

Peoples Gas KY LLC

Summary of Proposed Tariff Rates

	<u>Current Tariff Rate</u>	<u>Current GCR Rate</u>	<u>Proposed GCR Rate</u>	<u>Difference</u>	<u>Proposed Tariff Rate</u>
	(1)	(2)	(3)	(4)	(5)
	\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf
	(a)	(b)		(3) - (2)	(1) + (4)
All MCF	5.7900	3.6578	4.2495	0.5917	6.3817

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

(b) Rate approved by the Commission at Case No. 2017-00239.

Peoples Gas KY LLC

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period November 1, 2017 through January 31, 2018

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	Expected Gas Cost (EGC)	\$/Mcf	4.1418
2	Supplier Refund (RA)	\$/Mcf	0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf	0.1895
4	Balance Adjustment (BA)	\$/Mcf	<u>(0.0818)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf	<u><u>4.2495</u></u>
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	Total Expected Cost of Gas	\$	855,573 (a)
7	Total Normalized Annual Sales	Mcf	<u>206,570 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf	<u><u>4.1418</u></u>
 <u>Supplier Refund Adjustment Summary</u>			
9	Current Quarter Refund Adjustment	\$/Mcf	0.0000 (c)
10	Previous Quarter Refund Adjustment	\$/Mcf	0.0000 (d)
11	2nd Previous Quarter Refund Adjustment	\$/Mcf	0.0000 (e)
12	3rd Previous Quarter Refund Adjustment	\$/Mcf	<u>0.0000 (f)</u>
13	Supplier Refund Adjustment (RA)	\$/Mcf	<u><u>0.0000</u></u>
 <u>Actual Cost Adjustment Summary</u>			
14	Current Quarter Adjustment	\$/Mcf	0.2461 (g)
15	Previous Quarter Adjustment	\$/Mcf	0.2459 (d)
16	2nd Previous Quarter Adjustment	\$/Mcf	(0.3639) (e)
17	3rd Previous Quarter Adjustment	\$/Mcf	0.0614 (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf	<u><u>0.1895</u></u>
 <u>Balance Adjustment Summary</u>			
19	Current Quarter Adjustment	\$/Mcf	0.0431 (h)
20	Previous Quarter Adjustment	\$/Mcf	(0.1314) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf	(0.0075) (e)
22	3rd Previous Quarter Adjustment	\$/Mcf	0.0140 (f)
23	Balance Adjustment (BA)	\$/Mcf	<u><u>(0.0818)</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during May 2017 through July 2017.

(d) As approved in Case No. 2017-00239.

(e) As approved in Case No. 2017-00152.

(f) As approved in Case No. 2016-00436.

(g) See Schedule 4.

(h) See Schedule 5.

Peoples Gas KY LLC

Calculation of Expected Gas Cost Based on Purchases
for the Twelve Months Ended July 2017 At Supplier
Costs Estimated to Become Effective November 1, 2017

	<u>Purchases</u>	<u>Purchases</u>	<u>Average Rate</u>	<u>Annual Cost</u>
	(1)	(2)	(3)	(4)
	Mcf	Dth	\$/Dth	\$
			(a)	(2) x (3)
<u>PURCHASES</u>				
1 August 2016	4,153	2,961	4.1888	12,403
2 September	2,972	3,641	4.1888	15,252
3 October	6,703	8,211	4.1888	34,395
4 November	17,986	15,576	4.1888	65,245
5 December	36,356	44,536	4.1888	186,554
6 January 2017	32,636	39,979	4.1888	167,466
7 February	22,602	24,101	4.1888	100,955
8 March	26,134	32,014	4.1888	134,099
9 April	9,976	12,221	4.1888	51,191
10 May	9,268	11,354	4.1888	47,558
11 June	4,498	5,510	4.1888	23,080
12 July 2017	3,386	4,148	4.1888	17,375
13 Total	<u>176,671</u>	<u>204,253</u>	<u>-</u>	<u>855,573</u>

- (a) Estimated average rate based on average Nymex prices plus TCO basis for a 3 month period, plus \$0.7251/Dth VTS Rate from Kentucky West Virginia Gas Company, and adjusted for 11% retainage.

Peoples Gas KY LLC

Summary of Normalized Sales

<u>Line</u> <u>No.</u>	<u>Month</u>	<u>Normalized</u> <u>Sales</u> (1) Mcf
1	August	3,765
2	September	3,353
3	October	9,159
4	November	21,584
5	December	36,639
6	January	40,933
7	February	33,857
8	March	27,795
9	April	15,383
10	May	6,672
11	June	3,655
12	July	3,773
13	Total	<u>206,570</u>

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Calculation of Actual Cost Adjustment for the Period
May 2017 through July 2017

<u>Description</u>	<u>Unit</u> (1)	<u>May</u> (2)	<u>June</u> (3)	<u>July 1/</u> (4)	<u>Total</u> (5)
1 Supply Volume Per Invoice	Mcf	9,389	5,845	3,386	18,620
2 Supply Cost Per Books	\$	81,356	29,809	15,154	126,320
3 Sales Volume	Mcf	9,268	4,498	3,386	17,152
4 EGC Revenue	\$	40,903	19,720	14,858	75,481
5 Over/(Under) Recovery (Line 5 - Line 2)	\$	(40,453)	(10,089)	(296)	(50,839)
6 Total Current Quarter Actual Cost to be included in rates					(50,839)
7 Normalized Sales					206,570
8 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					0.2461

1/ July 2017 costs are estimated.

Peoples Gas KY LLC

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Twelve Month Period Beginning August 2016

	<u>Sales</u>	<u>ACA</u> <u>Recovery</u>	<u>Over/(Under)</u> <u>Collection</u> <u>Balance</u>
	(1)	(2)	(3)
	Mcf	\$	\$
Balance Approved by the Commission in Case No. 2016-00210.			(53,875)
Actual			
August 2016	1,736	1,152	(52,723)
September	2,972	662	(52,062)
October	11,974	1,708	(50,354)
November	12,715	4,579	(45,775)
December	36,356	9,256	(36,518)
January 2017	52,310	8,309	(28,209)
February	2,928	5,755	(22,455)
March	26,134	6,654	(15,801)
April	16,442	2,540	(13,261)
May	2,802	2,360	(10,901)
June	4,498	1,145	(9,756)
July 2017	5,418	862	(8,894)
Total	<u>176,286</u>	<u>44,981</u>	

Normalized Sales 206,570 Mcf

Balancing Adjustment \$0.0431 /Mcf
(\$8,894) ÷ 206,570 Mcf

Peoples Gas KY

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

Line No.		<u>Nymex</u> (1)	<u>TCO Basis</u> (2)	<u>Total</u> (3) = (1 + 2)
1	November 2017	(See attachment) \$ 3.149	\$ (0.197)	\$ 2.952
2	December	(See attachment) \$ 3.291	\$ (0.197)	\$ 3.094
3	January 2018	(See attachment) \$ 3.392	\$ (0.190)	\$ 3.202
4	Total	(Sum Lines 1-3)		\$ 9.248
5	Estimated 3 month average	(Line 4 / 3)		\$ 3.083
6	Retainage 11%	(Line 5 / (1-0.11))		\$ 3.4637
7	VTS Rate			\$ 0.7251
8	Projected Average Rate on Schedule 2 (November 2017 Quarterly Filing)	(Line 6 + Line 7)		<u>\$ 4.1888</u>

NATURAL GAS FUTURES

NYMEX October slides 2.8 cents to \$3.094

NYMEX October natural gas futures dipped 2.8 cents Wednesday to settle at \$3.094/MMBtu, as temperatures were expected to drop to near normal levels.

The National Weather Service in its most recent eight- to 14-day outlook forecast average temperatures across much of the country, a change from the warmer-than-average weather expected over the next several days.

Chicago is projected to see temperatures in the mid- to high 80s over the next five days, according to NWS, a jump from the 73 degrees normally expected at this time of year.

If bullish weather continues to hang around major demand areas through to the end of September, it could put downward pressure on storage builds in the coming weeks.

Though future builds may come in below average, eyes will be on the Energy Information Administration's storage estimate for the week ended September 15, as it will reflect the impact Hurricane Irma had on power demand in the Southeast US. That estimate is due out on Thursday.

A consensus estimate of analysts surveyed by S&P Global Platts calls for a 90-Bcf build the week ended September 15, which would be well above the 73-Bcf injection averaged over the past five years during this time.

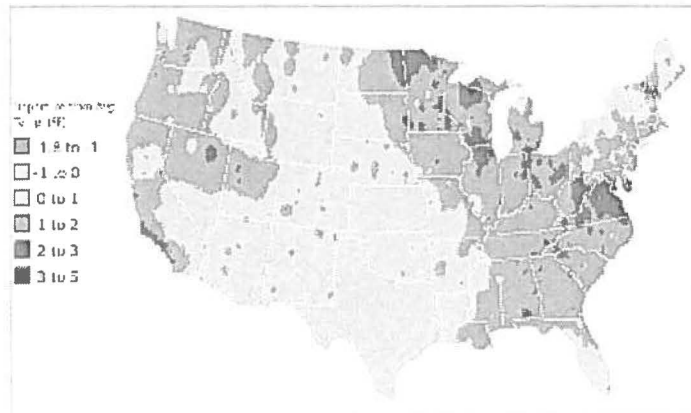
US dry production is projected to remain strong, averaging 74 Bcf/d over the next 14 days, according to Platts Analytics' Bentek Energy, up from the 71.4 Bcf/d averaged year to date.

Through all of its swings over the past few months, the NYMEX front-month contract has been rangebound, not having settled higher or lower than 25 cents from the \$3/MMBtu mark since May 22, when the contract settled at \$3.33/MMBtu.

Looking down the curve, however, this may change, as the December and January contracts are currently at \$3.291/MMBtu and \$3.392/MMBtu, respectively.

MONTH-AHEAD TEMPERATURE FORECAST MAP

October departure from average



Source: Platts, Custom Weather

NYMEX HENRY HUB GAS FUTURES CONTRACT, SEP 20

	Settlement	High	Low	+/-	Volume
Oct 2017	3.094	3.140	3.097	-0.028	65047
Nov 2017	3.149	3.203	3.144	-0.025	31331
Dec 2017	3.291	3.347	3.287	-0.028	3642
Jan 2018	3.392	3.437	3.386	-0.027	9301
Feb 2018	3.395	3.435	3.388	-0.024	2481
Mar 2018	3.351	3.386	3.341	-0.019	1815
Apr 2018	2.986	2.990	2.974	0.000	1774
May 2018	2.948	2.952	2.930	0.001	551
Jun 2018	2.971	2.974	2.962	0.001	85
Jul 2018	2.994	2.997	2.985	0.001	248
Aug 2018	2.995	2.990	2.987	0.000	124
Sep 2018	2.975	2.970	2.957	0.000	132
Oct 2018	2.998	3.000	2.986	0.001	260
Nov 2018	3.047	3.048	3.034	0.001	202
Dec 2018	3.179	3.180	3.168	0.001	49
Jan 2019	3.265	3.267	3.257	0.001	27
Feb 2019	3.245	3.246	3.241	-0.001	2
Mar 2019	3.178	3.179	3.178	0.000	3
Apr 2019	2.783	2.783	2.783	0.001	0
May 2019	2.748	2.748	2.748	0.000	0
Jun 2019	2.771	2.771	2.771	0.000	0
Jul 2019	2.794	2.794	2.794	0.000	0
Aug 2019	2.798	2.798	2.798	0.000	0
Sep 2019	2.784	2.784	2.784	0.000	0
Oct 2019	2.808	2.808	2.808	0.000	0
Nov 2019	2.873	2.873	2.873	0.000	0
Dec 2019	3.021	3.021	3.021	0.000	0
Jan 2020	3.122	3.122	3.122	-0.001	0
Feb 2020	3.097	3.097	3.097	-0.001	0
Mar 2020	3.039	3.039	3.039	-0.002	0
Apr 2020	2.715	2.715	2.715	-0.004	0
May 2020	2.688	2.688	2.688	-0.004	0
Jun 2020	2.711	2.711	2.711	-0.004	0
Jul 2020	2.737	2.737	2.737	-0.004	0
Aug 2020	2.747	3.039	3.039	-0.004	0
Sep 2020	2.747	2.743	2.743	-0.004	0

Contract data for Tuesday

Volume of contracts traded: 376,177

Front-months open interest:

Oct, 97,325; Nov, 298,514; Dec, 115,567

Total open interest: 1,321,920

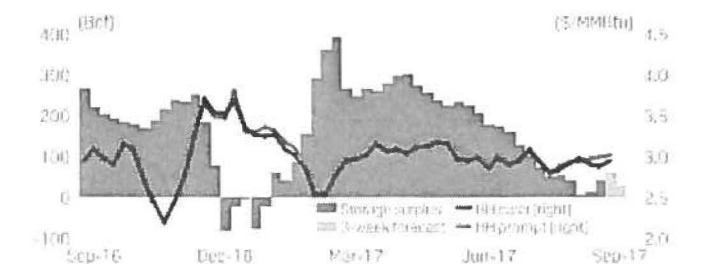
Data is provided by a third-party vendor and is accurate as of 5:30 pm Eastern time.

NYMEX PROMPT MONTH FUTURES CONTINUATION



Source: Platts

BENTEK US GAS STORAGE SURPLUS vs ROLLING 5-YEAR AVERAGE





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Month	Open	High	Low	Last	Change	Settle	Estimated Volume	Prior Day Open Interest
OCT 17	-	-	-	-	+0020	-2660	0	1,357
NOV 17	-	-	-	-	+0020	-1970	0	2,064
DEC 17	-	-	-	-	-0030	-1970	0	2,132
JAN 19	-	-	-	-	-0020	-1600	0	1,209

4:10 September 27
 Energy Commentary

3:32 September 26
 Energy Commentary
 Bob Iaccino

4:33 September 26