June 25, 2007

Sandra Squire, Executive Secretary
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

Re: EQUITABLE RESOURCES, INC.
CASE NO. 07-0098-GT-G-PC

Dear Ms. Squire:

Enclosed for filing in the above-referenced proceeding is the original and twelve copies of “Rebuttal Testimony of R. Dennis Xander.”

Thank you for your attention to this matter.

Sincerely,

Joel E. Symonds

E-Mail Address: jsymonds@bowlesrice.com

cc: Parties of Record
CASE NO. 07-0098-GT-G-PC
EQUITABLE RESOURCES, INC. AND EQUITABLE GAS COMPANY

Petition for Consent and Approval of the Reorganization of Equitable Resources, Inc. into a Holding Company Structure.

Rebuttal Testimony of R. Dennis Xander
WHAT IS YOUR NAME, ADDRESS, AND BUSINESS LOCATION?

R. Dennis Xander. My business address is Route 5, Box 560, Buckhannon, WV 26201.

FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING?

I am testifying on behalf of the Independent Oil and Gas Association of West Virginia (IOGA).

DID YOU SUBMIT DIRECT TESTIMONY IN THIS PROCEEDING?

Yes, I did.

HAVE YOU READ THE DIRECT TESTIMONY SUBMITTED BY THE OTHER PARTIES?

Yes, I have.

WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

I will address the other parties' direct testimony.

DO YOU HAVE ANY COMMENTS ON JAMES E. CROCKARD, III'S TESTIMONY?

Yes. I had hoped that Mr. Crockard's Direct Testimony would provide the detail regarding the reorganization that is missing from Equitable Resource's application, however, it does not. Mr. Crockard makes some general statements regarding the effects of the
reorganization, but provides little detail. Without this detail, the Commission cannot adequately consider the application.

WHAT DETAILS DO YOU THINK ARE STILL MISSING ABOUT THE REORGANIZATION?

Mr. Crockard is not specific enough when he discusses the reorganization’s effects on the public. For example, Mr. Crockard states on pages five and thirteen of his testimony that the reorganization will not result in the transfer of any of Equitable Gas’ regulated utility assets in West Virginia. Neither the application nor Mr. Crockard’s testimony provide any detail about what assets will be transferred. The testimony only says that Equitable Resources will transfer assets that are more appropriately held by a holding company to the holding company. The Commission, not Equitable Resources, should decide which assets are more appropriately held by the holding company. The Commission cannot judge whether the reorganization adversely affects the public without knowing what assets will remain with the utility and which will not. If assets have been included in Equitable Resources’ rate base at any time, those assets must either remain with the utility or the utility must receive fair compensation for the transfer of those assets. The reorganization must not result in the transfer of utility assets without compensating the utility.

ARE THERE OTHER PLACES IN MR. CROCKARD’S TESTIMONY WHERE YOU WOULD LIKE TO SEE MORE DETAIL?

Yes. Mr. Crockard states that it is his belief that the holding company structure will enable Equitable Resources to finance the utility at the same or lower cost of capital than it can under its current corporate structure. Equitable Resources should provide some study or
analysis to support Mr. Crockard’s belief. As Mr. Harris discusses in his testimony, until
Equitable provides an analysis of these purported savings, there is simply no evidence that a
reorganization will provide rate payers any benefit. Equitable Resources should provide an
analysis to demonstrate the benefits of the reorganization.

DO YOU HAVE ANY ADDITIONAL COMMENTS ON MR. HARRIS’ TESTIMONY?

Yes. In his testimony, Mr. Harris discusses an affiliated services agreement that
Equitable provided as part of a response to a data request. It is Mr. Harris’ position that this
agreement required Commission approval, which Equitable apparently did not seek. I assume
that Equitable did not seek Commission approval for this agreement because Equitable did not
believe that it needed Commission approval. This is a good example of a misunderstanding
regarding the Commission’s jurisdiction.

This type of misunderstanding should be avoided if possible. If the Commission
approves Equitable’s reorganization, it must make clear in its Order that approval of the
reorganization is not actual or implied approval of the abandonment of any assets used to serve
utility or transportation customers.

PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.

In my direct testimony, I discussed information that the Commission needs to
have from Equitable before it can properly consider the application to reorganize. Mr.
Crockard’s testimony does not provide this information. The Commission should require
Equitable to supplement its application before considering the approval of the reorganization and then give the parties the opportunity to provide additional testimony.

DOES THIS CONCLUDE YOUR TESTIMONY?

Yes.
PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 07-0098-GT-G-PC
EQUITABLE RESOURCES, INC.
Petition for approval of the reorganization of Equitable Resources, Inc.

CERTIFICATE OF SERVICE

The undersigned, counsel for Independent Oil and Gas Association of West Virginia Inc., hereby certifies that he has served the foregoing “Rebuttal Testimony of R. Dennis Xander” by placing a true and exact copy thereof in a properly addressed envelope, by U.S. mail, postage prepaid this 25th day of June, 2007, upon the following:

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