

December 21, 2011

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

RECEIVED

DEC 27 2011

PUBLIC SERVICE  
COMMISSION

RE: Equitable Gas Company, LLC  
Case No.  
GCR Filing Proposed to Become  
Effective February 1, 2012

Dear Mr. Derouen:

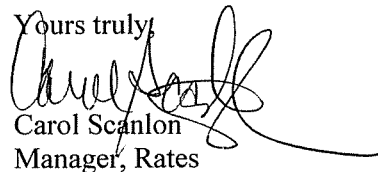
Enclosed are an original and ten copies of Equitable Gas Company, LLC's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended October 31, 2011, for rates proposed to become effective February 1, 2012. Also included are an original and ten copies of One Hundred Thirty-Seventh Revised Sheet No. 2 and One Hundred Twenty-Ninth 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 \$4.3869 per Mcf of sales, a decrease of \$1.6173 per Mcf from the current PGA, which was approved in Case No. 2011-00389 effective November 1, 2011.

For the purpose of forecasting, 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 2011 and adding an additional \$0.150 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 2011. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended October 2011. Schedules 4 and 5 are summaries of ACA components, which are presently unreconciled.

Yours truly,



Carol Scanlon  
Manager, Rates

Enclosures

EQUITABLE GAS COMPANY, LLC  
225 NORTH SHORE DRIVE  
PITTSBURGH, PA 15212-5861

ONE HUNDRED THIRTY-SEVENTH REVISED SHEET NO. 2  
CANCELING  
ONE HUNDRED THIRTY-SIXTH 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

All Mcf	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	(D)
	\$2.1322		\$4.3869 per MCF		\$6.5191	

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, 2011

EFFECTIVE: February 1, 2012

WILLIAM R. LUCAS  
EXECUTIVE VICE PRESIDENT

Issued By: /S/Carol A. Scanlon  
Carol A. Scanlon  
Manager, Rates

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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)	5.4088	(D)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(1.0364)	(D)
Balance Adjustment (BA)	0.0145	(I)
Total Gas Cost Recovery Rate per Mcf	<u>4.3869</u>	(D)

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

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ISSUED: December 21, 2011

EFFECTIVE: February 1, 2012

WILLIAM R. LUCAS  
EXECUTIVE VICE PRESIDENT

Issued By: /S/Carol A. Scanlon  
Carol A. Scanlon  
Manager, Rates

Equitable Gas Company, LLC  
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	8.1364	6.0042	4.3869	(1.6173)	6.5191

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

(b) Rate approved by the Commission at Case No. 2011-00389.

Equitable Gas Company, LLC  
Kentucky Division

Summary of Gas Cost Recovery Rate  
Proposed to Become Effective for the  
Period February 1, 2012 through April 30, 2012

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	\$/Mcf	5.4088	
2	\$/Mcf	0.0000	
3	\$/Mcf	(1.0364)	
4	\$/Mcf	<u>0.0145</u>	
5	\$/Mcf	<u>4.3869</u>	
			(EGC + RA + ACA + BA)
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	\$	1,218,977	(a)
7	Mcf	<u>225,368</u>	(b)
8	\$/Mcf	<u>5.4088</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	(0.3257)	(g)
15	\$/Mcf	(0.3845)	(d)
16	\$/Mcf	(0.1428)	(e)
17	\$/Mcf	(0.1834)	(f)
18	\$/Mcf	<u>(1.0364)</u>	
 <u>Balance Adjustment Summary</u>			
19	\$/Mcf	(0.0011)	(h)
20	\$/Mcf	0.0067	(d)
21	\$/Mcf	0.0074	(e)
22	\$/Mcf	0.0015	(f)
23	\$/Mcf	<u>0.0145</u>	

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during August 2011 through October 2011.

(d) As approved in Case No. 2011-00389.

(e) As approved in Case No. 2011-00215.

(f) As approved in Case No. 2011-00101.

(g) See Schedule 4.

(h) See Schedule 5.

Equitable Gas Company, LLC  
Kentucky Division

Calculation of Expected Gas Cost Based on Purchases  
for the Twelve Months Ended October 2011 At Supplier  
Costs Estimated to Become Effective February 1, 2012

	<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	13,494	16,531	4.6555	76,960
2 December	38,201	46,796	4.6555	217,859
3 January 2011	47,052	57,643	4.6555	268,357
4 February	40,980	50,203	4.6555	233,720
5 March	27,486	33,671	4.6555	156,755
6 April	16,560	20,083	4.6555	93,496
7 May	9,806	12,012	4.6555	55,922
8 June	7,230	6,518	4.6555	30,345
9 July	4,781	5,856	4.6555	27,263
10 August	3,340	4,092	4.6555	19,050
11 September	4,918	2,833	4.6555	13,189
12 October	11,519	5,598	4.6555	26,061
13 Total	<u>225,368</u>	<u>261,836</u>	<u>-</u>	<u>1,218,977</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 11% retainage.

Equitable Gas Company, LLC  
Kentucky Division

## Summary of Sales

<u>Line</u> <u>No.</u>	<u>Month</u>	<u>Sales</u> (1) Mcf
1	November	13,494
2	December	38,201
3	January 2011	47,052
4	February	40,980
5	March	27,486
6	April	16,560
7	May	9,806
8	June	7,230
9	July	4,781
10	August	3,340
11	September	4,918
12	October	11,519
13	Total	<u>225,368</u>

Equitable Gas Company, LLC  
Kentucky Division

Calculation of Actual Cost Adjustment for the Period  
August 2011 through October 2011

<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	3,795	5,361	5,895	15,051
2 Supply Cost Per Books	\$	23,892	30,610	31,716	86,218
3 Sales Volume	Mcf	3,340	4,918	11,519	19,777
4 EGC Rate in Effect (a)	\$/Mcf	8.0704	8.0704	8.0704	
5 EGC Revenue (Line 3 x Line 4)	\$	26,958	39,688	92,964	159,610
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	3,066	9,078	61,248	73,392
7 Total Current Quarter Actual Cost to be included in rates					73,392
8 Sales for the 12 Months Ended July 2011					225,368
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.3257)

(a) Approved in Case No. 2011-00215.



Equitable Gas Company, LLC  
Kentucky Division

Calculation of Balancing Adjustment for  
Over/(Under) Recoveries of Gas Cost Incurred  
During the Twelve Month Period Beginning November 2010

	<u>Sales</u>	<u>ACA Rate</u>	<u>ACA Recovery</u>	<u>Over/(Under) Collection Balance</u>
	(1)	(2)	(3)	(4)
	Mcf	\$/Mcf	\$ (1) x (2)	\$
Balance Approved by the Commission in Case No. 2010-00376.				(4,979)
<u>Actual</u>				
November	13,494	0.0232	313	(4,666)
December	38,201	0.0232	886	(3,780)
January 2011	47,052	0.0232	1,092	(2,688)
February	40,980	0.0232	951	(1,737)
March	27,486	0.0232	638	(1,100)
April	16,560	0.0232	384	(715)
May	9,806	0.0232	228	(488)
June	7,230	0.0232	168	(320)
July	4,781	0.0232	111	(209)
August	3,340	0.0232	77	(132)
September	4,918	0.0232	114	(18)
October	11,519	0.0232	267	250
November 2011	575	0.0232	13	263
Total	<u>225,943</u>		<u>5,229</u>	

Estimated Annual Sales 225,368 Mcf

Balancing Adjustment (\$0.0011) /Mcf  
( \$ 263 ÷ 225,368 Mcf)