

September 20, 2012

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

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

RECEIVED

SEP 24 2012

PUBLIC SERVICE
COMMISSION

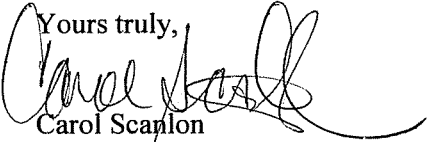
Dear Mr. Derouen:

Enclosed are an original and ten copies of Equitable Gas Company, LLC's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended July 31, 2012, for rates proposed to become effective November 1, 2012. Also included are an original and ten copies of One Hundred Fortieth Revised Sheet No. 2 and One Hundred Thirty-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 \$4.6238 per Mcf of sales, an increase of \$1.8099 per Mcf from the current PGA, which was approved in Case No. 2012-00259 effective August 1, 2012.

For the purpose of forecasting its Expected Gas Cost (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 2012.

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 July 2012. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended July 2012. Schedules 4 and 5 are summaries of ACA components, which are presently unreconciled.

Yours truly,

Carol Scanlon
Manager, Rates

Enclosures

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		\$4.6238 per MCF		\$6.7560	(I)

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.

(I) Indicates Increase.

ISSUED: September 20, 2012

EFFECTIVE: November 1, 2012

WILLIAM R. LUCAS
PRESIDENT

Issued By: _____
Carol A. Scanlon
Manager, Rates

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)	5.3977	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(0.7182)	(I)
Balance Adjustment (BA)	<u>(0.0557)</u>	(D)
Total Gas Cost Recovery Rate per Mcf	4.6238	(I)

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

ISSUED: September 20, 2012

WILLIAM R. LUCAS
PRESIDENT

EFFECTIVE: November 1, 2012

Issued By: _____
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	4.9461	2.8139	4.6238	1.8099	6.7560

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

(b) Rate approved by the Commission at Case No. 2012-00259.

Equitable Gas Company, LLC
Kentucky Division

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period November 1, 2012 through January 31, 2013

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)
<u>GCR Components</u>		
1	Expected Gas Cost (EGC)	\$/Mcf 5.3977
2	Supplier Refund (RA)	\$/Mcf 0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf (0.7182)
4	Balance Adjustment (BA)	\$/Mcf <u>(0.0557)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf <u><u>4.6238</u></u>
 <u>Expected Gas Cost Calculation (EGC)</u>		
6	Total Expected Cost of Gas	\$ 976,519 (a)
7	Total Annual Sales	Mcf <u>180,915 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf <u><u>5.3977</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 0.0881 (g)
15	Previous Quarter Adjustment	\$/Mcf 0.0307 (d)
16	2nd Previous Quarter Adjustment	\$/Mcf (0.5113) (e)
17	3rd Previous Quarter Adjustment	\$/Mcf (0.3257) (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf <u><u>(0.7182)</u></u>
 <u>Balance Adjustment Summary</u>		
19	Current Quarter Adjustment	\$/Mcf (0.0260) (h)
20	Previous Quarter Adjustment	\$/Mcf (0.0305) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf 0.0019 (e)
22	3rd Previous Quarter Adjustment	\$/Mcf (0.0011) (f)
23	Balance Adjustment (BA)	\$/Mcf <u><u>(0.0557)</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during May 2012 through July 2012.

(d) As approved in Case No. 2012-00259.

(e) As approved in Case No. 2012-00111.

(f) As approved in Case No. 2011-00517.

(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 July 2012 At Supplier
Costs Estimated to Become Effective November 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 August	3,340	4,092	4.4203	18,088
2 September	4,918	2,833	4.4203	12,523
3 October	11,519	6,822	4.4203	30,155
4 November	18,615	18,510	4.4203	81,820
5 December	34,607	32,389	4.4203	143,169
6 January 2012	42,389	49,020	4.4203	216,683
7 February	28,116	38,990	4.4203	172,347
8 March	12,517	30,050	4.4203	132,830
9 April	14,365	18,874	4.4203	83,429
10 May	3,901	12,012	4.4203	53,097
11 June	3,893	(39)	4.4203	(172)
12 July	2,736	7,364	4.4203	32,551
13 Total	<u>180,915</u>	<u>220,917</u>	<u>-</u>	<u>976,519</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	August	3,340
2	September	4,918
3	October	11,519
4	November	18,615
5	December	34,607
6	January 2012	42,389
7	February	28,116
8	March	12,517
9	April	14,365
10	May	3,901
11	June	3,893
12	July	2,736
13	Total	<u>180,915</u>

Equitable Gas Company, LLC
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
May 2012 through July 2012

<u>Description</u>	<u>Unit</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Dth	8,392	4,031	7,364	19,787
2 Supply Cost Per Books	\$	24,058	8,043	26,801	58,902
3 Sales Volume (c)	Mcf	(2,867) 6,768	3,893	2,736	10,530
4 EGC Rate in Effect (a), (c)	\$/Mcf	5.4088			
EGC Rate in Effect (b), (c)		4.3646	4.3646	4.3646	
5 EGC Revenue (Line 3 x Line 4)	\$	14,032	16,992	11,940	42,964
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	(10,026)	8,949	(14,861)	(15,938)
7 Total Current Quarter Actual Cost to be included in rates					(15,938)
8 Sales for the 12 Months Ended July 2012					180,915
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					0.0881

(a) Approved in Case No. 2011-00517.

(b) Approved in Case No. 2012-00111.

(c) May pro-rated for rate change.

Equitable Gas Company, LLC
Kentucky Division

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Twelve Month Period Beginning August 2011

	<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. 2011-00215.				30,530
<u>Actual</u>				
August	3,340	(0.1428)	(477)	30,053
September	4,918	(0.1428)	(702)	29,351
October	12,094	(0.1428)	(1,727)	27,624
November	18,040	(0.1428)	(2,576)	25,048
December	34,607	(0.1428)	(4,942)	20,106
January 2012	37,523	(0.1428)	(5,358)	14,748
February	32,982	(0.1428)	(4,710)	10,038
March	12,517	(0.1428)	(1,787)	8,251
April	11,498	(0.1428)	(1,642)	6,609
May	6,768	(0.1428)	(966)	5,642
June	3,893	(0.1428)	(556)	5,086
July	2,635	(0.1428)	(376)	4,710
 Total	 <u>180,814</u>		 <u>(25,820)</u>	
 Estimated Annual Sales				 180,915 Mcf
Balancing Adjustment (\$ 4,710 ÷ 180,915 Mcf)				(\$0.0260) /Mcf