

## Peoples Gas KY

### Calculation of Average Rate on Schedule 2 (August 2017 Quarterly Filing)

Line No.		<u>Nymex</u> (1)	<u>TCO Basis</u> (2)	<u>Total</u> (3) = (1 + 2)	
1	August 2017	(See attachment)	2.9150	\$ (0.175)	\$ 2.740
2	September	(See attachment)	2.9140	\$ (0.175)	\$ 2.739
3	October	(See attachment)	2.9450	\$ (0.175)	<u>\$ 2.770</u>
4	Total	(Sum Lines 1-3)			\$ 8.249
5	Estimated 3 month average	(Line 4 / 3)			\$ 2.750
6	Retainage 11%	(Line 5 / (1-0.11))			\$ 3.0895
7	VTS Rate				\$ 0.7251
8	<b>Projected Average Rate on Schedule 2 (August 2017 Quarterly Filing)</b> (Line 6 + Line 7)				<u><b>\$ 3.8146</b></u>

**NATURAL GAS FUTURES**

**NYMEX July gas falls as temps trump Cindy**

NYMEX July natural gas futures fell Wednesday, as outlooks of cooler-than-average temperatures superseded a decrease in US dry production.

The July contract settled at \$2.893/MMBtu, down 1.4 cents from Tuesday's close, after the market was trading higher in the morning.

The most recent six- to 10-day weather outlook from the National Weather Service forecasts a significant probability of cooler-than-average temperatures for Texas, the Midcontinent and the East.

Platts Analytics' Bentek Energy projects US demand to average 63 Bcf/d over the next seven days, down from the 64.2 Bcf/d expected for Wednesday.

Phil Flynn, senior market analyst at Price Futures Group, said after the "cool down, we should get warmer weather."

Though temperatures have been lower-than-average, the most recent three-month weather outlook from the Weather Service projects temperatures to be higher than average for the entire country.

US dry production fell 900 MMcf on day due to maintenances and shut-ins caused by Tropical Storm Cindy in the Gulf of Mexico, according to Platts Analytics.

Flynn called the dry production loss "critical," as "we can't afford to lose production."

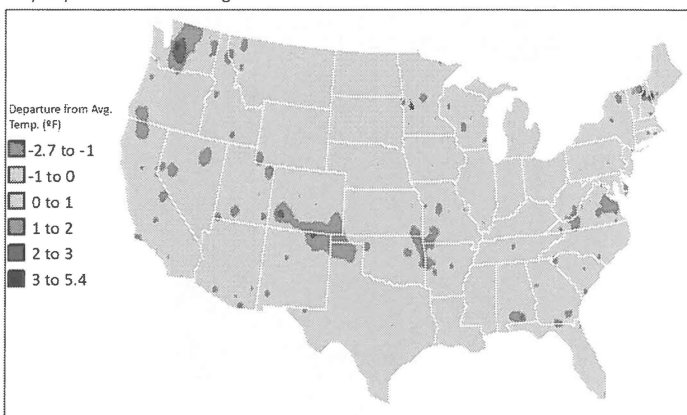
The National Hurricane Center expects Tropical Storm Cindy to make landfall sometime around Wednesday evening, and leaving the Gulf area by Friday.

Platts Analytics projects US dry production to recover after the storm passes, with dry production to average 71 Bcf/d over the next seven days, up from the 70.2 Bcf/d expected for Tuesday.

A consensus of analysts surveyed by S&P Global Platts expect a 58-Bcf injection to be announced Thursday by the US Energy Information Administration for the week ended June 16, well below the 78-Bcf injection announced last Thursday by the EIA for the week ended June 9.

**MONTH-AHEAD TEMPERATURE FORECAST MAP**

July departure from average



Source: Platts, Custom Weather

**NYMEX HENRY HUB GAS FUTURES CONTRACT, JUN 21**

	Settlement	High	Low	+/-	Volume
Jul 2017	2.893	2.948	2.878	-0.014	54233
Aug 2017	2.915	2.966	2.899	-0.015	27907
Sep 2017	2.914	2.961	2.899	-0.014	5184
Oct 2017	2.945	2.987	2.930	-0.010	3672
Nov 2017	3.016	3.054	3.001	-0.007	1434
Dec 2017	3.163	3.200	3.149	-0.007	596
Jan 2018	3.258	3.290	3.242	-0.003	1447
Feb 2018	3.245	3.272	3.233	-0.002	112
Mar 2018	3.185	3.210	3.170	0.001	1109
Apr 2018	2.839	2.850	2.827	0.009	1255
May 2018	2.810	2.818	2.798	0.012	365
Jun 2018	2.838	2.845	2.830	0.011	88
Jul 2018	2.866	2.872	2.857	0.011	45
Aug 2018	2.873	2.879	2.862	0.011	58
Sep 2018	2.849	2.856	2.837	0.011	64
Oct 2018	2.866	2.872	2.854	0.011	37
Nov 2018	2.915	2.922	2.906	0.010	187
Dec 2018	3.049	3.057	3.046	0.009	4
Jan 2019	3.137	3.142	3.137	0.009	4
Feb 2019	3.116	3.125	3.110	0.009	29
Mar 2019	3.053	3.060	3.053	0.010	2
Apr 2019	2.728	2.728	2.720	0.012	25
May 2019	2.699	2.720	2.695	0.017	5
Jun 2019	2.730	2.751	2.727	0.018	5
Jul 2019	2.761	2.761	2.758	0.018	2
Aug 2019	2.775	2.776	2.772	0.018	2
Sep 2019	2.768	2.768	2.765	0.018	3
Oct 2019	2.794	2.794	2.786	0.018	3
Nov 2019	2.869	2.869	2.860	0.018	2
Dec 2019	3.014	3.014	3.011	0.018	1
Jan 2020	3.120	3.120	3.120	0.017	0
Feb 2020	3.090	3.090	3.090	0.016	0
Mar 2020	3.027	3.027	3.027	0.016	0
Apr 2020	2.699	2.699	2.697	0.015	4
May 2020	2.687	3.014	3.011	0.015	0
Jun 2020	2.720	2.720	2.720	0.015	0

Contract data for Tuesday

Volume of contracts traded: 332,609

Front-months open interest:

Jul, 98,974; Aug, 239,321; Sep, 180,970

Total open interest: 1,385,255

Data is provided by a third-party vendor and is accurate as of 5:30 pm Eastern time.

**NYMEX PROMPT MONTH FUTURES CONTINUATION**



Source: Platts

**BENTEK US GAS STORAGE SURPLUS vs ROLLING 5-YEAR AVERAGE**

