>212,326</u>		<u>26,243</u>	
Estimated Annual Sales				212,326 Mcf
Balancing Adjustment (\$492 ÷ 212,326 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	7.5478	5.4156	4.6047	(0.8109)	6.7369

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

(b) Rate approved by the Commission at Case No. 2009-00537.