

EQUITABLE GAS COMPANY,
a division of Equitable Resources, Inc.
before the
PENNSYLVANIA PUBLIC UTILITY COMMISSION
Docket No. R-2008-2029325

INFORMATION SUBMITTED PURSUANT TO:
Title 52 Pennsylvania Code § 53.51, et seq.,
Pa. P.U.C. Regulations Re: Filing of Rate Changes

EXHIBIT VI
STANDARD DATA REQUESTS
VOLUME 2 OF 3

Revenue Requirements Interrogatories
(Part 2 of 2)

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P.95

Equitable Exhibit VI

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Volume 2 of 3

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Equitable Gas Company's 2008 General Rate Filing

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Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 24: Please provide a description of each employee benefit program or plan.

Response: Please see attached.

Welcome to Equitable Resources!

Benefits Overview

Revised: January 10, 2008

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About This Booklet And The Benefit Plans

This booklet provides key facts about eligibility for benefits and about how each plan works; it describes the plans in effect on January 1, 2008. Provisions of the individual benefit plans are governed by the terms of the insurance contracts (where applicable) or the Plan document. In case of any discrepancy between this section and the applicable insurance contract or Plan document, the insurance contract or Plan document will govern.

Note: Benefits for represented employees are determined through collective bargaining, and may be different from the benefits described in this brochure.

Equitable Resources reserves the right to change, modify, or terminate the plans, benefits, programs, or services, at any time for any reason, subject to collective bargaining if applicable. Eligibility for, or participation in, a program is not a guarantee of employment.

WHEN YOU NEED ANSWERS...

Visit our *Employee Info* Web site at...

www.eqt.selfservicenow.com

(or go to www.eqt.com, click on Employees, and then click on *Employee Info*)

From home or at work, you can learn the value of your benefits, review how each plan works, print forms, visit the websites for Fidelity, Highmark, and other benefit providers, or learn what action you may need to take if you have a life event, such as marriage or moving.

Or, call the Benefits Service Center...

1-888-246-2449

The Benefits Service Center team members are dedicated to helping you find the answers you need. They understand the benefit plans, and they have access to our vendors. They have the resources available to give you the right answers—and their job is to meet your needs!

Highlights Of Your Benefits Program

Welcome To Equitable Resources!

You're unique—yet you share common needs with all Equitable Resources employees. To create a benefits program to meet these common needs, we have divided the Equitable Resources Benefit Program into four areas: Health Care, Financial, Time/Life Balance and Work Place/Career.

Health Care Needs	
<ul style="list-style-type: none"> ▪ Medical, Dental, and Vision plans ▪ Health Savings Account (HSA) available if you enroll in the PPOPlus Medical Plan ▪ Access to a Health Coach, and healthcare consumer information available through Blues on Call if you enroll in either medical plan option 	<ul style="list-style-type: none"> ▪ Health Care Flexible Spending Account (FSA) ▪ Employee Assistance Program (EAP) ▪ On-site Medical Department at Pittsburgh Corporate headquarters
Financial Needs	
<ul style="list-style-type: none"> ▪ Dependent Care Flexible Spending Account (FSA) ▪ Life/AD&D Insurance Plans ▪ 401(k) Plan with Company Matching Contribution, and if eligible, a Retirement Contribution ▪ Short-Term and Long-Term Disability Coverage 	<ul style="list-style-type: none"> ▪ Employee Stock Purchase Plan ▪ Employee Assistance Program (EAP) ▪ Educational Assistance Program ▪ Matching Gift Program ▪ Appliance Purchase Program ▪ Computer Purchase Program ▪ Separation Allowance Plan
Time/Life Balance Needs	
<ul style="list-style-type: none"> ▪ Time Off Policy (vacation & holidays) ▪ Leaves of Absence ▪ Employee Assistance Program (EAP) 	<ul style="list-style-type: none"> ▪ Direct deposit of paychecks ▪ Family Medical Leave
Work Place/Career Needs	
<ul style="list-style-type: none"> ▪ Educational Assistance Program ▪ Salary Administration Program 	<ul style="list-style-type: none"> ▪ Career Opportunities Program ▪ Professional Development Programs

Note: If you are a represented employee, you are eligible for only those benefits and programs that have been negotiated.

Who Is Eligible

The benefits and programs provided to eligible employees vary depending upon whether you are employed on a full-time or a part-time basis, as explained below:

- **Full-time**—This means you are employed to work a full basic work week of **35 to 40 hours**. You are eligible for health care benefits, including medical, dental and vision coverage, as well as life insurance and disability benefits. If you meet the service requirement, you also are eligible to participate in the 401(k) Plan.
- **Part-Time I**—This means you work **20 hours or more** each week, but less than the full basic work week. You are eligible for medical, dental, and vision benefits. If you meet the service requirement, you also are eligible to participate in the 401(k) Plan. You are not eligible for life insurance, disability benefits, or any other Equitable Resources employee benefits.
- **Part-Time II**—This means you work **less than 20 hours** each week. If you meet the service requirement, you may be eligible to participate in the 401(k) Plan. However, you are **not eligible** for medical, dental, vision, life insurance, disability benefits, or any other Equitable Resources employee benefits.

The benefits for which you are eligible are shown on your Personal Enrollment Worksheet. If you are a represented employee, you are eligible if the terms of your collective bargaining agreement provide for your participation, and your elections will take effect when you have completed the applicable benefit waiting period described in your collective bargaining agreement.

Note: If you do not return your Enrollment Form, you automatically will be enrolled for employee-only coverage in the PPO Basic Medical Plan and for employee-only Dental and Vision coverage. If you are a temporary or leased employee, you are not eligible for the benefits and programs described in this brochure. If you are a represented employee, you are eligible for only those benefits and programs that have been negotiated.

About Enrolling Your Family

For medical, dental, or vision coverage, your eligible dependents include your spouse and your unmarried children under age 19 (or up to age 25 if a full-time student), and your unmarried, handicapped children age 19 and over. You also may enroll your domestic partner if he/she meets the eligibility requirements. Proof of dependent eligibility will be required periodically.

Cost of Coverage

Equitable Resources pays the major share of the cost of health care coverage for you and your family. The amount of your share will vary depending on the number of people enrolled and the combination of coverages you elect (medical, dental, and/or vision). Your healthcare coverage contributions are made on a **before-tax basis** automatically. This simply means your contributions are subtracted from your pay **before** Federal and Social Security taxes are calculated. Since these taxes are then calculated on a lower income (your pay minus your contributions), you pay less in taxes. **As a result, your tax savings offset part of your costs.** If you enroll your domestic partner, you pay the full cost of your partner's coverage on an after-tax basis. If you buy Contributory or Dependent life insurance, your cost is based on your age and the amount of coverage. Your contributions for those coverages are made on an after-tax basis.

Choose Your Benefits Carefully

Your elections stay in effect for the calendar year unless you have a change in status, such as marriage/divorce or the birth/adoption of a child. If you do not change your elections within 31 days of the change in status, you must wait until the next annual enrollment period.

Your Medical Coverage Choices

You have three choices for medical coverage: PPO*Basic*, PPO*Plus*/HSA, or, if you have other coverage, you may waive coverage (you must complete a form). If you waive coverage, you will receive a waiver payment (subject to taxes) in December.

What The Medical Options Have In Common

Both of the medical plan options are Highmark Blue Cross Blue Shield preferred provider organization (PPO) plans. That simply means that your benefits are greater when you use providers in the network, but you have the freedom to use the providers of your choice with no referrals. After you meet an annual deductible, each Plan begins to pay 100% or 80% of your eligible expenses for most services. If your expenses reach a certain amount, called the out-of-pocket limit, the Plan will pay 100% of the eligible expenses for the rest of that year. The chart on Page 7 compares key features of each Plan; here are key facts about each Plan and the key differences.

PPO*Basic* Plan

If you enroll in the PPO*Basic* Plan, you share the cost of coverage through payroll deductions. Then, after you meet the \$500 deductible (\$1,000 family), the Plan generally pays 100% of the eligible charges when you use network providers, or 80% for non-network care.

There are copays for certain services, such as doctors' office visits, but the deductible does not apply to those services. For prescriptions, you pay 30% or 60% of the cost (\$10 minimum/\$100 maximum per prescription), with no deductible.

PPO*Plus*/HSA Plan

If you enroll in the PPO*Plus*/HSA Plan, you will not make any payroll deductions for coverage for 2008 (subject to change in future years). Once you meet the deductible, the Plan pays 100% for network care or 80% for non-network care; there are no copays. For prescriptions, this Plan pays 100% or 80%, ***after*** you meet the deductible (there are a few exceptions some medications that are considered preventive).

This Plan has a higher deductible (\$1,500 for individual coverage or \$3,000 for family coverage)—but it gives you the option to make pre-tax contributions to a Health Savings Account (HSA) that you can use to be reimbursed for your deductible expenses or other eligible expenses allowed by the Internal Revenue Service, as defined in IRS Publication 502. You can use your HSA contributions for current expenses—or let your account build to use for future expenses.

If you set up an HSA, Equitable Resources will contribute up to \$750 (the \$750 maximum is prorated if you have an HSA for less than the full calendar year). The HSA is described in more detail later in this brochure and in the *Highmark BlueAccount HSA* brochure.

Choosing Your Medical Coverage

You need to select the medical option that is best suited to your situation, but here are five reasons to consider enrolling in the PPO*Plus*/HSA option:

1. There are NO employee contributions for PPO*Plus* medical coverage for 2008, but you can choose to make pre-tax contributions to a Health Savings Account (HSA).
2. If you set up an HSA, the Company will contribute up to \$750 a year, even if you don't contribute (this Company contribution is prorated if you have an HSA for less than the full calendar year). Even better, Equitable will make its contribution "up front"—so you will have money in your account to use for eligible expenses right away.
3. You can use your HSA for current healthcare expenses—or, save it for future expenses.
4. Equitable also will pay the administrative fees for your HSA (excluding investment fees).
5. Your HSA is YOURS. The money you don't use stays in your account for the future, even if you leave Equitable Resources.

Comparing Potential Out-of-Pocket Costs

This chart compares your potential out of-pocket costs for contributions for the cost of coverage and for deductible expenses under each of the medical plan options. For this example, we have assumed that you contribute enough to the Health Savings Account (HSA) to meet the deductible when your contributions are added to the Company's contribution and that you participate for the full calendar year..

	PPO <i>Plus</i> /HSA		PPO <i>Basic</i>		
	Employee Only	Employee Plus One or Family	Employee Only	Employee Plus One	Family
Annual Payroll Contributions ¹ for the HSA (optional) or for PPO <i>Basic</i> coverage	\$750	\$2,250	\$800	\$1,761	\$2,481
Company HSA Contribution (if you set up an account)	\$750	\$750	Not available		
Total HSA Contributions	\$1,500	\$3,000	Not available		
Medical Plan Deductible ²	\$1,500	\$3,000	\$500	\$1,000	\$1,000
Employee HSA Contribution	-\$750	-\$2,250	Not available		
Company HSA Contribution	-\$750	-\$750	Not available		
Net Deductible	\$0	\$0	\$500	\$1,000	\$1,000
Total Employee Contributions (sum of Payroll Contributions for coverage or to the HSA and the Deductible)	\$750	\$2,250	\$1,300	\$2,761	\$3,481

¹Contributions may vary; check your Personal Enrollment Worksheet. To get the per-pay deduction, divide by 26.

²For PPO*Plus*, if you cover dependents, the Plan begins to cover expenses only after you meet the family deductible. For family PPO*Basic* coverage, the Plan begins paying benefits when one person meets the individual deductible or when all eligible expenses combined reach the family deductible. This chart shows the in-network deductible for the PPO*Basic* option (the non-network deductible is \$1,000 individual/\$2,000 family).

How PPOPlus And The Health Savings Account (HSA) Work Together

Let's look at how the PPOPlus/HSA combination might work for an employee who enrolls for employee-only PPOPlus coverage. Let's assume that Jack participates in the HSA for six months, and he contributes \$375. As you can see, Jack will have \$750 in his HSA (\$375 from his contributions and \$375 from the Company) by the end of 2008.

PPOPlus Coverage	Expenses	Jack Pays	PPOPlus Pays
Preventive care	\$250	\$0	\$250
Other medical expenses	\$400	\$400 (applies to deductible)	\$0
Total	\$650	\$400	\$250
Health Savings Account (optional)	Jack can be reimbursed from his HSA for his \$400 out-of-pocket costs—up to the amount in his account when he requests payment (you must leave a minimum of \$50 in your account). At the end of the year, Jack will have \$350 left in his account (\$750 from employee and Company contributions minus \$400 for his medical expenses). That \$350 will roll over to the next year and build with investment earnings and new contributions.		

Prescription Drug Benefits

Prescription drug coverage is automatic when you enroll in either of the medical plans, but the benefits are different, as shown in this chart:

Feature	PPOPlus	PPOBasic
Deductible	Applies (Covered only after you meet the deductible)	Does not apply to prescriptions
Your Share	You pay: <ul style="list-style-type: none"> 100% of the discounted cost until you meet the deductible. You pay nothing for generic or 20% for brand name drugs. 	You pay: <ul style="list-style-type: none"> 30% for generic or brand name drugs on the Preferred Drug List (also called a formulary)* 60% for drugs not on the formulary*
*For the PPOBasic Plan, your minimum cost for each prescription is \$10 and the maximum is \$100. If you get a brand name drug when a generic is available, you will pay the applicable coinsurance (30% or 60%) plus the difference in cost between the generic and the brand.		

The Preferred Drug List for the PPOBasic Plan (also known as a formulary) is available on the Highmark website (www.highmarkbcbs.com).

Two Ways To Receive Medications

There are two ways to receive medications:

- **Retail** (Local Network Pharmacy)—Benefits are paid only if you purchase prescriptions from one of the pharmacies in the network. You may receive up to a 31-day supply.
- **Mail Order**—If you take medication on an ongoing basis (for example, for high blood pressure), the mail-order program offers the convenience of having your medication delivered to your home. You also save money because there's a larger discount on drugs provided through the mail-order program. You may receive up to a 90-day supply.

Comparing Your Medical Coverage Options (unless noted, the deductible applies)

Plan Feature	PPOPlus	PPOBasic
Deductible (calendar year)	\$1,500 for employee-only coverage/\$3,000 for family coverage before Plan pays benefits for any services except for eligible preventive care services	Network-\$500 single/\$1,000 family Non-Network-\$1,000 single/ \$2,000 family (including Network eligible expenses); applies to all medical services except services with copays or true emergency care
Out-of-Pocket Maximum	\$3,000 for employee-only coverage/\$6,000 for family coverage—combined Network/ Non-Network, includes deductible	Network-Not Applicable Non-Network-\$3,000 single/ \$6,000 family, includes deductible
Lifetime Maximum Benefit	Network-Unlimited Non-Network-\$1 million	Network-Unlimited Non-Network-\$1 million
How Typical Services Are Covered		
Preventive Care (for eligible services on the Highmark Preventive Care Schedule)	Note: Deductible does not apply to covered services Network-100% Non-Network-100% of Reason-able Charge (RC) and covers only routine OB/GYN exams, mammograms, and pediatric immunizations	Network-No deductible; 100% after \$15 copay (no copay for Pap test or mammogram) Non-Network-80% of Reason-able Charge (RC) and covers only routine OB/GYN exams, mammograms, and pediatric immunizations
Doctors' Visits	Network-100% Non-Network-80% of RC	Network-100% after \$15 copay Non-Network-80% of RC after deductible
Emergency Room	Network or Non-Network-100% with no copay provided you notify network management within 48 hours	Network or Non-Network-No deductible; 100% after a \$50 copay (waived if admitted) provided you notify network management within 48 hours
Home Health Care (limited to 100 visits per year)	Network-100% Non-Network-80% of RC	Network-100% Non-Network-80% of RC
Hospital Admissions/Surgery	Network-100% Non-Network-80% of RC	Network-100% Non-Network-80% of RC
Lab Tests, X-Rays, Other Outpatient Services	Network-100% Non-Network-80% of RC	Network-100% Non-Network-80% of RC
Mental Health/Substance Abuse Treatment (day and visit limits apply)	Network-100% inpatient or outpatient Non-Network-80% of RC inpatient/50% of RC outpatient	Network-100% inpatient/ 80% outpatient Non-Network-80% of RC inpatient/50% of RC outpatient
Outpatient Therapy (such as physical; limits may apply)	Network-100% Non-Network-80% of RC	Network-100% Non-Network-80% of RC
Prescription Drugs	Deductible does apply* Generic-100% Brand Name-80%	Deductible does not apply You pay 30% for drugs on formulary or 60% for drugs that are not on formulary (\$10 minimum/\$100 maximum)

*Note: Deductible does not apply to pre-natal vitamins with iron, pediatric vitamins with fluoride, smoking deterrents, anorexic agents, anti-gout agents, anti-malarial drugs, fluoride preparations, gastroenterology protection medications, and narcotics for addiction treatment.
For Non-Network care, you are responsible for any charges above the Highmark Reasonable Charges (RC); this is called "balance billing." To receive full benefits, all inpatient admissions, including skilled nursing, must be pre-certified. Failure to follow procedures may result in a reduction in your benefits. Inpatient In-Network mental health benefits are pre-certified by Behavior Health Services. **PPOBasic benefits for certain represented employees may be different.**

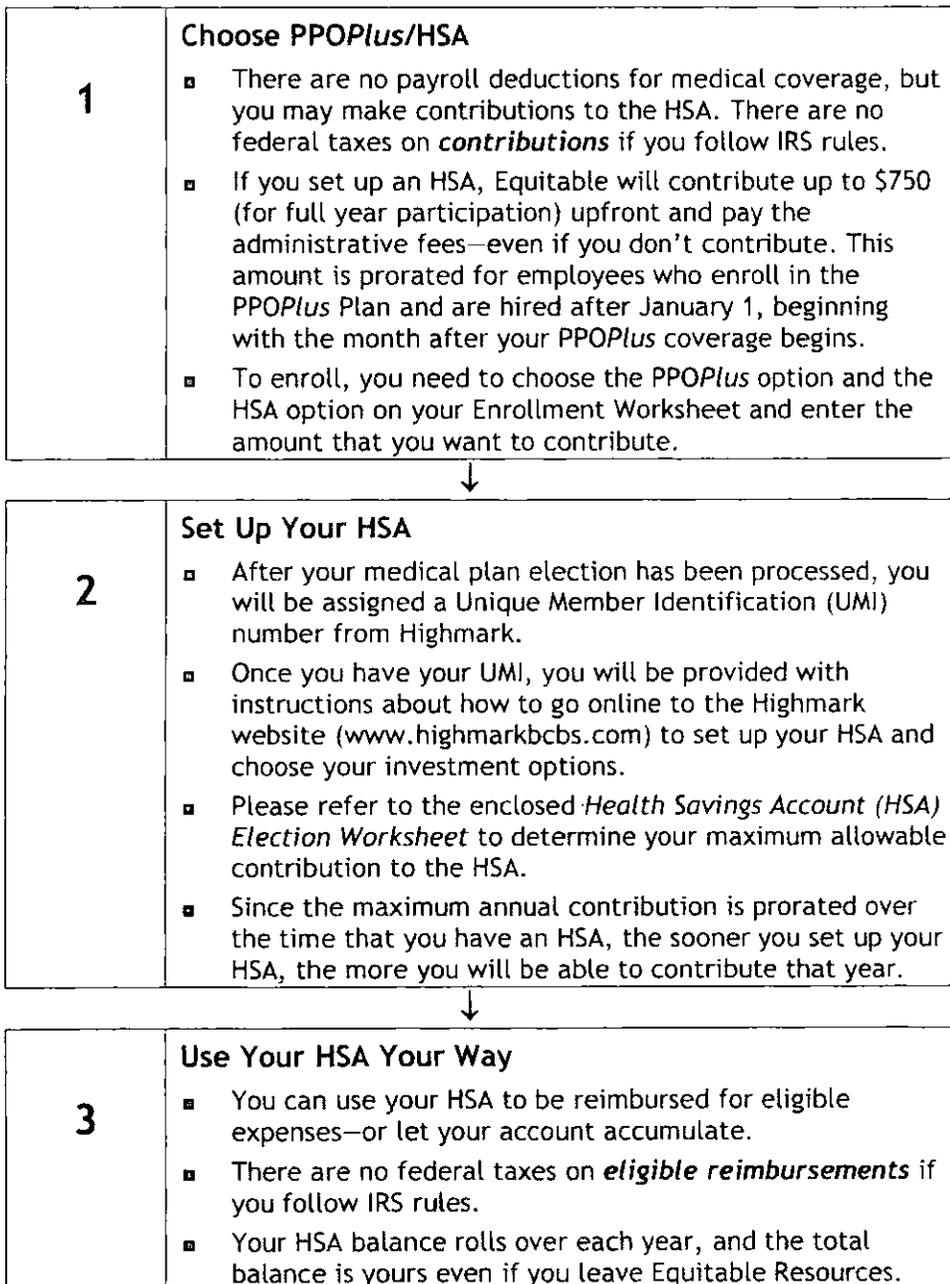
Your Health Savings Account (HSA)

If you enroll in the **PPOPlus Medical Plan** you have the opportunity to set up a tax-effective Health Savings Account (HSA)—and receive a contribution of up to \$750 from the Company. The Company also pays the administrative fees for your HSA.

You can use your HSA to help you meet your PPOPlus deductible or to save for future medical expenses. This section gives you a broad overview of the HSA. For more details, read the *Your Guide to BlueAccount HSA* brochure, the *Using Your HSA* brochure, and review the material on the website (www.highmarkbcbs.com). In addition, IRS Publication 502 describes the expenses that are eligible for reimbursement, and IRS Publication 969 provides tax filing information about these accounts.

HSA And PPOPlus—The Big Picture

Here's how PPOPlus and the HSA work together:



Choosing Your Contribution Amount

In your first year of employment, your pre-tax HSA contributions are limited to the monthly maximum (minus the Company contribution) for each month that you have an HSA. Generally, your HSA can begin as of the month after your PPO*Plus* medical coverage begins—provided you set up your HSA.

For example, if your PPO*Plus* Employee Only medical coverage starts on February 15 and your HSA starts on March 1, the Company will contribute \$625 (\$62.50 times 10 months), and you may contribute as much as \$1,750 (\$175 a month for 10 months)—for a total of \$2,375 or 10/12ths of the annual maximum.

Catch-Up Contribution

If you will be at least age 55 by December 31, 2008, you may contribute up to an additional \$900 dollars (or the pro-rated portion for the number of months that you will participate this year).

Expenses That Can Be Reimbursed

You may use your HSA to be reimbursed for eligible health care expenses that you incur after your HSA takes effect. Eligible expenses include deductibles, copays, coinsurance, or other health care expenses for prevention or treatment of illness/injury that are not covered by another source. Generally, **you may NOT use your account to pay premiums** for your coverage while you are an active employee or after you retire (there are a few exceptions; see the *Highmark BlueAccount HSA* brochure).

If you use your HSA for expenses that are not eligible, you will pay taxes on the distribution plus a 10% excise tax.

Refer to IRS Publication 502 for a list of the expenses that are eligible for reimbursement and to IRS Publication 969 for tax filing information. These publications are available on the IRS website at www.irs.gov/formspubs/index.html or by calling 1-800-TAX-FORM.

Using The HSA

You can use the money in your HSA to be reimbursed for eligible health care expenses (up to the amount in your account when you submit the request). Or, you can allow the account to accumulate. Your pre-tax contributions, the Company's contribution, and any investment earnings grow tax-deferred—and withdrawals for eligible expenses are free from federal income tax provided you follow IRS rules.

If you leave the Company, you may roll over your account (including the Company's contributions) to a new HSA (you must be eligible and covered by another high deductible health plan).

If your spouse or another family member has an HSA, total contributions may not exceed the annual IRS maximum for family coverage; other limits may apply (consult a tax advisor). You may stop your HSA contributions at any time. However, if you stop contributing or change from family to employee-only coverage during the year, you must make sure that your contributions do not exceed the maximum allowed. If they do, the excess amount will be taxable income and a tax penalty will apply.

HSA Is An Individual Account

Equitable Resources makes the BlueAccount HSA available to eligible employees. The BlueAccount HSA is an individual account that you set up through Highmark. The account is administered by the PFPC Trust Company. The money in your BlueAccount HSA is YOUR money, so you decide how much to contribute, how to use the money in your account, and how your account is invested. Note that your contributions will be held in an insured deposit account until your balance is at least \$500.

There are a number of investment options ranging from the deposit account to mutual fund options designed for long-term growth potential. When you choose your investment options, keep in mind that your account balance may increase or decrease depending on investment results.

Before you enroll, you need to fully understand how the Health Savings Account works—and your obligations as the account holder and taxpayer. You are responsible for ensuring that you are eligible, that contributions to your account do not exceed the maximum amount allowed, and that you use the account only for eligible medical expenses. To avoid tax penalties, you should consult with a tax advisor to make sure that you understand and follow the IRS rules that govern HSAs.

Although Equitable Resources makes a contribution to your HSA, the Company does not administer your account, and the BlueAccount HSA is not a Company-sponsored benefit plan.

Your Dental Benefits

Dental Plan Benefits

This chart shows the Plan's benefits for various types of dental services.

Preventive/Diagnostic 100%	General Services 80%	Major Services 50%	Orthodontia 50%
No Deductible	Deductible: \$50 Per Person/\$100 Per Family		No Deductible
<ul style="list-style-type: none"> ▪ Routine exam (twice per year) ▪ Cleanings (twice per year) ▪ Fluoride (once a year up to age 19) ▪ Sealants (to age 14) ▪ Space maintainers (to age 14) ▪ Emergency pain relief ▪ Bitewing X-rays (twice per year) ▪ Full-mouth X-rays (once in 36 months) 	<ul style="list-style-type: none"> ▪ Fillings ▪ Extractions ▪ Oral surgery for eligible services ▪ General anesthetic ▪ Root canal 	<ul style="list-style-type: none"> ▪ Periodontia (gum treatment) ▪ Implants ▪ Crowns ▪ Full or partial dentures or fixed bridgework ▪ Rebasement or relining dentures or adding teeth to fixed bridgework or partial dentures (limits apply) 	<ul style="list-style-type: none"> ▪ Covers only dependent children up to age 19
Annual Maximum Benefit—\$1,200 Per Person For Preventive/Diagnostic, General And Major Services			Lifetime Maximum of \$1,500 per child (to age 19)
Predetermination —If your treatment is expected to cost \$300 or more, ask MetLife to “predetermine benefits” before the treatment starts (this means evaluating whether the suggested treatment is appropriate and determining how much the Plan will pay for the care).			

It Pays To Stay In-Network

When you use a MetLife participating dentist, your out-of-pocket costs will be lower because these providers have agreed to accept negotiated fees that are typically up to 20% lower than the average rate for dental care in your area. Since you share a portion of the cost of services, you save money by “going preferred.” If you use a non-network provider, you pay your 20% or 50% coinsurance **plus** the amount of the bill that’s more than the *reasonable rate* for that service.

- **Outside the Pittsburgh Area**—The reasonable rate is based on the “reasonable and customary” (R&C) fee, as determined by MetLife.
- **In the Pittsburgh Area**—Since the MetLife network is especially large in the Pittsburgh area, the Plan’s payment for non-network care is based on the negotiated rate paid to MetLife network dentists, rather than the R&C charge. When you select your dentist, keep in mind that the negotiated rate can be much lower than the R&C charge.

How To Find A PDP Dentist

You can receive a personalized directory of the participating dentists in your area by calling MetLife’s voice response system 1-800-474-7371 or by using their website at www.metlife.com/dental. Please be sure to verify your provider’s participation in the network when you make your appointment. MetLife adds new dentists to the network throughout the year. You can ask your dentist to join. For more information, visit the MetLife website at www.metlife.com/dental.

Your Vision Benefits

Vision coverage is optional; you may enroll yourself or choose coverage for you and your family. The Equitable Resources Vision Plan is provided by Davis Vision, a Highmark company. Davis Vision provides benefits through a broad network of qualified providers, including Pearle Vision Centers, Sears, JC Penney, and Wal-Mart.

You may use Davis Vision participating providers or your own licensed eye care specialist. **When you use network providers**, you receive maximum benefits because the Plan pays the full cost or a large portion of the cost for most routine services; some limits apply. And, you do not need to file any claim forms. **When you use non-network providers**, the Plan pays an allowance toward the services you receive. You pay the full cost when you receive services. Then, you must file a claim to be reimbursed for the Plan's share of the cost.

To find network providers, call 1-800-999-5431 or go to the Davis Vision website (www.davisvision.com).

It's Easy to Access Care

You call the participating provider and identify yourself as a Davis Vision plan participant and an Equitable Resources employee or dependent. Be sure to give your Equitable Employee ID number, Social Security number, and the name and birth date of the person receiving care. You do not need an Identification Card—your Social Security number is your ID number for this Plan. **This chart shows the Plan's benefits for various types of services:**

Service	Davis Vision Providers	Non-Network Reimbursement
Exam (every 12 months)	Covered in full	Up to \$55 reimbursement
Frames (every 24 months)	You may choose from the Fashion selection of frames from "The Collection" available at most network provider offices. A \$100 credit applies to other frames at participating provider's offices or for frames from a provider who does not have the Collection (such as a participating retail center).	Up to \$65 reimbursement
Lenses (every 12 months)	Plan pays 100% (some limits may apply); discount on specialty lenses.	Reimbursement from \$60 to \$130 depending on type of lens
Contacts (every 12 months) <i>Contacts are covered instead of glasses—you may not get eyeglasses and contact lenses in the same benefit period.</i>	Contact lens fitting and evaluation will be covered in full. One pair of standard daily wear contact lenses will be covered in full. A \$171 credit applies to contacts from the provider's own supply. For services from a participating retail center, the \$171 allowance will be applied to the purchase of contact lenses. Where required by state law, the full allowance may be applied toward contact lenses only.	Up to \$125
Additional Contact Lenses	Discounts for additional contacts are available through the Lens 123 mail-order program.	
Laser Surgery	Davis Vision also provides a discount for laser surgery to correct nearsightedness, farsightedness and astigmatism.	
Note: For each member, all services are available once per benefit period as noted above.		

Your Flexible Spending Account (FSA) Program

Flexible Spending Accounts (FSAs) are basically special, temporary “savings accounts” that allow you to save pre-tax dollars and use them for certain eligible expenses not covered by your benefit options. By lowering your *taxable* income, you can increase your *spendable* income.

If you enroll, your contributions are automatically deducted from each pay on a pre-tax basis and deposited into your FSA(s). After you incur eligible expenses, you pay yourself back from your FSA. So, if you have a \$100 expense and you normally pay 20% in taxes, you would save \$20. Over a year, that can really add up!

There are two FSAs:

- **Health Care FSA**—If you enroll in the PPO*Basic* medical option (but NOT the PPO*Plus*/HSA option), you may use this account to be reimbursed for eligible healthcare expenses, such as deductible expenses, copays, coinsurance, orthodontia, prescriptions, or eyeglasses. Even over-the-counter medications are covered! If you enroll in the PPO*Plus*/HSA option, you **cannot** have this type of FSA because you get similar tax breaks through your HSA—without the “use it or lose it” rule that applies to FSAs.
- **Dependent Care FSA**—This FSA is intended to help you pay for dependent care that allows you and your spouse, if you are married, to work outside the home. If you are married, you may only use this account if your spouse is employed, is a full-time student for at least five months of the year, or is disabled.

The Key “Rules”

- **Enroll carefully**—The Company cannot change your election if you make a mistake. Most employees who waive medical coverage or enroll in the PPO*Basic* option could use the Health Care FSA—but only employees who have dependent care expenses (such as day care) can use a Dependent Care FSA.
- **You lose what you don’t use**—The money you contribute each calendar year **MUST** be used for expenses incurred in that year, but you have until March 31 of the next year to submit claims. You will forfeit any money left in your account after that.
- **The accounts are separate**—You may not use the Health Care FSA for dependent care expenses or vice versa.
- **One-Year Election**—You can change your election **ONLY IF** you have a change in status, such as marriage/divorce or the birth of a child.

How Much You May Contribute

You may contribute up to \$4,992 to each account each year. If you’re married and you set up a Dependent Care FSA:

- Your combined contribution limit is \$5,000 a year (\$4,992 for our Plan). If you file separate tax returns, you each may contribute up to \$2,500 (\$2,496 for our Plan).
- If your spouse works and earns less than \$5,000 a year, you may not contribute more than your spouse’s earnings to all Dependent Care FSAs.
- If your spouse is disabled or a full-time student and does not earn an income, you may contribute up to \$200 a month if you have one dependent (\$400 a month for two or more dependents).

The Health Care Flexible Spending Account

If you waive medical coverage or enroll in the PPO*Basic* medical option (but not the PPO*Plus*/HSA option), you may set up a Health Care FSA. This chart shows some of the expenses that can—and cannot—be reimbursed:

Some Eligible Expenses	Some Expenses NOT Eligible
<ul style="list-style-type: none"> ■ Deductibles ■ Copayments ■ Coinsurance amounts ■ Prescription drugs, including over-the-counter medicines, such as cold and allergy medications ■ Orthodontic expenses ■ Eyeglasses or contact lenses ■ Hearing tests or hearing aids ■ Weight loss programs if prescribed by a doctor for a specific illness 	<ul style="list-style-type: none"> ■ Expenses reimbursed by other medical, dental, or vision plans ■ Your payroll deductions for health care coverage (these are already pre-tax) ■ Non-prescription items to maintain general health (such as, vitamins, cosmetics, toothpaste, deodorant, or shampoos) ■ Health club, spa, or exercise class fees ■ Cosmetic procedures ■ Expenses that the IRS does NOT consider deductible
<p><i>For a complete list of "IRS-approved" eligible health care expenses, call 1-800-TAX-FORM and ask for Publication 502, or you can download a copy from the IRS website at (www.irs.gov).</i></p>	

Note: You may not use your Health Care or Dependent Care FSA for expenses for your domestic partner—unless he/she would be considered your eligible dependent under IRS rules.

The Dependent Care FSA

If you enroll in the Dependent Care FSA, you may be reimbursed for day care expenses for a child or dependent adult, including expenses for day care provided in your home, someone else's home, or a day care center. Eligible expenses generally are those that allow you (or you and your spouse if you're married) to work. Eligible dependents include your children under age 13 whom you claim on your federal income tax return, or a dependent adult incapable of self care who spends at least eight hours a day in your home.

Dependent Care FSA Or Federal Tax Credit?

You actually have two tax-favorable options available to you when paying for day care—this FSA or the Federal Child Care Tax Credit. If you take a federal tax credit, you pay your expenses with after-tax dollars and then claim the credit on your tax return. The expenses you can use towards the credit are limited to \$3,000 for one dependent and \$6,000 for two or more dependents. However, only 20%-35% of these expenses may be claimed, depending on your adjusted gross income.

Any dependent care expenses reimbursed through the Dependent Care FSA will offset the amount you may claim as a tax credit, dollar for dollar. Your tax savings will vary depending on whether you claim the child care credit or use the Dependent Care FSA. You should check with your tax advisor if you have questions or need further information.

Your Disability Benefits

Disability benefits provide a necessary and valuable source of income protection for you and your family if an illness or injury prevents you from working. Equitable Resources pays the full cost of this benefit. Equitable Resources provides two types of disability coverage:

- **Short Term Disability (STD)** benefits provide 70% or 100% of pay for up to 26 weeks, depending on your length of service with the Company.
- **Long Term Disability (LTD)** benefits may replace up to 60% of your pay if your disability lasts longer than 26 weeks.

You do not need to enroll for disability benefits; coverage is automatic. If you are not actively at work when coverage is scheduled to begin, you will become covered when you return to active work.

Disability benefits for represented employees include short term disability only and are different from the benefits described here. See the Benefit Description for details.

Short Term Disability

The Short Term Disability Plan provides financial support if you need extended recovery time for an illness or injury that is not work-related. (Workers' Compensation benefits cover work-related injury/illness.) To recognize the commitment of long-term employees, the STD Plan benefits vary based on length of service, as shown below:

If Your Continuous Service Is	You Receive 100% Of Pay For	And Then 70% Of Pay For	Example
Less than 6 months	1 week	No coverage	<i>If you have 5 years of service and your base pay is \$3,000 a month, you would receive \$3,000 for 3 months and \$2,100 for 3 months. Taxes are deducted from this benefit.</i>
6 months but less than 1 year	2 weeks	5.5 months	
1 but less than 3 years	1 month	5 months	
3 but less than 5 years	2 months	4 months	
5 but less than 10 years	3 months	3 months	
10 but less than 20 years	4 months	2 months	
20 but less than 30 years	5 months	1 month	
30+ years	6 months	None	
Benefits from the STD Plan are reduced by income from other sources, such as Social Security.			

Long Term Disability

If you are still disabled when your STD benefits end, you may qualify for benefits from the Long Term Disability Plan. If you qualify, your monthly LTD benefit will equal 60% of your pay before you became disabled—minus income you receive from other sources, such as Social Security disability benefits.

It's Important To Know That...

- If you become disabled in your first year of coverage, LTD benefits will not be paid if your disability results from a pre-existing condition. This is an illness, pregnancy, or injury for which you received medical treatment of any kind, including consultation, care, services, or medications, during the three-month period before you became eligible for the LTD Plan.
- MetLife determines qualification for LTD benefits. The benefit described above assumes total and permanent disability, but you may qualify for partial disability or rehabilitative benefits.
- Generally, LTD benefits are paid until you recover, retire, or die. In some cases, benefits are paid for a limited period of time. And, certain disabilities are not covered at all.

Your Life & AD&D Insurance Benefits

Today, life and accident insurance is more than a “peace of mind” benefit; it is one of life’s necessities. It offers protection to your family if you die or are seriously injured in an accident. That is why Equitable Resources pays the full cost of a basic level of Life and Accidental Death and Dismemberment (AD&D) Insurance. You also may buy additional coverage, as described below.

Non-Contributory And Contributory Life Insurance

The Company pays the full cost for life insurance coverage equal to your base pay, (rounded to the next higher \$1,000). This is called Non-Contributory coverage. The value of any Non-Contributory life insurance over \$50,000 will result in a small increase in Federal taxable income to you. The amount is known as imputed income. IRS tables are used to determine the value of coverage.

You also may buy additional life insurance (called Contributory Life) of up to five times your pay (the combined maximum for Non-Contributory and Contributory Life coverage is \$2.5 million). Your options and the contribution amount for each are shown on your Personal Enrollment Form. The cost is based on your age and the coverage amount. Contributions are deducted from your pay on an after-tax basis. If you do not enroll for Contributory coverage now, and later decide to enroll, you will have to submit proof of good health if you want to buy coverage of more than one times your pay.

If you are a represented employee, the terms of your life and AD&D coverage are governed by your collective bargaining agreement (see your Personal Enrollment Worksheet).

Accidental Death & Dismemberment (AD&D) Coverage

The Company provides AD&D coverage equal to your Non-Contributory life insurance amount. If you buy Contributory Life, that coverage includes an equal amount of AD&D coverage. However, we ask you to elect Contributory Life and Contributory AD&D separately because the combined maximum for Non-Contributory and Contributory AD&D coverage is \$1.5 million. AD&D pays benefits (in addition to life insurance) if you die in an accident covered by the Plan. You would receive 50% or 100% of the coverage amount if you lose a limb or your sight, or become paralyzed; the benefit percentage depends on the extent of the injury.

You may stop your Contributory Life/AD&D coverage at any time, or change your election during the year if you have a change in status, such as marriage or birth/adoption of a child.

Consider Your Beneficiary

To be sure benefits are paid as you intend, keep your beneficiary designation up to date. For example, if you get married or divorced, you might want to make a change. To change your beneficiary, complete the form available on the *Employee Info* website or from the Benefits Service Center.

Spouse/Child Life Insurance Coverage

You may purchase extra life insurance protection for your spouse, your children, or both. You have five options for Spouse Life Insurance coverage: \$5,000, \$10,000, \$25,000, \$50,000 or \$100,000 (proof of good health is required for the \$50,000 or \$100,000 options). There are four coverage options for Child Life Insurance: \$2,500, \$5,000, \$10,000 or \$15,000. **Note:** The cost of Spouse Life Insurance is based on your spouse’s age, but the rates shown on your Worksheet are based on your age. Be sure you review the *Spouse Life Rate Chart* so that you know the actual cost for your election.

Business Travel Accident Insurance

If you are a non-represented employee and you die in an accident while traveling on Company business, the Business Travel Accident Plan pays a \$250,000 death benefit to your beneficiary. All or part of this benefit may be paid to you if you suffer certain serious injuries in the accident.

Your 401(k) Plan Benefits

The 401(k) Plan is designed to help you build a solid base of retirement income. Your 401(k) savings will supplement your other retirement income vehicles such as the Employee Stock Purchase Plan, Social Security benefits, and your personal savings when you enter retirement. If you are a represented employee, the terms of the bargaining agreement determine the Company's contributions (if any).

Your Savings And The Company Match

You may save on a before-tax or after-tax basis:

- **Before-Tax**—You may save from 1% to 50% (up to the annual IRS limit) of your pay.
- **After-Tax**—You may save from 1% to 20% of your pay.

Total Contributions—The combined maximum for before-tax and after-tax contributions is 50% of pay. Employees who are considered “highly-compensated” under IRS regulations may save up to a total of 15% on a before-tax basis, an after-tax basis, or a combination.

If you do not make an asset allocation, your employee contributions will be invested in the Fidelity Freedom Fund that has a target retirement date closest to the year you might retire, based on your current age and assuming a normal retirement age of 65.

Company Contributions

Equitable Resources makes a Matching Contribution of 50% of the first 6% you save (within the IRS limits) on a before-tax or an after-tax basis. Eligible earnings means your base pay including overtime. So, if you save 6%, the Company match will equal 3% of your pay. For example, if you earn \$30,000 and save 6% before taxes (\$1,800), Equitable Resources would add \$900 to your account. That's a “return” you can't get anywhere else!

If you are eligible, the Company also makes a Retirement Contribution to your 401(k) account—even if you don't save in the Plan. The contribution amount is set each year, and it is 6% for 2008.

The 401(k) benefits for represented employees may be different from the benefits described in this section.

You become vested in the Company's contributions at the rate of 33-1/3% for each year of service, so you are 100% vested after three years. If you do not make an asset allocation, the Company's Matching and Retirement Contributions are invested in the Fidelity Freedom Fund that has a target retirement date closest to the year you might retire, based on your current age and assuming a normal retirement age of 65. You may transfer these contributions into any of the other investment options at any time.

Enroll To Start Saving

You may enroll in the Savings Plan after your employment data is entered into the Company's payroll system and transferred to Fidelity Investments, the plan administrator for our Plan. Fidelity will mail you an enrollment guide as soon as administratively possible.

To enroll, simply log on to Fidelity's website at **www.401k.com** where you can access Fidelity's *NetBenefits* 401(k) account management system. Or, you can call the Retirement Benefits Line at **1-800-835-5095**. The Retirement Benefits Line is open 24 hours a day. Plus, you may speak with a Fidelity representative any business day from 8:30 a.m. until 8 p.m.

When you enroll, you will need to indicate how much you want to save, how you want to invest your savings, and name a beneficiary. Be sure to name a beneficiary even if you decide not to save in the Plan when you are first eligible. After you enroll, you may call Fidelity or use their website to change the amount you are saving, stop saving, or change how your account is invested. The Fidelity website also provides educational tools to help you plan for retirement and other financial needs.

More About Your Savings Options

You may save on a before-tax or an after-tax basis.

Before Tax

When you save “before-tax,” your savings are taken from your pay before Federal income taxes are deducted. Since these taxes are based on a lower income (your pay minus your savings), your taxes are lower. State taxes are also deferred in all states except Pennsylvania. However, Social Security taxes are based on your full pay, including your before-tax savings. Investment earnings on your savings and Company matching contributions accumulate tax-free while they remain in the plan.

While you are working, you may withdraw your before-tax savings only if you experience a financial hardship (as defined under IRS rules) or if you are age 59-1/2 or older.

After Tax

When you save “after-tax,” your savings are taken from your pay after Federal income taxes are deducted. Once each year, you may withdraw your after-tax savings that have been in your account for two years; you also may withdraw the Company Match on those savings.

Investing Your Account

You may choose from a range of investment options, and you may change your investment mix as often as you wish. The investment options range from conservative to aggressive. If you need help developing your investment strategy, please speak with a Fidelity representative.

You should take an active role in managing your 401(k) account. While the Company provides resources and information, it is your responsibility to choose how much you will save and to invest your account in the way that meets your financial goals and objectives.

Your Employee Stock Purchase Plan

The Equitable Resources Employee Stock Purchase Plan (ESPP) gives you an easy, convenient way to share in the Company's success by becoming an owner. You can purchase shares of the Company's stock, at a discount, through payroll deductions.

Fidelity Investments also administers the Employee Stock Purchase Plan. To enroll in the ESPP, go online at www.NetBenefits.Fidelity.com or call 1-800-544-9354. You will need a Personal Identification Number (PIN). Your PIN can be the same one that you use for your 401(k) Plan account. Be sure to activate your account and name a beneficiary.

Key Points

- You choose the amount to be deducted from each pay—from 1% to 10% of your base pay.
- You get a 10% discount on the price per share of stock; for example, if the stock is trading at \$50, you pay \$45. If the stock value increases, you benefit from the discount. For example, if the stock price goes to \$55, you have gained \$10 (\$55 - \$45).
- Equitable Resources pays the 10% difference between your discounted price and the market price, as well as all brokerage fees associated with purchasing the stock.
- You must keep the stock for at least one year. When you sell stock, you pay taxes on the increase in value above your cost. You also pay any fees associated with the selling of stock.
- To have full access to your account, you must go online or complete a paper application to activate your account.

Keep in mind that owning stock in any one company may be risky. The financial health of Equitable Resources, developments within the industry or the Company itself, or overall market fluctuations may cause the price of your Equitable Resources stock to rise and fall.

Your Time Off Benefits

In today's fast paced world, time can sometimes be more valuable than money. Equitable Resources realizes that we all need time off to take care of personal needs, or to "recharge our batteries." Thus, the Company's time off policy is a valuable part of the comprehensive benefit program we offer.

If you are a represented employee, your vacation and holiday allowance is determined by the terms of your collective bargaining agreement.

Holidays

Please see the holiday schedule in your New Hire kit for a the current schedule.

Vacation

If you have **less than one year of continuous service** by June 30 of the year in question, you will receive one day of vacation for each **full month** of continuous service, including June of the year in which the vacation is granted, with a maximum of 10 vacation days.

After your first year of employment, your length of service determines your vacation period, as shown in this chart:

1 to 4 years	10 days*	You are entitled to additional vacation in the year you expect to complete the next service milestone. For example, you are entitled to 16 days of vacation for 2008 if you expect to complete 8 years of service by December 31, 2008.
5 through 7 years	15 days	
8 through 14 years	20 days	
15 through 24 years	25 days	
25 or more years	30 days	
* If you are hired at, or promoted to, Salary Grade 16 or above, you are eligible for 15 vacation days immediately. However, you must work eight years before you are eligible for an additional vacation day.		

In addition to meeting the service requirement, you must have been physically at work in the year before the calendar year in question, and you must physically work in the calendar year in question. To ensure adequate personnel coverage, all vacation time must be scheduled in advance.

Vacation time does not carry over to the next year.

Your Other Equitable Resources Benefits

Employee Appliance Purchase Program

The Company will refund 40% of the purchase price of a natural gas heat pump or for certain costs related to natural gas vehicles, and you may receive a 20% refund of the cost of natural gas appliances.

Employee Assistance Program

The Employee Assistance Program (EAP) can help you or a family member with personal problems such as depression or grief. You or a family member may receive up to five visits with a professional counselor—at no cost to you. When appropriate, EAP counselors also can provide referrals to additional resources (for example, if you need information or help with caring for an elder relative).

To reach the EAP, just call 1-800-888-CARE (2273). You also can find helpful information at the Magellan Behavior Health Services website: www.magellanhealth.com. Click on Member Login, enter the toll-free number (800-888-2273), and then enter Equitable or EQT as your Company name.

Employee Computer (PC) Purchase Program

The Company will finance your purchase of personal computer equipment—up to a maximum of \$3,000 in a three-year period. You repay the Company—with no interest—through payroll deductions.

Matching Contribution Program

The Equitable Resources Foundation gives you a way to increase your contributions to educational institutions or non-profit organizations. The Foundation matches 100% of your contributions—up to a maximum of \$10,000 per employee per year. Eligible organizations include:

- Institutions of higher learning accredited by a nationally recognized regional or professional association that provide a four-year curriculum or graduate level of studies, or state or regional associations of four year or graduate degree granting colleges that transmit all donated funds directly to their member colleges.
- Eligible institutions/organizations recognized by the IRS under IRC Section 501(c)(3) as a tax-exempt institution/organization to which charitable contributions are deductible for federal income tax purposes.

Uniform/Safety Equipment Subsidy

If required for your job, Equitable Resources supplies uniforms and subsidizes the cost of safety glasses and shoes. Your share of the cost may be paid through payroll deductions.

Programs Designed To Meet Work Place/Career Needs

Each day, you use your skills, knowledge, creativity, and energy to do the best job you can. Your efforts help *you* achieve professional development and success—and directly contribute to the Company's success as well. The Educational Assistance (tuition payment) Program, Salary Administration, and *Career Opportunities programs are designed to help address your career needs.*

Educational Assistance Program

If you are eligible, Equitable Resources may pay up to 100% of your tuition costs. Generally, to be covered, the courses must be related to your job, prepare you for greater responsibilities at Equitable Resources, or be part of a degree program.

Salary Administration Program

Your pay is the primary way that the Company rewards your performance (your benefits are another important part of your total compensation). Decisions about your pay are made through the Company's Salary Administration Program—a system that's designed to ensure that the Company's pay practices are consistent and competitive with other companies.

Career Opportunities Program

Equitable Resources offers career development and advancement opportunities through the Career Opportunities Program. Job opportunities are displayed on bulletin boards at each location. To apply for a posted position, you must have a minimum of one year of continuous service in your present job.

Important Notes

Special Enrollment Rights

Generally, your healthcare elections stay in effect for the full year unless you have a qualified change in status, such as a change in your marital or employment status, provided you request the change within 31 days of the event. Federal law also allows for special enrollment rights to permit you to elect coverage or add dependents in the situations described below ***if you provide written notice to the Benefits Service Center within 31 days of the event:***

- **After declining health coverage**—If you decline enrollment for yourself or your dependents (including your spouse) because of other health insurance coverage, you may enroll yourself or your dependents in this plan if you request enrollment within 31 days after your other coverage ends.
- **New dependents**—If you have a new dependent as a result of marriage, birth, adoption, or placement for adoption, you may enroll yourself and your dependents if you request enrollment within 31 days after the marriage, birth, adoption, or placement for adoption.

Women's Health And Cancer Rights Act

The Women's Health and Cancer Rights Act requires that group medical plans provide the following services to any person receiving plan benefits in connection with a mastectomy: reconstruction of the breast on which the mastectomy has been performed; surgery and reconstruction of the other breast to produce a symmetrical appearance; and prostheses and treatment of physical complications of all stages of a mastectomy, including lymphedemas (swelling associated with the removal of lymph nodes).

If you receive benefits from the medical plans for a mastectomy and you then elect to have reconstructive surgery, the medical plan must provide coverage in a manner determined in consultation with the attending physician and the patient. The plan's benefits for breast reconstruction and related services will be the same as the benefit that applies to other services covered by your plan. It is important to note that the medical plans cover these expenses. However, the law requires that we provide this notice to new employees and annually to all employees.

Continuing Your Health Care Coverage

If your health care coverage ends, you may continue it for a limited time (at your expense), under the terms of a Federal law commonly called COBRA, which stands for the Consolidated Omnibus Budget Reconciliation Act. For more information about COBRA, see the *Administrative* benefit description under "Benefits" on the *Employee Info* website.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 25: Please provide a description of the Company's merit and cost of living wage rate increase policies.

Response: Please see attached.

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Section 1: General Information

Purpose of the Salary Management Program

The primary purpose of Equitable Resources Salary Management Program is to ensure that the Company has a consistent, understandable, and credible process for making salary decisions. Equitable Resources Inc., uses a market-based salary structure and a pay for performance approach to salary management which ensures that employees are compensated based on the level and quality of work they perform.

Compensation Policy

Total Compensation

At EQT, an employee's total compensation consists of base salary, incentive compensation, and benefits. On an ongoing basis, EQT reviews all of these pay elements to make sure they are competitive and fairly administered. For the majority of employees, salary comprises the single largest component of an employee's total pay. Total Cash Compensation (TCC) is base salary plus bonus earned through an incentive compensation program.

External Equity

It is the policy of EQT to administer salaries in a manner intended to attract, motivate and retain the most highly qualified individuals available to effectively staff jobs.

It is the intention of EQT to evaluate jobs in a consistent manner and to place them into an appropriate salary structure which is competitive with pay levels in other companies of a similar revenue size. As a rule of thumb, EQT gathers survey data based on the region of the country which the Company recruits. For example, data for secretaries is gathered from all industries in the Pittsburgh area. Survey data for geological positions, on the other hand, looks specifically at the gas industry throughout the United States.

Internal Equity

It is also the intention of EQT to compensate employees on the basis of individual performance and contribution to the accomplishment of the company's value drivers and to provide incentives toward individual growth through a merit increase program.

In order to achieve competitive pay levels for EQT employees, there should be sufficient flexibility so that individual differences in performance are reflected by meaningful differences in compensation levels. Outstanding performers are therefore rewarded with higher compensation.

Basic Elements of a Salary Management Program

The three basic elements of EQT's Salary Management Program are:

Job Evaluation and Administrative Management

We define job evaluation as an objective method for determining the economic value of each job in the company. Administrative management of the Salary Management Program includes systematic procedures for planning, reviewing, and administering salary increase expenditures.

Merit Increase and Salary Change Guidelines

The guidelines are used to insure that employees' salaries are consistent with market levels for comparable jobs and reflect varying levels of individual performance and contribution. Each employee's performance should be reviewed at least annually and an overall rating will be associated with any salary increase given.

Equitable's Compensation Strategy

Base salaries are capped at the 50th percentile of market. Total Cash Compensation (base plus bonus) is targeted at the 50th percentile of market with the opportunity for the employee to earn up to the 75th percentile for outstanding performance. Overall bonus pool funding is based on business unit/Headquarters net income and value driver performance. Individual bonus awards are based on employee performance.

The remainder of this booklet describes the base salary management process and policies of the company. If you have any questions please call the Compensation and Benefits Department.

Section 2: Job Evaluation & Administrative Management

Description of the Job Evaluation System

EQT's job evaluation procedure is intended to provide a reliable way for evaluating and establishing a competitive salary range for each job in the company. EQT typically uses actual market salary survey data coupled with a point factor system as the basis for determining the correct salary grade level. The system is summarized as follows:

Salary Structure

EQT uses a single salary structure covering all company jobs. Use of separate salary grades with individual salary ranges enables us to relate the pay of each job to both market pay levels and other job pay levels in the company.

The midpoint of a salary range reflects the "average" or "going market rate" for similar jobs in other organizations. An employee paid at or around the midpoint has typically been in the job for several years and is performing all job duties in a fully competent manner.

The minimum and maximum salaries for each salary grade represent the available range limits of salaries to be paid for jobs assigned to those salary grades.

Salary grade midpoints are approximately ten percent apart. This provides adequate intervals to account for meaningful differences between jobs and reflects typical competitive practice.

The minimum amount of the range is typically 67 percent of the maximum. This enables recognition of various levels of individual performance and expertise. The following chart illustrates the basic salary structure design and the overlapping salary grades.

Benchmark Grade Assignments

Benchmark jobs are then slotted into salary grades by comparing the competitive market rate for each job with the salary grade midpoints. The job is assigned to the salary grade whose midpoint is closest to the competitive market rate.

Non-benchmark Evaluations

All other jobs, i.e., non-benchmark jobs, are evaluated by comparing them with benchmark jobs.

This comparison is done based on four factors:

- Knowledge
- Skills
- Responsibility
- Impact of Action

After the jobs are evaluated, salary grades are determined for the non-benchmark jobs based upon their relationship to the benchmark jobs for which salary grade assignments have already been established.

All preliminary salary grade assignments made by the Compensation and Benefits Department are reviewed and finalized with the respective business unit Human Resources VP/Director.

General Administration

Maintaining Current Evaluations

To maintain an effective Salary Administration Program, jobs should be considered for evaluation when at least one of the following criteria is met and after approval by the business unit Human Resources Vice President/Director:

- A new job is approved for which no previous evaluation was conducted.
- A **substantial** change occurs in the scope and responsibility of a job.
- A change in technology significantly alters job duties and required skills.

Since we have established a significant difference between job grade midpoints, a **major** change in duties, skills, etc., is required to move a job from one salary grade to another. As a result, minor changes or shifts in duties and responsibilities will not typically justify reevaluating an existing job.

Submitting Jobs for Evaluation

The following procedures should guide managers in submitting a job for evaluation:

A Position Description Questionnaire form (PDQ) (see Exhibit I) should be completed and submitted for business unit Human Resources Vice President/Director approval prior to forwarding to Compensation and Benefits.

New Position/Existing Position

A job evaluation request should be submitted by the department head with a PDQ to Human Resources.

An existing job can be submitted for evaluation by either an employee or his/her supervisor. If a job is submitted by an employee, the supervisor should approve the contents of the PDQ before it is submitted for review and it should meet one of the criteria for re-evaluation listed above.

Process and Procedure

Upon receipt by Human Resources, a priority will be assigned based on the nature of the request. Generally, requests will be handled on a first-come, first-serve basis. A Compensation representative will contact the manager as soon as practical following receipt of the request to (a) consider alternatives to job evaluation, if appropriate, and/or (b) discuss any additional information needed, including completion of a job analysis questionnaire.

It is strongly recommended that the manager discuss any job evaluation plans in advance with a Human Resources or Compensation representative.

Appeals

The instrument and procedures for job evaluation have been designed to promote consistency, efficiency, and equity throughout the process. In the event that an employee and/or department head and Human Resources cannot achieve consensus on an evaluation, an appeal process has been developed.

The first step of the appeal process is to contact the Compensation and Benefits Director. If a formal appeal is necessary, a meeting should be held with the Department Head requesting the change, the employee (if it happens to be the employee who initiated the request), and the business unit Vice President/Director Human Resources to present the evaluation results. Following the presentation, the Director, Compensation and Benefits will make a final determination.

Evaluation of Exemption Status (FLSA)

The provisions of the Fair Labor Standards Act (FLSA) provide for payment of overtime unless a job is specifically qualified for exemption.

Compensation should review the specific duties, responsibilities and level of authority of each job, as identified in the PDQ, to determine eligibility for exemption status against the FLSA requirements.

Overtime compensation should be addressed further under "Special Pay Policies" in the following section.

At the time each job is evaluated, it will be thoroughly reviewed against the provisions of the FLSA to determine whether the job is qualified for exemption status within the requirements of this act.

In addition, it is the policy of EQT to adhere to other related federal and state regulations governing compensation of employees.

Section 3: Merit Increase and Salary Change Guidelines

Linking Pay To Performance

Merit increases are designed to tie employees' pay to their overall performance. Performance results, identified in the ongoing review process, provide the basis for salary decisions. The relationship between accomplishments and specific performance standards and objectives provides the primary basis for merit increases.

Compa-Ratio

The compa-ratio is a widely used tool for managers who want to evaluate the relative competitiveness and appropriateness of individual salaries. It is simply a comparison between the individual's pay rate and the market midpoint. The compa-ratio is typically expressed as a percentage where midpoint equals 100%. An appropriate range for compa-ratios is between 80% and 100% based on performance and years of experience in the job.

Example

Pay Rate:	\$11.01
Pay Range Midpoint:	\$12.97
Compa-Ratio:	85% (11.01 divided by 12.97 = 0.85)

This compa-ratio indicates that the employee's salary is 15% below the pay range midpoint.

To determine the appropriateness of this rate, one should consider the employee's time in the job and performance as outlined above. The goal of strategic compensation is to consider this information when granting pay increases or promotions in order to encourage swifter range movement for compa-ratios well below 100% and slower movement for compa-ratios which are close or equal to 100% (as employees approach the market). This concept will be illustrated below.

Merit Salary Guidelines

Salary increase guidelines are intended to provide managers with general definitions of performance and the appropriate size of individual increases. The guidelines are not hard and fast rules because differences among individual cases necessitate the exercise of discretion in the effort to achieve equitable compensation. Additionally, the total of planned increases should be governed by the salary increase budget established each year by the company for each department.

Exhibit III presents definitions of the performance ratings used at EQT as well as the "normally" expected percentage distribution of employees in each category. In addition, the corresponding merit increase as a percentage of midpoint is shown for each

performance rating. The merit increase percentages may vary from one year to the next depending upon marketplace changes and company performance.

Any exception to the salary increase guidelines should be documented by the department head and pre-approved by the business unit Director/Vice President Human Resources and the Director of Compensation and Benefits. This approval process is via email, Compensation Approval Form, or an Employee Data Change Form (EDC) (See Exhibits IV and V).

Illustrative Salary Adjustment

The range of percentage increases for each performance category provides management with flexibility in administering individual salaries. Following are three examples of how a manager might interpret and use the merit increase guidelines.

Example 1: Current Situation

Performance Rating: Successful

Suggested range of merit increase: 0% to 5% of midpoint (market)

Salary Range: Min. Mid.
 \$24,000 \$ 30,000

Current Salary: \$28,000

In this example, the employee's current salary is 93% of the midpoint (market). The manager then approves a 2% increase.

Recommended increase: 2.0% of salary = $.02 \times \$28,000 = \560 .

The employee's new salary is \$28,560 with a new compa-ratio of 95%.

Example 2: Current Situation

Performance Rating: Exceptional

Suggested range of merit Increase: 5% of the midpoint (Exhibit 2)

Salary Range: Min. Mid.
 \$24,000 \$30,000

Current Salary: \$25,000

In this case, the manager observes that the employee's current salary is in the lower half of the salary range (i.e., 83% of midpoint). In recognition of the strong performance and a relatively low position in the salary range, the manager recommends a 6% increase.

Recommended Increase: 6% of midpoint = $.06 \times \$25,000 = \$1,500$.

The employee's new salary is \$26,500 or 88% of the midpoint.

Overall Salary Positioning

Salary increase guidelines are designed to accomplish two objectives:

1. To move individual salaries toward and maintain them at an appropriate relative position in the range based on performance.
2. To move aggregate salaries toward and maintain them at a point where, on average, they approximately equal grade midpoints.

When an individual's salary level is below the appropriate compa-ratio associated with that individual's experience, performance, and other individual factors, the salary increase guidelines provide larger increase amounts. This results in the individual's salary increasing at a faster rate than the rate of change for the salary structure, thus advancing the individual's position in the range.

When salaries are at an appropriate level based on individual performance, the guidelines provide sufficient salary growth to keep pace with salary range movement and maintain an appropriate position in the salary range.

Administration of salaries according to the guidelines has the net effect of creating meaningful differences in pay to recognize various levels of employee performance and contribution.

Short Term Incentive Plan (STIP)

The company's main purpose in providing a bonus program is to maintain a competitive level of total cash compensation and to align the interest of the Company's employees with those of the Company's shareholders, customers, and with the strategic objective of the Company. By placing a portion of employee compensation at risk, the Company can reward performance based on the overall performance of the Company, the business segment and the individual contribution of each employee. Each employee who is eligible for the short term incentive plan is assigned a target bonus %, based upon a percentage of base salary. Bonuses are discretionary.

Total Cash Compensation Statements

During the annual review process each employee receives a Total Cash Compensation Statement. These forms summarize an employee's compensation data and include three sections:

- 1) Salary
 - a. Current Base Salary

- b. New Base Salary
 - c. \$ change in base salary
 - d. % change in base salary
- 2) STIP Award
- a. Current year STIP award \$
 - b. Current year STIP award target %
 - c. Current year STIP award target \$
 - d. Next year STIP award target %
- 3) Total Cash Compensation
- a. Target TCC = Salary Grade Midpoint plus STIP award target \$
 - b. Actual TCC = Salary plus bonus

Special Pay Policies

Overtime Regulations

Managers are accountable for the consistent application of federal law governing overtime payment in their area(s) of responsibility. Any employee designated as non-exempt must be paid one and one half times his/her average base rate for all hours worked in excess of established guidelines determined by the type of schedule an employee is assigned.

Employees receive overtime compensation only for hours worked in excess of forty per week. Employees in the Utilities Business unit should refer to the Utilities Pay Practices Guidelines for overtime pay practices.

Managers are expected to authorize all overtime in advance and to maintain accurate and current records. Compensatory (i.e. "comp") time may not be substituted for overtime pay even at the request of the employee.

Exempt employees do not receive overtime pay. If unusually long hours are required over an extended period of time, managers may authorize recognition time off if operationally feasible.

Other Salary Change Guidelines

Hiring Rates

Normally, new employees should be hired at a position between the minimum and the midpoint of the range. The exact position in the range should depend upon the employee's experience and qualifications for the job. Consideration should be given to the amount and relevance of the new hire's prior experience, other special qualifications he or she may have, and internal department salary equity. Salary, thereafter, should be reviewed and adjusted on an annual basis.

In some cases, the hire rate may fall below the salary grade minimum as a result of market conditions. In those cases, the hire rate should be adjusted to the new minimum unless the employee is: (a) probationary and performance is still under review; (b) under a performance improvement plan; or, (c) on a leave of absence.

Promotional Increases

A promotion is defined as a move to a position that has been evaluated with a higher salary grade. When an employee is promoted, a salary increase should generally be given. The date of promotion should become the individual's new anniversary date. Also, depending upon the timing of the promotion since the last merit increase or promotion, the salary increase may consist of two components:

- A promotional increase and/or
- A pro-rated salary merit increase

Promotional Increase

The following are guidelines regarding promotional increases based on the number of grades promoted and pay range position.

Number of Grades	Compa-Ratio	
	80% to 90%	90% to 100%*
1	3-6%	3% to Midpoint
2	4-10%	3% to Midpoint
* An employee's salary cannot exceed the midpoint of the salary grade		

General

The promotional increase should bring the pay of the individual to at least the new range minimum and should generally not bring the employee's pay to above the new range midpoint.

Lateral Transfers

A lateral transfer is when an employee moves from one job to another job within the same pay grade and salary range. Promotional increases are typically not given; however, if the reason for the transfer is for developmental purposes, an increase may be given.

Demotions

If an individual is moved to a less responsible job in a lower salary grade than the one currently held, the individual's salary should be reviewed. If the employee's salary is above the new salary grade maximum, the manager typically should reduce the employee's salary to the maximum of the new range. In order to address internal

issues, the manager has the discretion to reduce the employee's salary to the new grade's salary range midpoint. A decision should be made about changes, if any, that may be made to insure equity between that employee's salary and the salaries of other employees in the same or similar positions. Considerations include the nature of the change, the employee's relevant skills and the experience relative to other incumbents.

Temporary Assignments

Occasionally, it may be necessary to temporarily assign an employee to work in a job other than his or her regular job.

Higher Paying Job

If an employee is temporarily assigned to a job with a higher salary grade than that of his or her regular job, the employee may be eligible for a salary increase for the duration of the temporary assignment. The increase is recommended by the employee's supervisor and is approved by the business unit VP/Director Human Resources.

Lower Paying Job

Temporary assignments are made for the convenience of the Company in order to most effectively manage its work requirements. Consequently, employees temporarily assigned to jobs that have lower pay grades should be paid their normal salary for the duration of the temporary assignment.

Below Minimum

All employees should typically be paid at least the minimum rate of their job salary grade. If the pay range increases, it is possible that an employee could fall below the new minimum. In this case, the employee's salary should be adjusted to the new minimum unless:

- The employee is on a performance improvement plan; or
- The employee is on a leave of absence.

In addition, the employee would also be eligible for a normal merit increase during the annual review process. In any case, when the salary is below minimum and the adjustment is held, a written explanation should be sent to the employee's file upon approval from Human Resources. Upon successful completion of the probationary period, performance plan, or leave of absence, an employee should be adjusted to the minimum.

At Market (Midpoint)

The midpoint represents a highly competitive salary for employees who, over sustained periods of time, consistently meet or exceed performance expectations.

- Any employee who has reached the pay range midpoint is **not** eligible for an increase to base salary.
- Any employee close to the pay range midpoint is eligible for the normal merit percentage as long as it does not exceed the range midpoint.

Employee Communications

A salary management program, no matter how technically sound and equitable, will be successful only if employees perceive it as such. The program's effectiveness depends on how employees interpret what they are told and, equally important, what they are not told about the program.

There are four basic aspects of the Salary Management Program that need to be discussed with employees if they are to have a fundamental understanding of how the various elements of the program fit together.

1. EQT's Compensation Policy

Each employee should know the policy of EQT with regard to employee total compensation. The policy statements in this manual represent the goals that have determined the design and format of the Salary Management Program and the standards by which the effectiveness of the program will be measured. Generally, the compensation policy of the Company should be reviewed with all new employees. The policy should be discussed periodically by supervisors to refresh and reinforce the understanding of employees.

2. The Value of the Job

The concept of establishing an economic value for every job should be explained to employees. The employee should know that there is a minimum and market rate value for each job.

Supervisors should anticipate the question, "How was the economic value determined?", and be prepared to discuss the job evaluation process. There may infrequently be some technical questions that the supervisor will not be able to answer.

In such situations, the supervisor should refer the question to the Human Resources Department and discuss the answer with the employee as soon as possible thereafter.

3. *The Effect of Performance on Pay*

Having established the concept of an economic value for each job, the concept of relating pay to performance can then be reviewed. Essentially, two questions are involved:

- How does EQT assess performance?
- How are pay decisions made based on these assessments?

Performance evaluation is an ongoing process with which each employee and supervisor should be thoroughly familiar. From a pay decision-making standpoint, the key aspect of the system is the composite review of overall performance.

Employees should be aware of what each of the performance levels means in terms of the performance review. It should also be mentioned that an employee's position in grade reflects continuous performance (not one-time "special efforts").

4. *The Particulars of an Employee's Own Pay*

In addition to understanding the concepts of the economic value of the job and relating performance to pay, there is certain information concerning an employee's own pay and aspects of the program that should be discussed if confidence in the program is to be developed. This includes:

- The employee's job title and the salary grade to which the employee's job is assigned.
- That salaries should be reviewed at least annually and a merit increase granted based on the employee's performance and position in the salary range.
- That the salary structure should be reviewed annually to evaluate competitive rates in the marketplace.
- That the supervisor, with information supplied by the employee, is responsible for making the overall performance review and recommending an appropriate merit increase.

Section 4: Supporting Information

Questions and Suggested Responses

In this section you will find a number of questions that employees may ask. The suggested answers provided here are meant to serve only as a guide to assist you in formulating your own answers. In any interaction with employees, be yourself, be consistent, and be accurate.

1. Salary Program Design

Q: Who decided what the salary management program would involve?

A: The salary management program is reviewed on an annual basis in a Company-wide study. An annual study reviews the Company's competitiveness in the market which results in a new set of pay ranges and job grades.

2. Job Descriptions

Q: I think that my job changed significantly between the time it was evaluated and now. What can be done about that?

A: I appreciate that things change very quickly around here. In fact, most of our jobs are changing to keep pace with the many project and initiatives of the company. I have thought about each of our jobs very carefully and I do recognize that your duties have shifted. However, in reviewing them, I have to say that I am satisfied that the level and scope of your responsibilities have remained constant. Let's set up a special time to review this.

or,

I have been aware of your changing role and I agree that your responsibilities have dramatically changed. I will fill out a request for a job evaluation and together with Human Resources, we can determine if this review indicates a change to your overall grade level. At the very least, we want to make sure that your job description is updated.

Q: How come I have the same job description as Mary and Bob when it's obvious that we do different things?

A: There are variations in this department and throughout EQT in the duties and responsibilities of people with similar titles or job descriptions. The wide salary ranges allow for employees to be performing at different levels and salaries within the same grade. I don't believe these represent such major changes that they would affect the job grade or salary range. If you feel the differences are more significant, we can talk about that.

3. Job Evaluation and Market Pricing

Q: How was my job evaluated?

A: Certain jobs are evaluated directly against similar jobs in area and national companies. These jobs are called benchmark positions. We determine the average rate of pay for these comparable jobs and, if necessary, adjust the pay data to take into account unique responsibilities within our jobs. Next, those jobs that are not benchmark positions are compared to benchmark jobs on the basis of a point factor system which relies on specific compensable factors.

Q: What are the factors that are used in our current job evaluation system?

A: Jobs are evaluated on the basis of knowledge, skills, responsibility, and in light of market conditions.

Q: I know I'm doing more work than Barbara and her job is in a higher grade than mine. Besides that, I've been here four years longer.

A: You may be right. The method used to determine pay ranges covers many different factors of a job. We evaluate the content of a job, not the performance, personal qualities, or length of service of the employee. I believe your job is evaluated correctly and the pay range provides future pay opportunities.

Q: What happens if my job changes in the future?

A: First, if the changes are significant, we will ask Human Resources to review your job description and help us in determining whether the changes in your job are significant enough to warrant a different salary grade. Of course, we should remember that since there are significant differences between salary grades (i.e., approximately 10 percent) and such a wide range within each grade, a substantial change in duties and responsibilities is required to move a job from one salary grade to another.

Q: What can I do to get a job with a higher pay grade?

A: To get to a job with a higher pay grade, you must be promoted. Obviously, there should be a job opening for a promotion to occur. In addition, you should be qualified for the new job. We can talk about the career path within this department and what additional skills and/or knowledge you might need to acquire to move into a higher level job. We can also discuss plans for how you might acquire the additional skill and/or knowledge, either within EQT or outside the organization. We can also discuss the possibility of a career move into another department or function. If you are interested in changing jobs within our organization, you should watch for new opportunities that are posted on the bulletin board. Please feel free to talk with me or a member of the Human Resources Staff about posted jobs.

Q: How will different levels of experience or length of service be considered for pay purposes?

A: Inasmuch as experience or length of service makes you a better performer, that should be reflected in your performance review. Your performance rating should have an impact on the amount of salary increase you can earn. The longer you sustain a "Successful" or better performance, the more likely you are to earn a salary in the upper portion of the pay range.

Q: Will I automatically get the minimum salary of my pay range if it is adjusted upward in the future?

A: It is EQT's intent that all jobs be compensated within the range for the job. There are a few instances where the range might not be adjusted, but these are exceptions.

Q: Will people at the top of their pay range get any more raises or cost-of-living increases?

A: We do not make "cost-of-living" adjustments since EQT's salary increase program focuses on performance. Since our program is market-driven, there is always an indirect link to changes in cost-of-living. All pay ranges should be examined from time to time to see if an adjustment to keep the job competitive in the marketplace needs to be made. When an employee's current salary is at the maximum, he/she may be eligible for a lump sum.

Q: I'm nearly at the midpoint of my pay range. My next raise could easily put me over the top. Does that mean I have reached the ceiling of what I can make?

A: Not necessarily. Pay ranges may increase depending on market trends. But, if you are that close to the midpoint, your next increase to base salary will be limited to the midpoint of the pay range.

Glossary of Terms

Benchmark Jobs	Jobs used to assess other company and local employers pay rates. They are chosen because they are well known, are stable in content, contain a relatively large number of incumbents, and are common across organizations.
Compensable Factors	The factors or criteria used as the basis for measuring job content within a job evaluation plan.
Compensation Policy	The underlying principles guiding the salary management program as well as other compensation programs.
Demotion	Moving an employee to a job with a lower pay grade than the employee's current job.
Exempt Job	A job not subject to the provisions of the Fair Labor Standards Act.
External Equity	The competitiveness of compensation levels with respect to other companies and local or regional employers.
Fair Labor Standards Act	A federal law governing minimum wage, overtime pay, equal pay, child labor, and record-keeping requirements.
Internal Equity	The fairness of compensation levels among EQT's employees based upon job content and performance.
Job Analysis	A systematic process for documenting the nature and level of work performed by an employee.
Job Evaluation	The methodology used to determine the relative value of jobs within the organization.
Lateral Transfer	When an employee moves from one job to another job within the same pay grade and salary range.
Market Rate	The average rate of pay for similar jobs in the relevant labor market.
Merit Increase	A pay increase based on performance.
Non-benchmark Jobs	Jobs for which there is insufficient market survey data to be market priced.

Nonexempt Job	A job subject to (i.e. not exempt from) the provisions of the Fair Labor Standards Act.
Point Factor System	A job evaluation method that uses compensable factors to compare and evaluate non-benchmark jobs with respect to benchmark jobs.
Position Description	A form, usually completed by a job incumbent and reviewed
Questionnaire	by a manager or supervisor, used to identify the significant factors of a job that differentiate it from other jobs.
Performance Review	A practice that attempts to review and record the actual performance of employees on their jobs relative to the value drivers that have been established for each employee.
Performance Measures	A yardstick or reference point against which performance can be reviewed.
Value Drivers	Activities that drive the creation of shareholder value for EQT.
Promotion	The assignment of an employee to a job with a higher salary grade.
Promotional Increase	A salary increase in recognition for assuming greater job duties and responsibilities.
Salary	Regular money payments, other than by the hour, for services rendered by employees.
Salary (or Pay) Grade	One of the salary ranges into which jobs of the same or similar value are classified for compensation purposes.
Salary Increase Guideline	An aid to assist managers in determining an appropriate merit increase on the basis of individual performance.
Salary Range	The range of pay rates, from minimum to maximum, assigned to a particular job grade.
Salary Range Maximum	The highest level of pay assigned to a particular job grade.
Salary Range Midpoint	The rate of pay midway between the pay range minimum and maximum. The midpoint is the target rate of pay for a person who performs all of the component parts of a job in a satisfactory manner.
Salary Range Minimum	The lowest level of pay assigned to a particular job grade.

Salary Structure

The system of job grades and corresponding pay ranges.

Total Compensation

All pay elements provided employees which include salary, benefits, and incentives.

Exhibit I Position Description Questionnaire

(see attached file)

Exhibit II Merit Increase Guidelines

	80 to 89% Compa Ratio	90% to 100% Compa Ratio
Exceptional	5% to midpoint	3% to midpoint
Successful	2% to 6%	0% to 5%
Marginal	0% to 2%	0%
Fails to Meet Expectations	0%	0%

Exhibit III Performance Distribution

Performance Rating	Definition
Exceptional	Makes significant contributions to department, business unit, and/or Company's business results. Overall performance far exceeds all requirements necessary to fulfill the principal duties, responsibilities, objectives, and expectations of the positions.
Successful	Overall performance meets all and may exceed some of the requirements necessary to fulfill the principal duties, responsibilities, objectives, and expectations of the position.
Marginal	Overall performance meets most of the requirements necessary to fulfill the principal duties, responsibilities, objectives, and expectations of the position. Performance improvement plan is required.
Fails to Meet Expectations	Overall performance fails to meet most of the requirements necessary to fulfill the principal duties, responsibilities, objectives, and expectations of the position. Performance improvement plan is required
Unrated	For employees hired after October 1 st .

Performance Rating	Distribution
Exceptional	Target of 0% to 20%
Successful	Target of 70%
Marginal	Target of 5%
Fails to Meet Expectations	Target of 5%

Exhibit IV Compensation Approval Form

(see attachment)

● Exhibit V Employee Data Change Form
(see attachment)

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

- Item 26: Please provide the following monthly labor data for the year prior to the HTY, the HTY and the FTY through the most recent date available.
- a. number of actual employees broken down between type (e.g., salaried, hourly, union, non-union, temporary, etc.);
 - b. regular payroll broken down between expensed, capitalized and other;
 - c. overtime payroll broken down between expensed, capitalized and other;
 - d. temporary payroll broken down between expensed, capitalized and other; and
 - e. other payroll (specify).

Response:

Please refer to the attached schedules.

Equitable Gas Company
 Response to Standard Data Requests
 REVENUE REQUIREMENT INTERROGATORIES

Item 26:

a.)

	<u>Pre- HTY</u> <u>2006</u>	<u>HTY</u> <u>2007</u>	<u>FTY</u> <u>2008</u>
Total Exempt	138	133	145
Total Non-Exempt	277	256	256
Total Union			
Total Non-Union	-	-	-
	<u>415</u>	<u>389</u>	<u>401</u>

b.c.d,e)

Overtime expenses are not presented separately in the future test year. Any anticipated overtime expenses are included within the regular payroll expenses.

	<u>Pre- HTY</u> <u>2006</u>	<u>HTY</u> <u>2007</u>	<u>FTY</u> <u>2008</u>
Regular Payroll Expensed	19,733,833	18,489,297	20,899,009
Regular Payroll Capitalized	4,458,994	3,798,397	3,798,397
Regular Payroll Other	-	-	-
Overtime Payroll Expensed	1,175,874	984,896	-
Overtime Payroll Capitalized	214,818	182,993	-
Overtime Payroll Other	-	-	-
Award and Incentives Expensed	3,142,195	2,251,659	2,430,320
Award and Incentives Capitalized	726,064	990,838	990,838

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 27: Please provide a copy of all incentive compensation and/or bonus plans and provide the level of related payments included in cost of service.

Response: The Company established a Short-Term Incentive Plan (STIP) effective January 1, 2006. The purpose of this plan is to maintain a competitive level of total cash compensation for the Company's employees. The Company can reward performance based on the overall performance of the Company, the business segment, and the individual contribution of each employee.

Employee STIP compensation for pro forma test year 2007 totaled \$3,252,732.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 28: Please provide the percentage wage rate increases granted by the Company by date and employee category for the three most recent calendar years and the current year to date.

Response: Please refer to attached schedule.

Equitable Gas Company
 Response to Standard Data Requests
 REVENUE REQUIREMENT INTERROGATORIES

Item 28:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Non-Union Exempt	28-Feb 3.00%	27-Feb 3.00%	26-Feb 3.00%	25-Feb 3.00%
Non-Union Non-Exempt	28-Feb 3.00%	27-Feb 3.00%	26-Feb 3.00%	25-Feb 3.00%
United Steelworkers of America Local Union 12050	26-Sep 3.00%	26-Sep 2.50%	24-Sep 2.50%	N/A
International Brotherhood Electrical Workers Local Union 1956	2-Jan 3.00%	2-Jan 3.00%	22-Jan 2.50%	22-Jan 2.50%

Equitable Gas Company
 Response to Standard Data Requests
 REVENUE REQUIREMENT INTERROGATORIES

Item 29: Please provide an analysis (description, dates and amounts) of any gains or losses on utility property sold for the lesser of the last three years or since the Company's last rate case or anticipated during the FTY. Explain how such amounts have been treated for ratemaking purposes.

Response: Following is an analysis of gains and losses on utility property sold for the historic test year and two preceding years. No sales are currently anticipated during the future test year. All gains / losses were recorded in account 421.100 and, as such, have been excluded from the Company's cost of service for ratemaking purposes.

<u>Asset Description</u>	<u>Retired Cost (NBV)</u>	<u>Cost of Removal</u>	<u>Sales Proceeds</u>	<u>Gain / (Loss)</u>
2005				
Land - Ford City	\$ 1,803.13			
Equipment - Ford City	1,573.19			
Structures - Ford City	20,218.14			
Total 2005	\$ 23,594.46	\$ 0.00	\$ 27,600.00	\$ 4,005.54
2006				
Land - South Side Region A	\$ 97,941.72			
Land - South Side Training Center	482,456.10			
Equipment - South Side	92,024.68	305,254.08		
Structures - South Side	2,128,381.27	451,424.76		
Total 2006	\$ 2,800,803.77	\$ 756,678.84	\$ 3,464,330.56	\$ (93,152.05)
2007				
Land - McKeesport Region B	\$ 25,919.68			
Equipment - McKeesport	23,911.88			
Structures - McKeesport	460,439.01	17,475.00		
Total 2007	\$ 510,270.57	\$ 17,475.00	\$ 518,651.65	\$ (9,093.92)

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 30: Please provide the level of each of the following which is included in the Company's cost of service by separate type and/or payee, which are incurred directly by the Company or are allocated or billed to the Company by affiliates or its parent company.

- a. fines and penalties;
- b. contributions and donations;
- c. membership dues;
- d. lobbying expense;
- e. employee activity costs (e.g., picnics, parties, awards);
- f. investor relations expenses.

Response: a. The Company has not included in the ratemaking cost of service and is not requesting recovery of fines or penalties through rates.

b. Contributions and donations included in the historic test year are as follows:

Urban League of Greater Pittsburgh	<u>\$ 2,000</u>
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Total Contributions and Donations	<u><u>\$ 2,000</u></u>
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c. Refer to the response of Standard Data Request Item 32 for a description of membership dues included in the historic test year.

d. Lobbying activities are carried out through various organizations, in which Equitable Gas Company is a member. (i.e. American Gas Association). However, lobbying fees are also paid through Corporate Headquarters, in which Equitable Gas Company is allocated a portion of these expenses each month. For the historic test year of 2007, lobbying expenses, through the corporate allocation, totaled \$122,009.

e. The Company has not included in the ratemaking cost of service and is not requesting recovery of employee activity costs through rates.

f. Investor Relations expenses are paid through Corporate Headquarters, in which Equitable Gas Company is allocated a portion of these expenses each month. For the historic test year of 2007, Investor Relations expenses, through the corporate allocation, totaled \$66,082.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 31: Please provide a description and the purpose for membership for each organization listed in the previous response.

Response: **American Gas Association (AGA)**

The AGA primary function is to support the needs of gas distribution and transmission companies and promote the use of natural gas in a safe and efficient manner. Participation in this national trade association affords the Company access to information and expertise from the organization and all the gas companies which are members.

Energy Association of Pennsylvania (EAPA)

The EAPA, formed in October 2000, was created through the merger of the Pennsylvania Electric and Gas Associations. This statewide organization represents PUC regulated electric and natural gas distribution companies. Its primary function is to advance the utilization of natural gas/energy for public use and to promote the interest of its members on issues that impact the industry. Participation in this state-wide association affords the Company access to information and expertise from the organization and all the gas companies which are members.

The types of information and expertise from both organizations encompass such things as:

Communications – provides informational and educational materials.

General Counsel - provides tracking and interpretation on judicial and regulatory actions.

Government Relations – provides information on legislative and regulatory developments affecting the industry.

Operating and Engineering – provides technical advice and support to member companies.

Pennsylvania Business Roundtable

The Pennsylvania Business Roundtable is an association of CEOs of large Pennsylvania companies that represent significant employment and economic activity in the state. Participation in this organization allows members to understand how changes in the world and national economies will affect Pennsylvania, and how the public and private sectors can work together to promote economic growth.

African American Chamber of Commerce

The African American Chamber of Commerce represents the interests of such businesses in public and private sector forums as well as offering management and technical assistance resources to improve the effectiveness of black-owned businesses in the region.

Item 32: Please provide the level of payments made to industry organizations included in cost of service along with a description of each payee organization or project.

Response:

Payment

Payee & Descriptions

\$80,779

American Gas Association (AGA)

The AGA primary function is to support the needs of gas distribution and transmission companies and promote the use of natural gas in a safe and efficient manner.

\$70,660

Energy Association of Pennsylvania (EAPA)

The EAPA, formed in October 2000, was created through the merger of the Pennsylvania Electric and Gas Associations. This statewide organization represents PUC regulated electric and natural gas distribution companies. Its primary function is to advance the utilization of natural gas/energy for public use and to promote the interest of its members on issues that impact the industry.

\$2,500

Center for Energy Workforce Development (CEWD)

Formed in March 2006, the CEWD is a non-profit consortium of electric, natural gas and nuclear utilities and their associations. Its primary function is to help utilities work together to develop solutions to the coming workforce shortage in the utility industry and to focus on the need to build a skilled workforce pipeline that will meet future industry needs.

\$1,250

Pittsburgh Regional Minority Purchasing Council (PRMPC)

The primary function of the PRMPC is to create and develop business opportunities for minority business enterprises between corporations and public agencies resulting in economic development in the communities we serve.

Please note that memberships below \$1,000 threshold are not defined in the above descriptions.

Association membership expenses are also paid through Corporate Headquarters, in which Equitable Gas Company is allocated a portion of these expenses each month. Please see schedule below for the Corporate Allocations for historic test year 2007.

Payment

Payee & Descriptions

\$78,100

Allegheny Conference

The Allegheny Conference on Community Development and its Affiliates work in collaboration with public and private sector partners to stimulate economic growth and enhance the quality of life in southwestern Pennsylvania. The Conference is a private sector leadership organization with over 300 Regional Investors. Regional Investors – all heads of our region’s employers – provide civic leadership to execute a focused agenda for regional improvement.

\$7,100

Pennsylvania Business Roundtable

The Pennsylvania Business Roundtable is an association of CEOs of large Pennsylvania companies that represent significant employment and economic activity in the state. Participation in this organization allows members to understand how changes in the world and national economies will affect Pennsylvania, and how the public and private sectors can work together to promote economic growth.

\$3,550

African American Chamber of Commerce

The African American Chamber of Commerce represents the interests of such businesses in public and private sector forums as well as offering management and technical assistance resources to improve the effectiveness of black-owned businesses in the region.

Payments to industry organizations projected in the future test year for both the Company and expenses from the Corporate Allocation are as follows:

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

<u>Payment</u>	<u>Payee & Descriptions</u>
\$79,200	American Gas Association (AGA)
\$72,000	Energy Association of Pennsylvania (EAPA)
\$4,189	Pennsylvania Business Roundtable
\$2,095	African American Chamber of Commerce
\$77,595	Other various industry organizations.

- Item 33: Please provide the following information related to the Company's membership in AGA:
- a. Cost included in requested cost of service.
 - b. Cost excluded from requested cost of service.
 - c. Copy of the most recent audit report of AGA expenditures prepared by NARUC.
 - d. Most recent correspondence received from AGA which addresses the percentage of dues related to lobbying or other separate activities.
 - e. Policy statement, objective, purpose, etc. of AGA.

Response:

- a. The Company has included \$79,200 in the future test year cost of service for membership in AGA.
- b. The Company has not excluded any costs from its requested cost of service related to its membership in AGA.
- c. The NARUC audit report is no longer prepared by AGA.
- d. See attached.
- e. The primary function of the AGA is to support the needs of gas distribution and transmission companies and promotes the use of natural gas in a safe and efficient manner.

The objectives of the AGA include:

- 1) Focus on the advocacy of natural gas issues that are priorities for the membership and that are achievable in a cost-effective way.
- 2) Encourage, facilitate and assist members in sharing information designed to achieve operational excellence by improving their safety, security, reliability, efficiency, and environmental and other performance metrics.
- 3) Assist members in managing and responding to customer needs, regulatory trends, natural gas markets, capital markets and emerging technologies.

- 4) Collect, analyze and disseminate data on a timely basis to policy makers and the public about energy utilities and the natural gas industry.
- 5) Serve as a voice on behalf of the energy utility industry and promote natural gas demand growth by emphasizing before a variety of audiences the energy efficiency, environmental and other benefits of natural gas and promote natural gas supply growth by advocating public policies favorable to increased supplies and lower prices to customers.
- 6) Deliver measurable value to AGA members.

AMERICAN GAS ASSOCIATION
2007 BUDGET

	\$ 2007 <u>ALLOCATION</u>	% 2007 <u>ALLOCATION</u>
Advertising	\$345,000	1.39%
Corporate Affairs	\$2,099,000	8.44%
General & Administrative	\$4,665,000	18.77%
General Counsel	\$1,016,000	4.09%
Industry Finance & Administrative Programs	\$1,283,000	5.16%
Operations & Engineering Management	\$5,993,000	24.11%
Policy, Planning & Regulatory Affairs	\$3,669,000	14.76%
Public Affairs	<u>\$5,790,000</u>	<u>23.29%</u>
 Total Budget	 \$24,860,000	 100.00%

Note:

AGA estimates that lobbying expenses, as defined under IRC Section 162, will account for 2% of member dues in 2007.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 34: Please provide a copy of the most recent FERC audit findings, the Company's response and final disposition of audit exceptions.

Response: The Company is not subject to FERC regulations. As such, this request is not applicable.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 35: Please provide the annual level of forfeited discounts or late payment charges for the preceding three calendar years. Identify the level of sales revenue with which these are associated.

Response:

	For the Year Ended December 31		
	2005	2006	2007
Late Payment Charges	1,682,516	1,512,240	1,557,851
Gas Sales Revenues			
Residential	312,307,587	287,990,871	306,414,733
Commercial	62,042,771	62,728,305	64,073,929
Industrial	1,597,664	1,026,046	843,371
Total Sales Revenues	<u>375,948,022</u>	<u>351,745,222</u>	<u>371,332,033</u>

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 36: If not reflected in the lead-lag study, please provide a listing of the various types of employee withholdings, garnishments and other employee funds held by the Company for remittance at a later date.

Response: Listed below are the various employee withholdings held by the Company for remittance at a later date.

401(k)
401(k) Loan
AD&D
Appliance Purchase
Christmas Club
Contributory AD&D
Contributory Life
Credit Union - EQT
Dental
Dependent FSA
Dependent Life Child
Dependent Life Spouse
EPIC
EQT Stock Purchase
Garnishment
Health Savings Account
IBEW 1935 Union Dues
IBEW 1956 Union Dues
Initiation Fee
Life Insurance
Medical
Medical Expenses/FSA
Miscellaneous
PAT Pass
PC Purchase
PDCP Annuity Deduction
Safety Items
Stock Tax
Support Payment
Tax Levy
United Way
USWA 12050 Union Dues
Vision

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 37: Please provide all detailed workpapers supporting the adjustments to rate base and operating income.

Response: Calculations supporting adjustments to rate base and operating income are *provided throughout the filing*. *Workpapers further supporting the adjustments will be made available upon request*. Note that the majority of operating income adjustments are documented in 53.53. III-A-17, both historic and future test years.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 38: Please provide a copy of the Company's most recent SFAS 106 plan actuarial study.

Response: Attached is the summary of the 2007 SFAS 106 costs received from Watson Wyatt.

Table 1

EQUITABLE RESOURCES, INC.

Defined Benefit Pension Plans Including Non-Qualified Plans

Summary of Fiscal 2007 Accounting Information under SFAS 87/88

Determination of Net Periodic Pension Cost and Total Pension Cost for the 2007 Fiscal Year¹

	Service Cost	Interest Cost	Expected Return on Assets	Net Amortization	Net Periodic Benefit Cost	Other Benefit Cost ²	Total Benefit Cost
Headquarters							
Non-Qualified Plans	-	\$9,774	-	\$1,016	\$10,790	-	\$10,790
Equitable Utilities							
Equitable Resources, Inc.							
Utility Active Cash Balance	-	-	-	-	-	\$13,357	\$13,357
Utility Salaried Employees	-	\$1,440,741	\$(2,236,151)	\$534,937	\$(260,473)	83,039	(177,434)
IBEW Local Union 1956	\$36,724	652,687	(735,697)	233,262	186,976	723,078	910,054
USW Local Union 12050	-	756,846	(820,243)	204,584	141,187	40,860	182,047
IBEW Local Union 1935	40,380	79,644	(82,436)	42,430	80,018	3,060	83,078
Subtotal	\$77,104	\$2,929,918	\$(3,874,527)	\$1,015,213	\$147,708	\$863,394	\$1,011,102
Equitrans, L.P.							
Equitrans Salaried	-	\$194,110	\$(489,542)	\$(50,410)	\$(345,842)	\$(15,917)	\$(361,759)
USW Local 5-00843	\$30,821	384,669	(457,579)	150,310	108,221	563,321	671,542
Subtotal	\$30,821	\$578,779	\$(947,121)	\$99,900	\$(237,621)	\$547,404	\$309,783
Total Utilities	\$107,925	\$3,508,697	\$(4,821,648)	\$1,115,113	\$(89,913)	\$1,410,798	\$1,320,885



Table 1

EQUITABLE RESOURCES, INC.

Defined Benefit Pension Plans Including Non-Qualified Plans

Summary of Fiscal 2007 Accounting Information under SFAS 87/88

Determination of Net Periodic Pension Cost and Total Pension Cost for the 2007 Fiscal Year ¹

	Service Cost	Interest Cost	Expected Return on Assets	Net Amortization	Net Periodic Benefit Cost	Other Benefit Cost ²	Total Benefit Cost
Equitable Supply							
Equitable Production Company							
USW Local Union 5-744	-	\$45,823	\$(24,354)	\$(17,859)	\$3,610	\$320	\$3,930
Kentucky West Virginia Gas Company							
USW Local Union 8-512	\$144,075	\$808,473	\$(769,773)	\$520,476	\$703,251	-	\$703,251
Discontinued Operations							
ERE	-	-	-	-	-	-	-
PECO	-	-	-	-	-	-	-
Balcon Oil	-	-	-	-	-	-	-
Trading (ERMC)	-	-	-	-	-	-	-
LIG LLC	-	-	-	-	-	-	-
LIG Liquids	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
Total Supply	\$144,075	\$854,296	\$(794,127)	\$502,617	\$706,861	\$320	\$707,181
TOTAL	\$252,000	\$4,372,767	\$(5,615,775)	\$1,618,746	\$627,738	\$1,411,118	\$2,038,856

¹ Results are based on a 5.75% discount rate and an 8.25% expected rate of return on assets for expense calculations. SFAS 88 calculations are based on a 6.25% discount rate.

² Represents amounts recognized in expense due to settlements, termination of the USW 5-00843 Spin-Off Plan, IBEW 1956 Plan freeze, and additional expense related to the 2005 cash balance spin-off.



Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 39: Please reconcile the historical and future test year SFAS No. 106 expense levels with the amount identified in the actuarial report.

Response:

Historical test period:

2007 Expense per actuarial report	\$1,950,568
2007 Expense recorded in GL	<u>\$1,718,552</u>
Variance	\$ 232,016

The variance is comprised of the following items:

- Amortization of the transition obligation \$ 164,588
- Capitalized portion of entry \$ (396,604)

Total Variance \$ (232,016)

Future test period:

2008 Estimated expense per actuarial report	\$1,903,800
2008 Expense recorded in GL	<u>\$1,776,000</u>
Variance	\$ 127,800

The variance is comprised of the following items:

- Amortization of the transition obligation \$ 164,588
- Capitalized portion of entry & other adjustments \$ (292,388)

Total Variance \$ (127,800)

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 40: Please identify the actual or projected amounts contributed to SFAS No. 106 funds for the historic and future test years. Identify the actual or projected dates and amounts of the contributions.

Response: The Company does not have plan assets for its other post-retirement benefit plans.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 41: Please explain the funding options or plans which are being used for SFAS No. 106 costs. Identify the portion of the costs which are eligible for tax preferred funding.

Response: The Company does not have plan assets for its other post-retirement benefit plans.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 42: Is the Company studying and/or anticipating any changes to its postretirement benefits offered to employees as a result of SFAS No. 106 or for other reasons? If yes, please provide such study and/or explain the anticipated change.

Response: Please see the Attachments A and B.



Retiree Health Care Benefit Enrollment For 2007

November 8, 2006

Dear Pre-65 Retiree:

This letter describes this year's benefit enrollment process and reviews retiree medical and retiree life insurance changes that will take effect on January 1, 2007. Your Enrollment Form also is enclosed. The enrollment period will end on **November 28**.

The retiree health care plans vary depending on eligibility for Medicare. If your spouse is eligible for Medicare but you are not (or vice versa), you and your spouse will be covered by different plans. In this case, the coverage options for your spouse are listed in the "Dependent" section of the Enrollment Form.

Please review this letter carefully and make any necessary changes by the enrollment deadline (November 28, 2006).

Rising Health Care Costs Require Contribution Changes

The costs of the PPO Plan have been going up steadily over the past several years—and there is a significant increase again for 2007. Each year, Equitable Resources has raised the amount that we contribute for your coverage.

That is not true for retirees who are Medicare eligible (age 65 or over). For the SecurityBlue and Highmark Medicare Supplement Plans, Equitable Resources contributes a set "capped" amount each year, and the retiree pays the cost above that amount.

We have determined that we must take the same approach with the early retiree healthcare plans in order to manage the Company's retiree benefit costs and make this expense more predictable going forward. The changes outlined in this letter will take effect on January 1, 2007.

PLEASE NOTE: If you (or your eligible dependent) are or will become eligible for Medicare in the next 12 months—and you will be enrolled in the Highmark PPO Medical Plan as of January 1, 2007, you should be aware of a federal law about prescription drug coverage. Please see the enclosed "Important Notice from Equitable Resources About Your Prescription Drug Coverage and Medicare" for more details.

Company Will “Cap” Its Share Of The Cost

Equitable Resources will “cap” its contribution for retiree medical, dental, and vision coverage at the amount we pay this year (2006), instead of paying a percentage of the total cost. Your cost for next year—and future years—will equal the portion of the premium that is above this cap. For example, the current total cost for retiree-only PPO coverage is \$600.31 per month, and the 2007 cost will be \$658.36, a \$58 increase. Your contribution will equal your 2006 contribution plus \$58. Your contributions for each level of coverage are shown on your Enrollment Worksheet.

This change to “cap” Company contributions at their 2006 levels also applies to the dental and vision plans. Your Enrollment Form reflects an increase in your vision coverage contributions for 2007; there will be no increase in the dental contributions for 2007.

Note: Generally, this provision applies to all similarly situated early retirees. However, your contributions may be different if they are governed by the terms of a collective bargaining or severance agreement.

Benefit Provision Changes

There are a few additional changes for 2007:

- **Dependent Coverage**—The retiree healthcare plans will cover eligible dependents who are full-time students until age 25, rather than age 24. Remember: You may not add dependents who were not eligible for coverage when you retired.
- **PPO Plan**—The 2007 Highmark Preventive Care Schedule is enclosed. The prescription drug formulary also is changing. The new formulary will be available online at www.highmarkbcbs.com or you may call Highmark Member Services.
- **Dental Plan**—The Plan will cover dental implants at 50% after the deductible. There are no changes to your contributions for 2007.
- **Vision Plan**—The contact lens and Non-Network benefits have been improved; see the attached chart. Your contributions for 2007 will be increasing as shown on your Enrollment Form.

Retiree Life Insurance Change

While the Company would like to continue the retiree benefit program, we must manage the increasing costs of these benefits. Currently, some retirees have a Company-paid life insurance benefit that reduces each year beginning at age 65. If you were a non-represented employee and your retirement date was in 1997 or later, the Company will no longer provide this coverage, but you may convert it to an individual policy. This change is effective January 1, 2007. If you are affected, MetLife will send you a conversion form and provide the costs of an individual policy.

Enroll Only If You Are Making Changes

IF YOU ARE NOT CHANGING YOUR COVERAGE, YOU DO NOT NEED TO RETURN AN ENROLLMENT FORM. If you do not return your Enrollment Form, your inaction will be, and represents, a decision that you have elected and want to continue your current coverage at the new contribution rates and to continue the authorized method of payment for these contributions.

Return your Enrollment Form **ONLY** If:

- You are enrolling for the first time (you must have had coverage as an active employee or early retiree to enroll).
- You want to decrease your coverage level (for example, from family to individual). You may increase your coverage level **ONLY IF** you are adding a spouse/dependent who was eligible at the time you retired; you may not add dependents acquired after you retired.
- You are enrolled for medical coverage now, but you want to waive coverage. (If you waive coverage, you will be allowed to enroll in coverage, if any, offered at a later date.)
- You want to change the personal information or address listed on the form.

If you **do need** to return an Enrollment Form, be sure to sign the form and to keep a copy for yourself. **Return the form by November 28, 2006 to:**

Equitable Resources, Inc. Benefits Service Center
c/o Aon Consulting
PO Box 2845
Winston-Salem, NC 27102-2845

Additional Information

The attachments to this letter include more benefit enrollment facts as well as information about Medicare Part D prescription drug coverage and other general Plan provisions. You should keep this information for your records. You are reminded that there are specific claims and appeals procedures under the Plans that you must follow for all matters relating to administration of the Plans and their benefits. If you have any questions, call the Benefits Service Center at 1-800-250-1891.

Sincerely,



Director, Compensation and Benefits

Vision Plan Benefits For Early Retirees

This chart highlights the benefits paid by the Vision Plan for Early Retirees, as of January 1, 2007.

Service	In-Network (no claim forms)	Non-Network (claims)
Eye Exam/ Refraction	Paid in full	Up to \$55 reimbursement
Frames	Plan pays 100% for a frame from the Davis Vision collection available at most network providers; otherwise, a \$100 credit applies	Up to \$55
Lenses (spectacle)	Paid in full; a copay may apply to specialty lenses	Reimbursement from \$60 to \$130 depending on type of lens
Contact Lenses	Evaluation and fitting covered in full Covered in full for one pair of standard daily wear lenses or 4 multi-pack boxes of disposable lenses; \$171 credit applies to specialty contact lenses, such as bifocal, toric or gas permeable	Up to \$125
<p>Discounts for additional contacts are available through the LENS 123 mail-order replacement program. Examinations and new lenses or contact lens prescriptions are covered once every 12 months; new frames are covered once every 24 months. Contacts are covered instead of glasses (you may not get eyeglasses and contact lenses in the same year).</p>		

When You Reach Age 65

As noted earlier, the coverage for those under age 65 and not eligible for Medicare is different from the coverage for those who are eligible for Medicare. Shortly before you (or your spouse) reach age 65, you will receive information about the plans offered to Medicare-eligible participants. Contact the Benefits Service Center if you have questions.

Women's Health And Cancer Rights Act

The Women's Health and Cancer Rights Act requires group health plans to provide coverage for the following services to any person receiving plan benefits in connection with a mastectomy:

- Reconstruction of the breast on which the mastectomy has been performed,
- Surgery and reconstruction of the other breast to produce symmetrical appearance, and
- Prosthesis and the treatment of physical complications for all stages of a mastectomy, including lymphedemas (swelling associated with the removal of lymph nodes).

If you receive benefits from the medical plan for a mastectomy and you elect to have reconstructive surgery, then the group health plan must provide coverage in a manner determined in consultation with the attending physician and the patient. The plan's benefit for breast reconstruction and related services will be the same as the benefit that applies to other services covered by your medical plan. While the law requires that we provide this notice, it is important to note that the Company's medical plans already cover these expenses.

Important Notice

This enrollment communication describes changes to the Highmark PPO Medical Plan, the Dental Plan for Early Retirees, the Vision Plan for Early Retirees, and the Retiree Life Insurance Plan that will take effect on January 1, 2007. This communication only provides highlights of the entire retiree benefit program, which consists of several separate benefit plans ("Plans"). This communication is, by necessity, concise and is not intended to be a thorough or complete description. Complete information, however, can and should be found in the separate Plan contracts or separate Plan documents, made available upon request.

This communication is considered a Summary of Material Modifications (or SMM), the notice you are entitled to receive under the Employee Retirement Income Security Act of 1974 (ERISA) when benefit plans are changed. Taken together, this communication, the communication provided by the individual carriers, and the Benefit Description booklets are considered your Summary Plan Description.

Although every attempt has been made to be accurate, if there happens to be an inconsistency or in case of any question about Plan provisions, the official Plan documents and/or contracts will govern over this communication or any enrollment, communication, or other material. Equitable Resources reserves the right to modify or terminate the benefit program (and/or its separate Plans) at any time for any reason, subject to collective bargaining if applicable.

Important Notice from Equitable Resources About Your PPO Medical Plan Prescription Drug Coverage and Medicare

To All Participants In the PPO Plan for Early Retirees as of January 1, 2007:

Last year, we informed you about a government-sponsored prescription drug benefit program that took effect in January 2006, called Medicare Part D. Each year from November 15 through December 31, Medicare holds an enrollment period for Part D prescription drug coverage.

Since you may be eligible for Medicare now or in the near future, it is important that you are aware of how Medicare Part D may affect your Equitable Resources medical coverage.

However, this letter does not apply to you unless you or a covered family member is Medicare-eligible now (or will be in the near future). This letter also does not apply to you if you waived coverage in the PPO Plan. Although you do not need to do anything right now, we understand that all of this information can be confusing, and we want to keep you informed.

Creditable Coverage Notice Enclosed

If you do not enroll in Medicare Part D now and wish to enroll in the future, you will pay a higher premium unless you can prove that you had "creditable coverage"—which means coverage that is at least as good as the standard Medicare prescription drug plan—through your employer or former employer. Your Equitable Resources medical coverage qualifies as creditable coverage.

A Creditable Coverage Disclosure Notice is enclosed. Provided you remain eligible for this Equitable Resources medical plan, you will receive this notice each year stating that your Equitable Resources medical coverage is creditable ***You should keep the notice in a safe place. In addition, if you drop coverage in the Equitable Resources Plan, you will also need to request a Certificate of Creditable Coverage that provides individual proof that your Equitable medical coverage qualifies as creditable coverage.*** In the event you wish to enroll in Medicare Part D in the future, you may need to provide copies of these documents to show that you are not required to pay a higher premium amount for Part D coverage.

No Action Required On Your Part

Over the next few months, everyone who is eligible for Medicare will receive information from many sources, such as AARP and the Centers for Medicare and Medicaid Services (CMS), the government organization that is responsible for Medicare. ***There is no action you need to take at this time—except to store your Creditable Coverage Disclosure Notice in a safe place.*** To learn more about Medicare, visit the Medicare web site at www.medicare.gov or you can call 1-800-MEDICARE (1-800-633-4227). Keep in mind that this site does not include any information about your Company-sponsored benefits.

If you have questions about this notice, contact the Benefits Service Center at 1-800-250-1891.

Medicare Supplement Or SecurityBlue Participants

If you (or your spouse) participate in the Medicare Supplement or SecurityBlue Medicare HMO plan, the attached notice does not apply to you. Your 2007 enrollment material explains how the Medicare prescription drug coverage affects your coverage.

Important Notice from Equitable Resources About Your PPO Medical Plan Prescription Drug Coverage and Medicare

This notice applies to Equitable Resources retirees or dependents who are enrolled in the PPO Medical Plan for Early Retirees as of January 1, 2007, and who are or will become eligible for Medicare in the next 12 months.

About This Notice

Please read this notice carefully and keep it where you can find it. This notice has information about your current Equitable Resources prescription drug coverage and prescription drug coverage available through Medicare.

It has been determined that the prescription drug coverage offered through Equitable Resources is creditable coverage. This means the amount Equitable Resources expects to pay, on average for all plan participants, is the same or more than the standard Medicare prescription drug coverage.

Your Prescription Drug Coverage Options

If you are eligible for Medicare Part D, you have the option of continuing your existing Equitable Resources prescription drug coverage or enrolling in the Medicare prescription drug coverage. You can enroll in Medicare prescription drug coverage when you first become eligible and each year between November 15th and December 31st. Since your existing prescription drug coverage is creditable coverage, you can choose to join a Medicare prescription drug plan later without paying a higher late enrollment premium.

IMPORTANT: If you decide to enroll in Medicare prescription drug coverage and drop your existing prescription drug coverage through the Equitable Resources Medical Plan for Early Retirees, be aware you may not be able to get this Company coverage back. Also, even though your current prescription drug coverage with the Company is creditable, if you drop it and have a break in creditable coverage of 63 days or more before enrolling in the Medicare prescription drug coverage, you could be subject to paying higher premiums for Medicare prescription drug coverage.

Limited Income Assistance

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. Information about this additional help is available from the Social Security Administration (SSA). For more information about this extra help, visit SSA online at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

For More Information About This Notice

Contact the Benefits Service Center at 1-800-250-1891 if you require further information about this notice. You may receive this notice at other times in the future, such as before the next period you can enroll in Medicare prescription drug coverage, or if this coverage changes. You also may request a copy of this notice.

Retiree Health Care Benefit Enrollment For 2008

November 4, 2007

To Those Eligible for SecurityBlue Coverage:

As you know, each year we work hard to make sure that we are delivering quality, cost effective benefits to our retirees. This year the rate increases for the coverages offered to retirees who are eligible for Medicare were unacceptable. SecurityBlue coverage was forecasted to increase by **41%**, and the Medicare Supplement coverage was forecasted to increase by **51%**! We approached Highmark—and other carriers—for an alternative to the current coverages. I am pleased to inform you that we have found what we believe is better coverage at a more cost effective price.

Effective January 1, 2008, Highmark FreedomBlue Private Fee For Service (PFFS) coverage will replace the current SecurityBlue and Medicare Supplement coverages. Freedom Blue PFFS is a Medicare Advantage plan that will provide hospital, medical, and prescription drug benefits.

Additionally, to simplify plan administration and help control the increasing cost of retiree healthcare coverage, Equitable Resources, Inc. (the "Company") will limit retiree healthcare coverage to participants who are enrolled on January 1, 2008 or to eligible employees who terminate employment and retire after 2007.

This letter describes these changes in more detail and summarizes the enrollment process. Your Enrollment Form also is enclosed. This year, we are asking you to return your form if you do NOT want retiree healthcare coverage or if you are making any changes. The enrollment period will end on November 21. Please review this letter carefully and, if necessary, return your form to the Benefits Service Center on or before November 21, 2007.

Key Points

This letter provides important information about the new FreedomBlue PFFS coverage and about other benefit changes for 2008. Here are key points:

- If you are enrolled in either SecurityBlue or the Medicare Supplement/Highmark Blue Rx coverage now, **you will be enrolled in FreedomBlue PFFS automatically.** You should receive your new FreedomBlue PFFS identification card by January 1. While you do not need to actively enroll in this new coverage, please read the enclosed Highmark material carefully to become familiar with how this coverage works.
- If you elect **not** to participate in FreedomBlue PFFS, your SecurityBlue coverage will end on December 31, 2007. Then, you will not have any Company-sponsored retiree medical or prescription drug coverage, and you will not be permitted to re-enroll in the future.

- **The Company will not offer the Opt-Out Reimbursement Program after 2007.** You may waive retiree medical coverage in 2008, but the Company will no longer reimburse you for a portion of your cost of other coverage.
- If you or your eligible spouse are *not* currently enrolled in the Company's retiree healthcare coverage (as described below), **this will be your last opportunity to enroll**. In order to participate in the Company's retiree healthcare coverage in 2008 or at any time in the future, you must elect this coverage now and return your enrollment form **on or before November 21, 2007**. This provision applies even if you currently have coverage through another source.

Note: The SecurityBlue, Medicare Supplement/Highmark BlueRx, FreedomBlue PFFS, and Medicare-eligible MetLife Dental coverages and the Opt-Out Reimbursement Program referred to in this letter are components of the Equitable Resources, Inc. Comprehensive Welfare Plan for Retirees. In this communication, the terms "Plan" or "Plans" refer ONLY to the specific component referenced, such as FreedomBlue PFFS, and not to the entire Comprehensive Welfare Plan for Retirees. The term "retiree healthcare coverage" includes the medical and dental coverage offered to retirees who are eligible for Medicare and the medical, dental, and vision coverage offered to eligible retirees who are under age 65 ("early retirees").

If Your Spouse Is Under Age 65

If you (the Company retiree) are eligible for Medicare but your spouse is not, you and your spouse are offered different retiree healthcare coverage options. The options for your spouse are listed in the "Dependent" section of the Enrollment Form. Your spouse (or eligible dependent child) may enroll in the Company's retiree healthcare coverage only if you are enrolled.

If your spouse (or other dependent, if eligible) waives retiree healthcare coverage (medical, dental, or vision) for 2008, your spouse may not enroll at any point in the future, including when he/she becomes eligible for Medicare. This provision applies even if your spouse loses coverage from another source.

2008 Medical Contributions

Your 2008 contributions are shown on the enclosed Enrollment Form. We're pleased to tell you that your contributions for medical coverage will **decrease slightly** to reflect the lower cost of FreedomBlue PFFS. Since the Company will be providing new coverage for all Medicare-eligible retirees, the Company will change its "capped" contribution to \$88.65 for retiree-only coverage or \$177.30 for retiree and spouse coverage. You pay the portion of the premium that is above this amount.

Note: Your contribution may be different if it is governed by the terms of a collective bargaining agreement or severance agreement.

NEW FreedomBlue PFFS Coverage For 2008

Currently, the Company provides two types of medical coverage for retirees who are eligible for Medicare: SecurityBlue coverage for retirees who live in Western Pennsylvania and Medicare Supplement coverage. **Beginning January 1, 2008, we will offer only the FreedomBlue Private Fee For Service (PFFS) Medicare Advantage plan.** This new plan offers several advantages, including:

- More consistent coverage. The SecurityBlue and Medicare Supplement benefit provisions are different. The new plan will provide the same coverage to all Medicare-eligible retirees.
- More affordable coverage. The premiums for SecurityBlue AND the Medicare Supplement plans were projected to increase significantly for 2008. In addition, we anticipate that SecurityBlue will make benefit changes as well, including higher copays. With FreedomBlue PFFS, your 2008 contributions will be *slightly less* than your 2007 contributions.
- Provider choice and no referrals. You may receive care from Medicare participating providers who agree to accept the terms and conditions of the FreedomBlue PFFS plan, even if they are not in the Highmark network. You do not need to get referrals for specialists' care. This gives you more control over your healthcare—and coverage that "travels" with you. So, if you live out of state for several months a year, you have comprehensive coverage. Review the enclosed FreedomBlue PFFS **Summary of Benefits** booklet and benefit grid for more information.
- Easier administration. We will have only two retiree medical coverage options—one for early retirees and one for Medicare-eligible retirees. This will make enrollment and administration easier and more cost-effective.

More About FreedomBlue PFFS

SecurityBlue and FreedomBlue PFFS are both Medicare Advantage coverage (sometimes referred to as Medicare Part C). These plans are provided through contracts between Medicare and Highmark, and Medicare pays Highmark a fixed amount to provide your coverage. As with SecurityBlue, FreedomBlue PFFS requires that you continue to be covered by Medicare Part A and Part B and pay the Part B premium. However, SecurityBlue is a health maintenance organization (HMO), while FreedomBlue PFFS is a "private fee for service plan" (PFFS).

With SecurityBlue, you receive benefits **ONLY** if you use providers in the SecurityBlue provider network—and you need referrals for specialist care. That's not the case with *your new FreedomBlue PFFS coverage*. You may use any Medicare participating providers who accept FreedomBlue PFFS coverage—and there are no referrals. This **one plan** will provide your medical, hospital, and prescription drug coverage.

With FreedomBlue PFFS, you pay only a \$15 copay for doctors' visits (\$15 copay for specialists too). While FreedomBlue PFFS covers the same broad range of medically necessary services and supplies as SecurityBlue, the benefits are different. After you meet a \$250 deductible, FreedomBlue PFFS pays 80% of your eligible expenses, and you pay 20%. If your 20% coinsurance reaches \$1,000, FreedomBlue PFFS will pay 100% of your eligible expenses for the rest of that year (excluding office visit copays or prescription drug expenses).

Your FreedomBlue PFFS coverage also includes Medicare Part D prescription drug coverage, as explained later in this letter and in the enclosed Highmark FreedomBlue PFFS material.

We believe FreedomBlue PFFS fairly balances the cost of coverage and use of care and services. Deductibles, copays, and coinsurance allow us to spread the risk of all plan participants, while requiring those who use more services to pay a little more for them.

Using FreedomBlue PFFS

We have enclosed more information about FreedomBlue PFFS, including a **2008 Summary of Benefits booklet with benefit grid**, the prescription drug formulary, and information that you can share with your providers about how FreedomBlue PFFS works.

Before you receive medical care, confirm that your provider will accept your FreedomBlue PFFS coverage. Show your ID card to your providers each time you receive care, including lab tests or x-rays.

Highmark also will provide a detailed *Evidence of Coverage* booklet. Please review that booklet carefully, so you will more fully understand your coverage and know the rules you must follow to receive coverage with this Medicare Advantage plan, including your right to appeal plan decisions about payment or services if you disagree.

Note: FreedomBlue PFFS serves the United States. If you move out of the United States, you need to notify the plan so you can disenroll and select another option. Medicare beneficiaries are generally not covered under Medicare while out of the country except for limited coverage near the U.S. border.

More About Prescription Drug Coverage

Your FreedomBlue PFFS coverage **includes** Medicare Part D prescription coverage, which means you do NOT need to enroll in an individual Medicare Part D Plan. The new coverage (shown on the Benefit Grid in the Highmark kit) is different from your current SecurityBlue coverage. If you are enrolled in SecurityBlue now, you will be enrolled for Medicare Part D coverage automatically as part of your FreedomBlue PFFS coverage. You do not need to take any action.

You cannot be enrolled in two Medicare Part D prescription drug plans at the same time—so, if you intend to be covered by FreedomBlue PFFS, you do not need to enroll in an individual Part D plan on your own. If you do enroll in another Medicare Advantage or Medicare Part D prescription drug plan, you automatically will be disenrolled from FreedomBlue PFFS. In addition, you would have NO Company-sponsored retiree medical or prescription drug coverage—and you would not be permitted to re-enroll in the future. It is your responsibility to inform the Company about any prescription drug coverage that you have or may get in the future.

If you want to enroll in a different Medicare Part D plan **in the future**, you may do so. You would not pay the Medicare "late enrollment" penalty provided you enroll within 63 days after your Company-sponsored coverage ends.

Opt-Out Reimbursement Program Will End This Year

If you currently participate in the Opt-Out Reimbursement Program, the Company may reimburse you for a portion of the cost of your coverage in another plan if you meet the eligibility requirements and you submit requests for payment during the claim process period from December 1, 2007 through March 31, 2008. Contact the Benefits Service Center if you have questions about this program or how to be reimbursed.

The Company will **not** offer the Opt-Out Reimbursement Program in 2008. If you waive retiree medical coverage for 2008, you will not receive an Opt-Out payment. In addition, you will not be permitted to enroll in Company-sponsored retiree medical coverage at any point in the future, even if you lose your coverage from another source.

Last Opportunity to Enroll In Company-sponsored Retiree Healthcare Coverage

If you are not enrolled in the Company's retiree healthcare coverage (medical, dental, and/or vision) now, please be aware that this is the last year you will be given the opportunity to enroll. After this year's enrollment for 2008 coverage, the Company will only offer coverage to new retirees (employees who have just retired). If you or, if eligible, your spouse or children, do not enroll in the retiree healthcare coverage options (medical, dental, and/or vision) for which you are eligible for 2008, you may not enroll in the future, even if you lose coverage from another source.

If anticipate that you or your spouse (or, if eligible, a dependent child) will want to participate in any of the Company-sponsored retiree healthcare coverage options (medical, dental, or, for early retirees, vision) at any point in the future, you MUST elect the applicable coverage and return your Enrollment Form to the Benefits Service Center on or before November 21, 2007.

Important Information About Enrolling

Your 2008 Enrollment Form is enclosed. As noted earlier, if you have SecurityBlue coverage now, you automatically will be enrolled in FreedomBlue PFFS as of January 1, 2008, so you do not need to return your Enrollment Form. **However, please return your form to the Benefits Service Center on or before November 21, 2007 to confirm that you do NOT want retiree healthcare coverage or if you want to make any of the following changes:**

- You have SecurityBlue coverage now, and you want to **waive** coverage. Your current coverage will end as of December 31, 2007, and you may not enroll in any of the Company-sponsored retiree healthcare coverage options at any point in the future for any reason.
- You currently Opt-Out or waive retiree medical or dental coverage and you want to **enroll for 2008 OR you want to continue to waive coverage**. If you elect to waive coverage, you may not enroll in any of the Company-sponsored retiree healthcare coverage options at any point in the future for any reason.

- You want to decrease your coverage level (for example, from two person to individual). If you drop coverage for your spouse or other eligible dependent, keep in mind that you may not re-enroll that dependent in any of the Company-sponsored retiree healthcare coverage options at any point in the future for any reason. You may increase your coverage level **ONLY** to add a spouse/dependent who was eligible when you retired. You may not add dependents acquired after you retired.
- You want to change the personal information or address listed on the form.

If you **DO need** to return your Enrollment Form, be sure to sign the form and to keep a copy for yourself. **Return the form to the Benefits Service Center on or before November 21, 2007 (an envelope is enclosed).**

If You Do Not Return Your Enrollment Form

If you **do not** return your Enrollment Form, your inaction will be, and represents, a decision that:

- You **do not** want to enroll in Company-sponsored retiree healthcare coverage for 2008 or for any future year if you do not have this coverage now.
- You want to be enrolled in FreedomBlue PFFS at the new contribution rates if you have SecurityBlue coverage now.
- You want to continue your dental coverage if you have this coverage now.
- You want to continue the authorized method of payment for your medical and dental contributions, if applicable.

Additional Information

We have enclosed more information about FreedomBlue PFFS, including a **Summary of Benefits** booklet with Benefit Grid, and the prescription drug formulary. Please review these materials as well as the summary of the Women's Cancer Rights Act and Important Notice on the next page. Please keep all of this information for your records.

You are reminded that there are specific claims and appeals procedures that you must follow for all matters relating to administration of the plans and their benefits. You also are reminded that the Company may amend, modify, or terminate the Comprehensive Welfare Plan for Retirees, and/or its component plans, including those that provide retiree healthcare coverage, at any time for any reason.

If you have specific questions about FreedomBlue PFFS, call a FreedomBlue PFFS representative at 1-866-435-6092 (your Reference Code is PF100702). For other questions, call the Benefits Service Center at 1-800-250-1891.

Sincerely,



David J. Smith
Director, Compensation and Benefits

Women's Health And Cancer Rights Act

The Women's Health and Cancer Rights Act requires group health plans, including the Company's FreedomBlue PFFS and Highmark Early Retiree PPO Medical Plans, to provide coverage for the following services to any person receiving benefits in connection with a mastectomy: reconstruction of the breast on which the mastectomy has been performed, surgery and reconstruction of the other breast to produce a symmetrical appearance, and prostheses and the treatment of physical complications for all stages of a mastectomy, including lymphedemas (swelling associated with the removal of lymph nodes).

If you receive benefits from the FreedomBlue PFFS or Highmark Early Retiree PPO Medical Plans for a mastectomy and you elect to have reconstructive surgery, then the Plan must provide coverage in a manner determined in consultation with the attending physician and the patient. The Plan's benefit for breast reconstruction and related services will be the same as the benefit that applies to other services covered by the Plan in which you are enrolled. While the law requires that we provide this notice, it is important to note that the Company's FreedomBlue PFFS and Highmark Early Retiree PPO Medical Plans already cover these expenses.

Important Notice

This enrollment communication describes changes to the healthcare coverage for Medicare-eligible retirees that will take effect on January 1, 2008. **Release of Information:** By joining FreedomBlue PFFS, you acknowledge that this Medicare health plan will release your information to Medicare and other plans as is necessary for treatment, payment and health care operations. You also acknowledge that Highmark will release your information including your prescription drug event data to Medicare, who may release it for research and other purposes which follow all applicable Federal statutes and regulations. A copy of Highmark's Notice of Privacy Practices is available on Highmark's website, or from the Highmark Privacy Office.

As noted earlier, the SecurityBlue, Medicare Supplement, FreedomBlue PFFS, and MetLife Dental Plans and the Opt-Out Reimbursement Program are components of the Equitable Resources, Inc. Comprehensive Welfare Plan for Retirees. This communication only provides highlights of these component plans, and is, by necessity, concise and not intended to be a thorough or complete description. Complete information, however, can and should be found in the separate contracts or separate documents, made available upon request.

This communication is considered a Summary of Material Modifications (or SMM), the notice you are entitled to receive under the Employee Retirement Income Security Act of 1974 (ERISA) when benefit plans are changed. Taken together, this communication, the communication provided by the individual carriers, and the Benefit Description booklets (currently being updated) are considered your Summary Plan Description.

Although every attempt has been made to be accurate, if there happens to be an inconsistency or in case of any question about Plan provisions, the official Plan documents and/or contracts will govern over this communication or any enrollment, communication, or other material. The Company reserves the right to modify or terminate the Comprehensive Welfare Plan for Retirees, and/or its component plans including those that provide retiree healthcare coverage, at any time for any reason.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 43: Please state whether the Company has included expenses related to SFAS No. 112 in its test year claim. If so, please provide complete details and include a copy of the actuarial study.

Response: The company has not included expenses related to SFAS No. 112 in the historic test year.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 44: Please provide all documentation supporting the uncollectible accrual rate reflected in the Company's filing.

Response: The uncollectible accrual rate is determined based on the actual net write-offs as a percentage of accrued revenue. See the attached schedule for the net write-off to revenue ratio for the last two years.

Equitable Gas Company
Response to Standard Data Request
REVENUE REQUIREMENT INTERROGATORIES

RR Item- 44

	Accrued Basis as of December 31, 2007	Accrued Basis as of December 31, 2006
Residential Sales	\$ 302,131,240	\$ 287,990,871
Net Write-offs, Twelve months ended December 31,	\$ 6,437,107	\$ 6,713,859
Net Write-off Percentage	2.1%	2.3%
Commercial and Industrial Sales	\$ 64,917,300	\$ 63,754,351
Net Write-offs, Twelve months ended December 31,	\$ 492,460	\$ 364,205
Net Write-off Percentage	0.8%	0.6%

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 45: Please provide all workpapers and documentation supporting the Company's claimed balance of gas stored underground – current. Include support for the monthly injections and withdrawals and the gas cost rate.

Response: Please refer to the attached spreadsheets.

<u>Month</u>	<u>Ending Storage Volume (Dth)</u>	<u>Rate</u>	<u>Balance</u>
December-06	11,846,727	\$ 7.4366	88,098,886
January-07	9,081,707	\$ 7.9429	72,135,514
February-07	6,054,454	\$ 7.9381	48,060,923
March-07	4,308,391	\$ 8.0240	34,570,358
April-07	3,064,219	\$ 8.0457	24,653,881
May-07	4,111,047	\$ 7.7844	32,001,829
June-07	5,931,445	\$ 8.0670	47,849,104
July-07	8,364,972	\$ 7.6881	64,310,417
August-07	9,991,768	\$ 7.5612	75,549,969
September-07	12,035,674	\$ 7.3234	88,141,833
October-07	13,528,753	\$ 7.1926	97,307,449
November-07	13,258,783	\$ 7.2692	96,381,248
December-07	12,673,472	\$ 7.2650	92,072,208

Pennsylvania Division

	January	February	March	April	May	June	July	August	September	October	November	December
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Beginning Balance												
Purchases - Dth	11,846,727	9,081,707	6,054,454	4,308,391	3,064,219	4,111,047	5,931,445	8,364,972	9,991,768	12,035,674	13,528,753	13,258,783
Total Cost - \$	88,098,886	72,135,514	48,060,923	34,570,358	24,653,881	32,001,829	47,849,104	64,310,417	75,549,969	88,141,833	97,307,449	96,381,248
Upstream Pipeline Service												
Purchases - Dth	30,600	0	0	136,844	1,046,828	1,820,398	2,433,527	1,626,796	2,043,906	1,493,079	296,460	0
Commodity Cost	4,826,739	0	0	1,164,746	7,347,948	15,847,274	16,461,314	11,239,551	12,591,864	9,165,616	3,252,473	12,466
Total Storage Injections												
Purchases - Dth	30,600	0	0	136,844	1,046,828	1,820,398	2,433,527	1,626,796	2,043,906	1,493,079	296,460	0
Total Costs	4,826,835	0	0	1,164,746	7,347,948	15,847,274	16,461,314	11,239,551	12,591,864	9,165,616	3,252,473	12,466
Withdrawals												
Purchases - Dth	2,795,620	3,027,253	1,746,063	1,381,016	0	0	0	0	0	0	566,430	585,311
Total Cost - \$	20,790,206	24,074,591	13,490,565	11,081,223	0	0	0	0	0	0	4,178,673	4,321,506
Ending Balance												
Purchases - Dth	9,081,707	6,054,454	4,308,391	3,064,219	4,111,047	5,931,445	8,364,972	9,991,768	12,035,674	13,528,753	13,258,783	12,673,472
Total Cost - \$	72,135,514	48,060,923	34,570,358	24,653,881	32,001,829	47,849,104	64,310,417	75,549,969	88,141,833	97,307,449	96,381,248	92,072,208
Average Cost - \$/Dtl	7.9429	7.9381	8.0240	8.0457	7.7844	8.0670	7.6881	7.5612	7.3234	7.1926	7.2692	7.2650

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 46: *Please provide a comparison between actual and budgeted O&M expenses by budget cost element for the historical test year and explain any budget variances of 10 percent or more.*

Response: See attached.

Equitable Gas Company
 Response to Standard Data Requests
 Revenue Requirement Interrogatories

Item 46 Please provide a comparison between actual and budgeted O&M expenses by budget cost element for the historical test year and explain any budget variances of 10% or more.

Response:

Charge Type	2007 Actual	2007 Actual Excluded Costs	2007 Actual Adjusted Costs	2007 Budget	Over (Under)	%
Labor	24,855,963	765,757	24,090,206	20,005,365	4,084,841	20.4%
Material & Supplies	3,653,521	-	3,653,521	3,799,066	(145,545)	-3.8%
Transportation	2,411,020	-	2,411,020	2,164,344	246,676	11.4%
OSS, EMP , FRG	42,084,980	26,097,937	15,987,043	20,301,065	(4,314,022)	-21.3%
Rent / Lease	630,399	-	630,399	649,600	(19,201)	-3.0%
Other General & Administrative	15,998,099	(17,510,441)	33,508,540	15,784,292	17,724,248	112.3%
Other	6,332,576	760,125	5,572,451	10,210,795	(4,638,344)	-45.4%
Total O&M	95,966,558	10,113,378	85,853,180	72,914,527	12,938,653	17.7%

Equitable Gas Company
Response to Standard Data Requests
Revenue Requirement Interrogatories

Explanation of variances of 10% or more:

Labor over budget by \$4,084,841 (20.4%)

Variance is due to the following:

- 1 Increased bonus expense of approximately \$1.0m.
- 2 Increased labor related to Dominion acquisition of approximately \$2.1m.
- 3 Increased labor expenses of approximately \$1.0m, primarily related to Field Operations.

Transportation over budget by \$246,676 (11.4%)

Variance is due to the following:

- 1 Increased operating costs for vehicles, primarily related to Field Operations.

OSS, EMP, FRG under budget by \$4,314,022 (-21.3%)

Variance is due to the excluded cost adjustments and Dominion acquisition related costs.

Other General & Administrative over budget by \$17,724,248 (112.3%)

Variance is due to the excluded cost adjustments.

Other under budget by \$4,638,344 (-45.4%)

Variance is due to the following:

- 1 Insurance reserve adjustment of approximately \$3.6m.
- 2 Favorable adjustment for telephone expenses of approximately \$0.5m
- 3 Decreased overall office supply expenses of approximately \$0.5m.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 47: Please provide the most recent actual number of eligible participants in each of the employee medical and dental plans reflected in the Company's filing.

Response: The most recent actual number of eligible participants is 389

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 48: Please provide workpapers showing the derivation of future test year Social Security and Medicare FICA taxes based on future test year labor expense. Identify both the total and O&M amounts.

Response: See Exhibit III, Item III-A-17 (Future Test Year), Sheet 6 for calculation of Social Security and Medicare FICA taxes related to O&M accounts.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 49: Please provide workpapers showing the derivation of future test year federal and state unemployment taxes. Show both the total and O&M amounts.

Response: See Exhibit III, Item III-A-17 (Future Test Year), Sheet 6 for calculation of federal and state unemployment taxes related to O&M accounts.



Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 50: Please provide workpapers showing the derivation of future test year capital stock taxes.

Response: See attached.



Equitable Gas Company
 Response to Standard Data Requests
 REVENUE REQUIREMENT INTERROGATORIES

Item 50:

PA Capital Stock Tax Calculation

Book income - year 1	30,938,829
Book income - year 2	29,788,011
Book income - year 3	52,324,347
Book income - year 4	9,478,645
Current Year Book Income	<u>(1,243,412)</u>
	121,286,421
Divided by	<u>5.00</u>
	24,257,284
Divided by	<u>9.50%</u>
	255,339,833
Ending equity	260,573,336
Beginning equity	261,816,747
Ending or average	260,573,336
Multiplied by	<u>75%</u>
	195,430,002
Line 6 plus line 11	450,769,834
Divided by	<u>2</u>
	225,384,917
Less exemption	<u>(150,000)</u>
	225,234,917
Apportionment	68.6797%
	154,690,616
Tax rate	<u>0.289%</u>
Projected capital stock tax	<u><u>447,056</u></u>

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 51: If applicable, please provide a copy of the billing and payment terms for all contracts between the Company and its parent or an affiliated company for services. Further, to the extent that the parent or affiliated company provides service to non-affiliated companies, please provide the corresponding billing and payment terms.

Response: Attached is a current copy of the Affiliated Interest Agreement between Equitable and its affiliates. This Agreement includes a list of Charges for Centralized Services provided by Equitable Resources to other Affiliated Members and Other Subsidiaries.

AGREEMENT BETWEEN AFFILIATES

Agreement dated as of this 5th day of May, 2005 between EQUITABLE RESOURCES, INC. ("Equitable Resources"), a Pennsylvania corporation, EQUITABLE GAS COMPANY ("Equitable"), a division of Equitable Resources, Inc., KENTUCKY WEST VIRGINIA GAS COMPANY, LLC ("Kentucky West"), a Delaware limited liability corporation, EQUITABLE GATHERING, LLC, ("Equitable Gathering") a Delaware limited liability corporation, EQUITABLE GATHERING EQUITY, LLC ("Equitable Gathering Equity"), a Delaware limited liability corporation, EQUITABLE PRODUCTION COMPANY ("Equitable Production"), a Pennsylvania corporation, ET BLUE GRASS COMPANY ("ET Blue Grass"), a Delaware Corporation, EQUITABLE ENERGY, LLC ("Equitable Energy") a Delaware limited liability corporation, EQUITRANS, LP ("Equitrans"), a Pennsylvania limited partnership, and EQUITABLE HOMEWORKS, LLC ("Homeworks"), a Pennsylvania limited liability corporation.

WITNESSETH:

WHEREAS, Equitable Resources intends to maximize cost efficiency by avoiding duplication of staffing and effort; and

WHEREAS, Kentucky West, Equitable Gathering, Equitable Gathering Equity, Equitable Production, ET Blue Grass, Equitable Energy, Equitrans and Homeworks are wholly owned subsidiaries, either by direct or indirect ownership, of Equitable Resources, Inc.; all of the aforementioned companies, including Equitable Resources and Equitable, being affiliated members ("Affiliated Members") of the Equitable Resources

System ("System"), which System is engaged primarily in the business of exploring for, producing, gathering, processing, storing, transmitting, distributing and selling natural gas and oil; and

WHEREAS, other Affiliated Members require from time to time the services, assistance and advice of Equitable, its officers and employees and on certain occasions Equitable may require services, assistance and advice from other Affiliated Members, their officers and employees; and

WHEREAS, Equitable Resources also provides certain centralized services to other Affiliated Members; and

WHEREAS, the Parties have agreed concerning the type and extent of the assistance and service required and the amounts to be paid as compensation therefore;

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereto agree as follows:

ARTICLE I
SERVICES, ETC. FURNISHED BY EQUITABLE

Equitable will furnish personnel, equipment, and other resources on a regular basis, and sometimes on an emergency basis, in order to perform certain functions on behalf of one or more of the other Affiliated Members, which, without limiting the generality of the foregoing, shall include the following:

- A. Administrative. General management functions; advice as to the need for additions to, or improvements in property, plant and equipment; guidance in developing appropriate changes in rates, rules and regulations; assistance in the conduct of proceedings before those regulatory bodies exercising jurisdiction over

the various members of the System; and assistance in developing guidelines for computing and allocating operating expenses.

B. Accounting and Taxes. Assistance in maintenance of the general books of account; payroll accounting; property accounting; preparation and filing of consolidated federal income tax returns and state and local returns for the System, coordination of associated tax audits, and advice as to tax developments affecting the System.

C. Corporate Organization. Administration of Board of Director and shareholder meetings and other Corporate Secretary functions

D. Data Processing. Accounting, billing and payroll processing.

E. Engineering. Engineering services for the planning, operation, maintenance and construction of plant facilities, including measuring and regulating station equipment, storage, gathering, transmission, distribution and other operating facilities; field investigations to obtain information required for the preparation of studies, reports, maps, designs and drawings; and development of cost estimates, specifications and contracts for construction.

F. Insurance. Placement of property, casualty and workman's compensation insurance and maintenance of appropriate records; disposition of property, casualty and workman's compensation claims; and related risk management services.

G. Maintenance. Providing personnel, equipment and other resources to maintain efficient and economical services and production, and to repair and replace pipelines, compressor stations and other facilities.

H. Personnel. Assistance and advice in the procurement and employment of qualified personnel, salary administration, negotiation with bargaining units representing employees of the various System companies, administration of employee benefit plans, service recognition awards, employee training and health services and maintenance of employee records.

I. Production. Pumping and servicing wells and selling gas and oil on behalf of certain Affiliated Members.

J. Storeroom Service. Maintenance and operation of storeroom for provision of supplies such as pipe, valves, fittings and office supplies.

K. Treasury. Assistance in cash management, negotiation of bank lines of credit and establishment of temporary investment programs; development and implementation of financing programs on behalf of the System and arrangements for the sale of System securities; preparation of reports to be filed with indenture trustees and responses to inquiries made by security holders.

ARTICLE II
SERVICES, ETC. DIRECTLY FURNISHED TO EQUITABLE

One or more of the other Affiliated Members may provide direct services to Equitable, including the rental of office space, parking space, storage space and/or other facilities and provide personnel, equipment, materials and supplies and other resources to maintain efficient and economical services and production, and to repair and replace lines and other facilities.

ARTICLE III
PAYMENT FOR DIRECT SERVICES
FURNISHED BY AND TO EQUITABLE

A. Services. The company receiving direct services under Articles I and II shall pay to the company providing said services the actual cost thereof, including fringe benefits and overheads.

Payment for services rendered by personnel for another company or in common with another company shall be based on actual time spent by such personnel as reflected in their daily time sheets or other reasonable means of determination. Costs incurred in connection with services rendered which can be readily identified and relate exclusively to a company shall be charged directly to that company. Costs incurred in rendering services in common which cannot be identified to a specific company shall be allocated among the appropriate companies using allocation methods generally accepted for ratemaking and financial reporting purposes.

B. Supplies and Materials. Supplies and materials provided shall be charged on the basis of actual cost plus a percentage for overhead.

C. Space Rental. Rent for office, parking or storage space shall be at cost allocated on the basis of area provided.

ARTICLE IV **CENTRALIZED SERVICES PROVIDED BY EQUITABLE RESOURCES**

Equitable Resources will furnish certain personnel, equipment, services and other resources in order to provide management, technical and administrative services to, and perform certain functions on behalf of other Affiliated Members and other subsidiaries. The services to be provided by Equitable Resources shall be those shown on Exhibit I attached hereto ("Centralized Services").

Equitable Resources will charge for Centralized Services provided under this Agreement on a cost of service basis. The methods for determining the allocation of such charges are shown on Exhibit II hereto.

ARTICLE V **FINANCING**

Equitable Resources may also from time to time, loan funds to other Affiliated Members and other subsidiaries or be loaned funds from other Affiliated Members and other subsidiaries, with interest paid at applicable market rates.

ARTICLE VI
BILLING PRACTICES

Transactions by and between Affiliate Members that involve cash being paid by one Affiliate Member entity to another are generally settled within one (1) month following the closing of a particular transaction. Such transactions are settled via accounting functionality contained within the Company's general ledger systems.

This Agreement shall be subject to the approval of any regulatory commission or other regulatory body whose approval is a prerequisite to the execution or delivery or performance of this Agreement. Each Affiliate Member company shall keep its books and records available at all times for inspection by regulatory bodies having jurisdiction over them and shall furnish, upon request, any and all information required with respect to the services rendered, the costs thereof and the allocation of such costs among the parties to this Agreement.

ARTICLE VII
CONTROLLING AGREEMENT

This Agreement shall be in full force and effect as of the date first mentioned above, subject to any necessary approval of governmental agencies having jurisdiction over this matter, and shall continue until terminated by any party hereto giving the others ninety (90) day written notice of termination; provided, however, this Agreement shall terminate immediately with regard to any party as of the date such company ceases to be an affiliated member of the System (except to the extent that compensation is still to be

paid for services rendered by, or to, any party prior to the date of such cessation of affiliation).

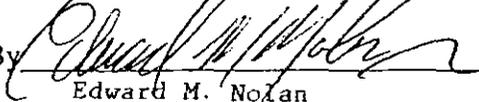
The terms of this Agreement shall be automatically extended to the successors and assignees of the parties and to any subsidiary of any party hereto when such subsidiary begins active operations.

ARTICLE VIII

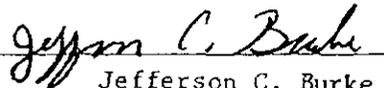
The parties hereto agree that no particular service shall be provided hereunder if the performance of such service shall violate any applicable law, regulation or government policy, shall unreasonably impede competition between Equitable and third party competitors or shall adversely affect the ability of either Equitable or any of its affiliated companies to make independent business decisions.

IN WITNESS WHEREOF, the parties have hereunto executed this Agreement as of the date and year first above written.

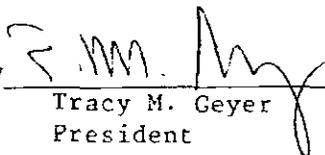
EQUITABLE GAS COMPANY, a
Division of Equitable Resources, Inc.

By 
Edward M. Nolan
Senior Vice President

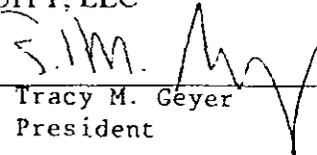
KENTUCKY WEST VIRGINIA
GAS COMPANY, LLC

By 
Jefferson C. Burke
President

EQUITABLE GATHERING, LLC

By 
Tracy M. Geyer
President

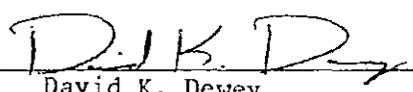
EQUITABLE GATHERING
EQUITY, LLC

By 
Tracy M. Geyer
President

EQUITABLE PRODUCTION COMPANY

By 
Diane L. Prier
President

ET BLUE GRASS COMPANY

By 
David K. Dewey
Vice President

EQUITABLE ENERGY, LLC

By 
Fred K. Dalena
President

EQUITABLE HOMEWORKS, LLC

By 
William R. Lucas
Vice President

EQUITABLE RESOURCES, INC.

By 
Randall L. Crawford
Vice President

EQUITRANS, LP

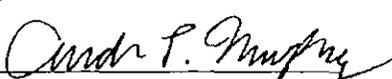
By 
Andrew L. Murphy
Vice President

EXHIBIT I
Centralized Services Provided by
Equitable Resources to Other
Affiliated Members and Other Subsidiaries

A. Accounting and Taxes. Assistance in maintenance of the general books of accounts, preparation and analysis of financial reports; payroll accounting; property accounting, preparation and filing of consolidated federal income tax returns or state and local returns for the System, coordination of associated tax audits, and advice as to tax developments affecting the System.

B. Administrative. General System management; advice and assistance relating to strategic direction and resource allocation (capital and operating expenditure control) guidance in developing appropriate policies and procedures; assistance in the conduct of proceedings before regulatory bodies exercising jurisdiction over the various members of the System; centralized corporate communications, mail services and reproduction and printing.

C. Auditing. Periodic internal audit of accounting records and procedures; reports and recommendations on improving methods of internal control and accounting procedures.

D. Corporate Organization. Administration of Board of Directors and shareholder meetings and other Corporate Secretary functions.

E. Computer Services. Accounting, billing and payroll processing, and management information system requirements, through a centralized data processing facility; advice and assistance in development and implementation of software for specific applications.

F. Gas Measurement. Personnel, equipment and facilities required to verify, interpret and process gas measurement media and data for billing and reporting purposes.

G. Human Resources. Assistance and advice in the procurement and employment of qualified personnel, salary administration, negotiation with bargaining units representing employees of the various System companies, administration of employee benefit plans, service recognition awards, employee training and health services and development and maintenance of employee records.

H. Insurance. Placement of property, casualty and workman's compensation insurance; processing of insurance claims; and other related risk management services.

I. Legal. Counseling services, including document preparation, review and legal advice; assistance in civil as well as regulatory proceedings.

J. Planning. Advice and assistance in facilities and energy planning relating to gas supply/demand forecasts, supply acquisition, economic forecasts, and special studies.

K. Procurement. Assistance in the purchase of materials, supplies and services; conduct of formal bidding procedures and purchase negotiations; preparation of purchase order agreements; administration of automotive fleet and material control programs.

L. Technical Services. Assistance in design, engineering and operation of facilities; environmental, regulatory and safety compliance and reporting; field investigations required for special studies, reports, maps designs and drawings; and development of cost estimates, specifications and contracts for construction.

M. Telecommunications. Personnel, equipment and facilities necessary to provide and maintain effective and efficient system-wide voice and data communications.

N. Treasury. Assistance in cash management; development and implementation of capital acquisition programs on behalf of the System and arrangements for the sale of System securities; preparation of reports to be filed with indenture trustees and responses to inquiries made by security holders; investor relations matters.

EXHIBIT II

Charges for Centralized Services Provided By Equitable Resources to Other Affiliated Members And Other Subsidiaries

1. Charges for functional services provided to Equitable Gas on a continuing basis will be determined by allocation of operating costs as listed below:

<u>Function</u>	<u>Basis of Allocation</u>
Accounting and Taxes	Various sub-functions according to appropriate common measures, i.e., items processed, number of employees, system average plant/revenue factor
Auditing	Actual time experience
Corporate Organization	System average plant/revenue factor
Computer Services	Processing time, system and hardware utilized
Gas Measurement	Actual time experience
Human Resources	Number of employees and gross payroll dollars
Insurance	System average plant/revenue/labor factor
Legal	Actual time experience
Planning	System average plant/revenue factor
Purchasing	Orders processed and number vehicles managed
Technical Services	Actual time experience
Telecommunications	Actual time experience
Treasury	Items processed and system average plant/revenue factor

2. Charges for Administrative or general System management will be based on factors developed primarily by averaging allocations determined for subordinate functions in the specific areas of responsibility and weighing with system-wide factors, as appropriate.
3. Charges for employees' benefits and statutory overheads will be in proportion to allocation of labor cost.
4. Incremental expenditures incurred with respect to special services undertaken for Equitable Gas will be charged directly at cost.
5. In addition to the foregoing, charges will be rendered for *depreciation/amortization and a fair return on assets utilized in performing services under this agreement*. The rate of return will be at the allowed or calculated level determined in Equitable's most recent general rate proceeding. These charges will be allocated in proportion to associated labor costs and/or based on direct usage, as appropriate.
6. Factors applied in the allocation of costs will be re-determined each year with the most recent actual information available. Said factors will be subject to ongoing revision for material changes in operations or level of services provided.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 52: Please provide the annual level of outside services employed for the preceding three calendar years. Include in your response a breakdown of the test year amount indicating the service provider and the type of service performed.

Response: The annual level of outside services employed for the historic test year and preceding calendar years is as follows:

Twelve Months Ended December 31, 2007	\$19,497,893
Twelve Months Ended December 31, 2006	\$13,006,892
Twelve Months Ended December 31, 2005	\$3,716,152

Please refer to Exhibit III, Item III-A-28 for additional details on these expenses.

The attached schedule includes a breakdown of historic test year amounts for expenditures greater than \$100,000, including the service provider and type of service performed.

Equitable Gas Company
 Response to Standard Data Requests
 REVENUE REQUIREMENT INTERROGATORIES

Item 52:

923	<u>Outside Services Employed</u>	<u>Description of Services</u>	<u>Amount</u>
	A C Coy Company	Consulting/Strategy/Planning	115,163
	Accenture LLP	Consulting/Strategy/Planning	585,000
	Buchanan Ingersoll & Rooney	General Legal Counsel	210,836
	C Leon Sherman & Asscs. PC	General Legal Counsel	498,255
	EMC Corporation	Consulting/Strategy/Planning	179,720
	Ernst & Young LLP	External audit and consulting fees & services	309,113
	KPMG	Internal audit and consulting fees & services	512,394
	Mellon Bank	Bank services & fees	358,606
	Opinion Research Corporation	Segmentation Study	119,000
	Procurement Allocation	Corporate Allocation	220,027
	Reed Smith LLP	General Legal Counsel	213,018
	Teksystems	Consulting/Strategy/Planning	410,000
	Thomas, Thomas, Armstrong, & Niesen	General Legal Counsel	221,373
	Watson Wyatt	Pension/Post Retirement Benefits Administration	262,258
	Webmethods Inc.	Consulting/Architecture Assessment	149,838
	Total Outside Services greater than \$100,000		<u>\$ 4,364,601</u>

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 53: Please describe each budgeted or planned cost savings program to be implemented during the historic or future year. Please identify the cost of implementing the program and the anticipated annual savings.

Response: During the ordinary course of business, Equitable reviews its business processes and strives to identify items that can be streamlined or automated through technology or other enhancements. These enhancements generally result in opportunities to improve service to customers or enhance system reliability rather than provide direct cost savings. For the historic test year, Equitable did not recognize cost savings from these initiatives nor does it anticipate implementing any cost savings programs in the future test year.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 54: Please explain how the Company has treated reserve accruals and balances for ratemaking purposes and provide the requested level of any self-funded reserve accruals by type of item.

Response: The Company has not included any rate making adjustments in the historic or future test years for self-funded reserve accruals.

Equitable Gas Company
Response to Standard Data Requests
REVENUE REQUIREMENT INTERROGATORIES

Item 55: Please provide a copy of the corporate federal tax returns and supporting schedules for the preceding three years and, if applicable, a copy of the calculation workpapers for the Company's consolidated tax savings adjustment.

Response: This information is available for review at a mutually agreed upon time at the Company's office.