

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	6.3817	4.2495	3.5680	(0.6815)	5.7002

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

(b) Rate approved by the Commission at Case No. 2017-00373.

Peoples Gas KY LLC

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period February 1, 2018 through April 30, 2018

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)
<u>GCR Components</u>		
1	Expected Gas Cost (EGC)	\$/Mcf 3.4486
2	Supplier Refund (RA)	\$/Mcf 0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf 0.2106
4	Balance Adjustment (BA)	\$/Mcf <u>(0.0912)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf <u><u>3.5680</u></u>
 <u>Expected Gas Cost Calculation (EGC)</u>		
6	Total Expected Cost of Gas	\$ 716,191 (a)
7	Total Normalized Annual Sales	Mcf <u>207,678 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf <u><u>3.4486</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 0.0825 (g)
15	Previous Quarter Adjustment	\$/Mcf 0.2461 (d)
16	2nd Previous Quarter Adjustment	\$/Mcf 0.2459 (e)
17	3rd Previous Quarter Adjustment	\$/Mcf (0.3639) (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf <u><u>0.2106</u></u>
 <u>Balance Adjustment Summary</u>		
19	Current Quarter Adjustment	\$/Mcf 0.0046 (h)
20	Previous Quarter Adjustment	\$/Mcf 0.0431 (d)
21	2nd Previous Quarter Adjustment	\$/Mcf (0.1314) (e)
22	3rd Previous Quarter Adjustment	\$/Mcf (0.0075) (f)
23	Balance Adjustment (BA)	\$/Mcf <u><u>(0.0912)</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during August 2017 through October 2017.

(d) As approved in Case No. 2017-00373.

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

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

(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 October 2017 At Supplier
Costs Estimated to Become Effective February 1, 2018

	<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 November 2016	17,986	2,961	3.5064	10,382
2 December	36,356	3,641	3.5064	12,767
3 January 2017	32,636	8,211	3.5064	28,792
4 February	22,602	15,576	3.5064	54,616
5 March	26,134	44,536	3.5064	156,163
6 April	9,976	39,979	3.5064	140,184
7 May	9,268	24,101	3.5064	84,509
8 June	4,498	32,014	3.5064	112,253
9 July	3,386	12,221	3.5064	42,851
10 August	3,529	11,354	3.5064	39,810
11 September	4,214	5,510	3.5064	19,320
12 October 2017	9,997	4,148	3.5064	14,544
13 Total	<u>180,583</u>	<u>204,253</u>	<u>-</u>	<u>716,191</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	November	21,662
2	December	36,642
3	January	41,025
4	February	34,027
5	March	27,819
6	April	15,648
7	May	6,522
8	June	3,351
9	July	3,459
10	August	3,456
11	September	3,358
12	October	10,709
13	Total	<u>207,678</u>

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Calculation of Actual Cost Adjustment for the Period
August 2017 through October 2017

<u>Description</u>	<u>Unit</u> (1)	<u>August</u> (2)	<u>September</u> (3)	<u>October 1/</u> (4)	<u>Total</u> (5)
1 Supply Volume Per Invoice	Mcf	3,394	4,625	9,997	18,016
2 Supply Cost Per Books	\$	17,539	17,800	48,401	83,740
3 Sales Volume	Mcf	3,529	4,214	9,997	17,740
4 EGC Revenue	\$	13,229	15,845	37,531	66,605
5 Over/(Under) Recovery (Line 5 - Line 2)	\$	(4,310)	(1,955)	(10,869)	(17,135)
6 Total Current Quarter Actual Cost to be included in rates					(17,135)
7 Normalized Sales					207,678
8 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					0.0825

1/ October 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 November 20

	<u>Sales</u> (1) Mcf	<u>ACA Recovery</u> (2) \$	<u>Over/(Under) Collection Balance</u> (3) \$
Balance Approved by the Commission in Case No. 2016-00331.			(7,895)
<u>Actual</u>			
November 2016	12,715	735	(7,160)
December	36,356	1,449	(5,711)
January 2017	52,310	1,228	(4,483)
February	2,928	852	(3,631)
March	26,134	985	(2,645)
April	16,442	376	(2,269)
May	2,802	349	(1,920)
June	4,498	170	(1,750)
July	5,418	128	(1,623)
August	1,497	133	(1,490)
September	4,214	159	(1,331)
October 2017	18,622	377	(954)
Total	<u>183,937</u>	<u>6,941</u>	

Normalized Sales 207,678 Mcf

Balancing Adjustment \$0.0046 /Mcf
(\$954) ÷ 207,678 Mcf

Peoples Gas KY

Calculation of Average Rate on Schedule 2 (February 2018 Quarterly Filing)

Line No.		Nymex (1)	TCO Basis (2)	Total (3) = (1 + 2)
1	February 2018	\$ 2.732	\$ (0.209)	\$ 2.523
2	March	\$ 2.704	\$ (0.222)	\$ 2.482
3	April	\$ 2.631	\$ (0.210)	\$ 2.421
4	Total	(Sum Lines 1-3)		\$ 7.426
5	Estimated 3 month average		(Line 4 / 3)	\$ 2.475
6	Retainage 11%		(Line 5 / (1-0.11))	\$ 2.7813
7	VTS Rate			\$ 0.7251
8	Projected Average Rate on Schedule 2 (February 2018 Quarterly Filing (Line 6 + Line 7)			<u>\$ 3.5064</u>

NATURAL GAS FUTURES

NYMEX Jan up 3.7 cents; supply-demand tightens

The NYMEX January gas futures contract settled Wednesday at \$2.715/MMBtu, up 3.7 cents from Tuesday's close, as the national supply-demand balance tightens.

January traded Wednesday between \$2.656/MMBtu and \$2.751/MMBtu, chipping away at the 38-cent drop the contract has experienced since December 1.

Platts Analytics' Bentek Energy supply-demand data shows total US demand is expected to roll over the 100 Bcf/d level Thursday, a 1.2 Bcf/d jump from current levels and consistent with a steady upward swing seen in recent days.

Largely driving the demand swing is the Northeast, where demand is expected to surge to 31.1 Bcf/d Thursday, and remain above the 30 Bcf/d threshold into the weekend, about 7.4 Bcf/d above the previous seven-day average, Platts Analytics data shows.

Moving to another segment of the demand stack, exports moving south to Mexico hit a near 30-day high Wednesday at just under 4.6 Bcf/d, marking only the 13th time that exports have reached this level on record.

Concurrently, production Wednesday is coming in at a slight decline from previous sessions at around 76.4 Bcf/d, slightly below the December-to-date average of 76.7 Bcf/d, but around 600 MMcf/d down from weekend levels.

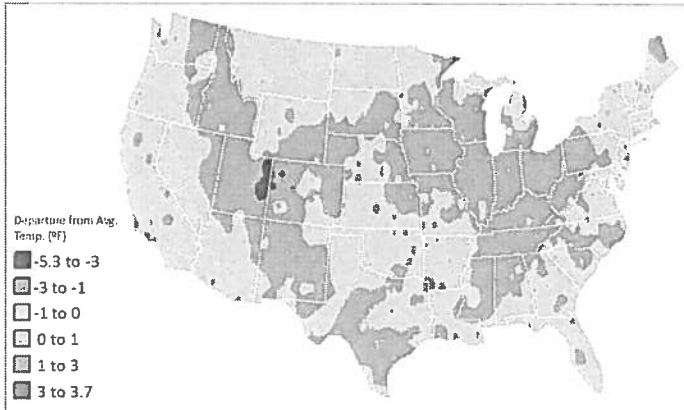
While the market is inching higher Wednesday following consistent weakening throughout much of December, how the contract will close out the trading week will hinge heavily on the upcoming US Energy Information Administration weekly gas storage report, to be released Thursday.

According to a consensus of analysts surveyed by S&P Global Platts, the storage period for the week ending December 8 is projected to see a 63 Bcf withdrawal from storage, well below the 147 Bcf withdrawal experienced last year.

If projections come to fruition, the gap in supplies with historical levels could rapidly narrow, likely resulting in additional prompt-month downward pressure as production levels remain robust.

MONTH-AHEAD TEMPERATURE FORECAST MAP

January departure from average



Source: Platts, Custom Weather

NYMEX HENRY HUB GAS FUTURES CONTRACT, DEC 13

	Settlement	High	Low	+/-	Volume
Jan 2018	2.715	2.751	2.656	0.037	91100
Feb 2018	2.732	2.763	2.669	0.038	23460
Mar 2018	2.704	2.736	2.647	0.034	11466
Apr 2018	2.631	2.660	2.587	0.017	8433
May 2018	2.638	2.666	2.597	0.018	3265
Jun 2018	2.675	2.702	2.635	0.015	2106
Jul 2018	2.712	2.738	2.672	0.013	912
Aug 2018	2.718	2.743	2.678	0.012	670
Sep 2018	2.703	2.727	2.663	0.013	376
Oct 2018	2.730	2.755	2.689	0.011	1338
Nov 2018	2.790	2.814	2.748	0.009	899
Dec 2018	2.924	2.948	2.881	0.007	369
Jan 2019	3.017	3.038	2.976	0.006	699
Feb 2019	3.002	3.025	2.958	0.004	110
Mar 2019	2.945	2.967	2.905	0.004	458
Apr 2019	2.675	2.685	2.646	0.002	262
May 2019	2.646	2.655	2.635	0.001	18
Jun 2019	2.670	2.684	2.665	0.001	7
Jul 2019	2.696	2.705	2.670	0.002	9
Aug 2019	2.696	2.708	2.670	0.002	4
Sep 2019	2.681	2.681	2.660	0.002	6
Oct 2019	2.705	2.716	2.680	0.002	11
Nov 2019	2.753	2.766	2.728	0.002	14
Dec 2019	2.896	2.905	2.880	0.002	14
Jan 2020	3.001	3.015	3.001	0.001	5
Feb 2020	2.978	2.991	2.960	0.002	4
Mar 2020	2.928	2.945	2.900	0.003	1
Apr 2020	2.658	2.658	2.610	0.008	10
May 2020	2.637	2.637	2.605	0.011	2
Jun 2020	2.665	2.665	2.665	0.011	0
Jul 2020	2.695	2.695	2.695	0.011	0
Aug 2020	2.710	2.710	2.710	0.011	0
Sep 2020	2.710	2.710	2.710	0.011	0
Oct 2020	2.740	2.740	2.740	0.011	0
Nov 2020	2.810	2.865	2.865	0.011	3
Dec 2020	2.958	2.958	2.958	0.011	0

Contract data for Tuesday

Volume of contracts traded: 487,243

Front-months open interest:

Jan, 243,196; Feb, 274,168; Mar, 257,168

Total open interest: 1,546,760

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

NYMEX PROMPT MONTH FUTURES CONTINUATION

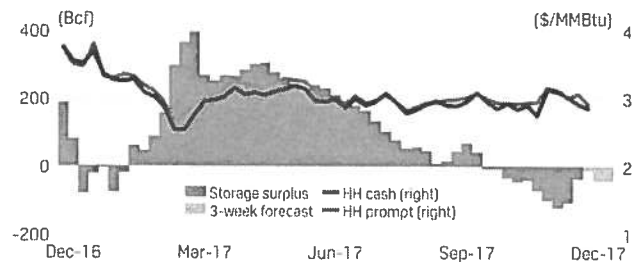
(\$/MMBtu)



Note: The entire wick of the candlestick depicts the high and low daily front-month Henry Hub futures price range. The body of the candlestick depicts the price range between the open and close, with a red candlestick indicating a close on the downside and a green candlestick indicating a close on the high end.

Source: Platts

BENTEK US GAS STORAGE SURPLUS vs ROLLING 5-YEAR AVERAGE



Columbia Gas TCO (Platts IFERC) Basis Futures Settlements

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Quotes **Settlements** Volume Time & Sales Contract Specs Margins Calendar

Futures

Trade Date: **Tuesday, 12 Dec 2017 (Final)**

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Month	Open	High	Low	Last	Change	Settle	Estimated Volume	Prior Day Open Interest
JAN 18	-	-	-	-	+0030	-1770	0	1,209
FEB 18	-	-	-	-	-0080	-2090	0	1,036
MAR 18	-	-	-	-	-0040	-2220	0	1,209
APR 18	-	-	-	-	-0070	-2100	0	420