

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	5.7002	3.5680	4.1718	0.6038	6.3040

- (a) Non-Gas Rate approved by the Commission at Case No. 2003-00411.
(b) Rate approved by the Commission at Case No. 2017-00463.

Peoples Gas KY LLC

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period May 1, 2018 through July 31, 2018

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)
<u>GCR Components</u>		
1	Expected Gas Cost (EGC) \$/Mcf	4.0179
2	Supplier Refund (RA) \$/Mcf	0.0000
3	Actual Cost Adjustment (ACA) \$/Mcf	0.2322
4	Balance Adjustment (BA) \$/Mcf	<u>(0.0783)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA) \$/Mcf	<u>4.1718</u>
 <u>Expected Gas Cost Calculation (EGC)</u>		
6	Total Expected Cost of Gas \$	781,543 (a)
7	Total Normalized Annual Sales Mcf	<u>194,514 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7) \$/Mcf	<u>4.0179</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>0.0000</u>
 <u>Actual Cost Adjustment Summary</u>		
14	Current Quarter Adjustment \$/Mcf	(0.3423) (g)
15	Previous Quarter Adjustment \$/Mcf	0.0825 (d)
16	2nd Previous Quarter Adjustment \$/Mcf	0.2461 (e)
17	3rd Previous Quarter Adjustment \$/Mcf	0.2459 (f)
18	Actual Cost Adjustment (ACA) \$/Mcf	<u>0.2322</u>
 <u>Balance Adjustment Summary</u>		
19	Current Quarter Adjustment \$/Mcf	0.0054 (h)
20	Previous Quarter Adjustment \$/Mcf	0.0046 (d)
21	2nd Previous Quarter Adjustment \$/Mcf	0.0431 (e)
22	3rd Previous Quarter Adjustment \$/Mcf	<u>(0.1314) (f)</u>
23	Balance Adjustment (BA) \$/Mcf	<u>(0.0783)</u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during November 2017 through January 2018.

(d) As approved in Case No. 2017-00463.

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

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

(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 January 2018 At Supplier
Costs Estimated to Become Effective May 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 February 2017	22,602	24,101	3.5367	85,239
2 March	26,134	32,014	3.5367	113,223
3 April	9,976	12,221	3.5367	43,222
4 May	9,268	11,354	3.5367	40,154
5 June	4,498	5,510	3.5367	19,487
6 July	3,386	4,148	3.5367	14,670
7 August	3,529	4,323	3.5367	15,288
8 September	4,214	5,162	3.5367	18,258
9 October	9,997	12,246	3.5367	43,312
10 November	13,283	16,272	3.5367	57,548
11 December	28,066	34,381	3.5367	121,595
12 January 2018	48,367	59,250	3.5367	209,548
13 Total	<u>183,320</u>	<u>220,981</u>	<u>-</u>	<u>781,543</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.

Schedule 3

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	February	34,027
2	March	27,819
3	April	15,648
4	May	6,522
5	June	3,351
6	July	3,459
7	August	3,456
8	September	3,460
9	October	10,709
10	November	13,679
11	December	26,229
12	January	46,156
13	Total	<u>194,514</u>

Peoples Gas KY LLC

Calculation of Actual Cost Adjustment for the Period
November 2017 through January 2018

<u>Description</u>	<u>Unit</u>	<u>November</u>	<u>December</u>	<u>January 1/</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Mcf	12,973	27,218	46,106	86,297
2 Supply Cost Per Books	\$	34,550	133,193	201,109	368,852
3 Sales Volume	Mcf	21,230	37,774	46,106	105,110
4 EGC Revenue	\$	87,894	156,573	190,959	435,426
5 Over/(Under) Recovery (Line 5 - Line 2)	\$	53,344	23,380	(10,150)	66,574
6 Total Current Quarter Actual Cost to be included in rates					66,574
7 Normalized Sales					194,514
8 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.3423)

1/ January 2018 costs are estimated.

Schedule 5

Peoples Gas KY LLC

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Twelve Month Period Beginning February 201

	<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. 2016-00436.			(13,173)
<u>Actual</u>			
February 2017	2,928	1,334	(11,839)
March	26,134	1,587	(10,252)
April	16,442	611	(9,640)
May	2,802	569	(9,071)
June	4,498	276	(8,795)
July	5,418	208	(8,587)
August	1,497	217	(8,371)
September	4,214	259	(8,112)
October	18,622	614	(7,498)
November	4,658	1,304	(6,195)
December	28,066	2,319	(3,875)
January 2018	74,552	2,831	(1,044)
 Total	 <u>189,831</u>	 <u>12,128</u>	

Normalized Sales 194,514 Mcf

Balancing Adjustment \$0.0054 /Mcf
(\$1044) ÷ 194,514 Mcf

Peoples Gas KY

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

Line No.		<u>Nymex</u> (1)	<u>TCO Basis</u> (2)	<u>Total</u> (3) = (1 + 2)
1	May 2018	(See attachment) \$ 2.678	\$ (0.210)	\$ 2.468
2	June	(See attachment) \$ 2.736	\$ (0.231)	\$ 2.505
3	July	(See attachment) \$ 2.795	\$ (0.261)	\$ 2.534
4	Total	(Sum Lines 1-3)		\$ 7.507
5	Estimated 3 month average	(Line 4 / 3)		\$ 2.502
6	Retainage 11%	(Line 5 / (1-0.11))		\$ 2.8116
7	VTS Rate			\$ 0.7251
8	Projected Average Rate on Schedule 2 (February 2018 Quarterly Filing (Line 6 + Line 7)			<u>\$ 3.5367</u>

NATURAL GAS FUTURES

NYMEX April gas settles at \$2.651/MMBtu

With natural gas supply abundant and warmer weather looming, the front-month NYMEX April futures contract slid 3.7 cents Monday to settle at \$2.651/MMBtu.

S&P Global Platts Analytics data showed US production at 78 Bcf/d Monday. While that number was down about 300 MMcf/d from Saturday, it marked the third straight day the US had drawn more than 78 Bcf/d from wells.

That level of production is also likely to continue, with Platts Analytics data showing production averaging 78.1 Bcf/d for the next two weeks.

Down the road, those hefty domestic production levels may be slightly offset by a decrease in Canadian imports. On Monday, 6.2 Bcf/d of gas made its way south from Canada, but Tuesday transmissions are expected to check in at 6 Bcf/d, with the next seven days averaging 5.7 Bcf/d and the following week coming in at 5.3 Bcf/d.

While the Canadian imports may ease, US consumption is also expected to decline in the coming weeks.

Monday's demand was seen at 80.5 Bcf/d, while Tuesday it was expected to rise to 85.5 Bcf/d as the US National Weather Service forecast called for a short-lived cold snap to push nighttime lows below the freezing mark through Wednesday in demand areas in the Northeast and Central regions.

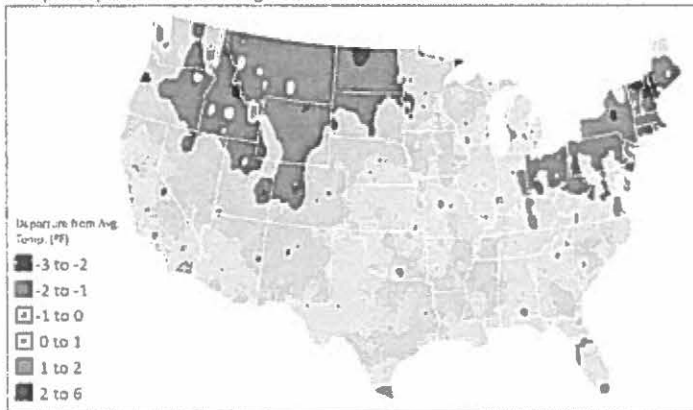
But with warmer weather on the horizon, the seven-day average for US demand comes out to 80.5 Bcf/d for the next week, followed by an average 73 Bcf/d forecast for the following week.

That will likely result in the start of shoulder season as storage withdraws flip to injections. Overall, pulls from storage appeared to amount to 4.2 Bcf/d Monday and 9.6 Bcf/d for Tuesday.

The average draw over the next seven days figures to be 4.7 Bcf/d, but in the eight- to 14-day window, Platts Analytics sees an overall injection of 2.9 Bcf/d.

MONTH-AHEAD TEMPERATURE FORECAST MAP

April departure from average



Source: S&P Global Platts, Custom Weather

NYMEX HENRY HUB GAS FUTURES CONTRACT, MAR 19

	Settlement	High	Low	+/-	Volume
Apr 2018	2.651	2.710	2.640	-0.037	49045
May 2018	2.678	2.736	2.668	-0.038	27151
Jun 2018	2.736	2.785	2.725	-0.034	4215
Jul 2018	2.795	2.840	2.780	-0.028	2526
Aug 2018	2.813	2.853	2.799	-0.026	653
Sep 2018	2.798	2.839	2.785	-0.026	1044
Oct 2018	2.810	2.850	2.796	-0.026	1209
Nov 2018	2.859	2.891	2.845	-0.025	463
Dec 2018	2.980	3.013	2.968	-0.026	128
Jan 2019	3.066	3.101	3.054	-0.028	840
Feb 2019	3.036	3.068	3.025	-0.026	112
Mar 2019	2.945	2.973	2.933	-0.022	349
Apr 2019	2.683	2.694	2.671	-0.011	318
May 2019	2.648	2.656	2.637	-0.008	63
Jun 2019	2.675	2.680	2.667	-0.008	18
Jul 2019	2.704	2.704	2.695	-0.007	8
Aug 2019	2.711	2.712	2.699	-0.007	44
Sep 2019	2.699	2.699	2.690	-0.007	12
Oct 2019	2.726	2.729	2.718	-0.007	21
Nov 2019	2.778	2.776	2.773	-0.007	2
Dec 2019	2.906	2.906	2.897	-0.007	11
Jan 2020	3.012	3.020	3.010	-0.008	5
Feb 2020	2.986	2.986	2.986	-0.008	16
Mar 2020	2.895	2.895	2.890	-0.008	16
Apr 2020	2.630	2.630	2.630	-0.008	0
May 2020	2.608	2.612	2.608	-0.008	3
Jun 2020	2.634	2.638	2.634	-0.008	3
Jul 2020	2.662	2.666	2.662	-0.008	3
Aug 2020	2.664	2.668	2.664	-0.008	3
Sep 2020	2.657	2.661	2.657	-0.008	3
Oct 2020	2.685	2.689	2.685	-0.008	3
Nov 2020	2.740	2.740	2.740	-0.008	0
Dec 2020	2.891	2.891	2.891	-0.008	0
Jan 2021	3.022	3.022	3.022	-0.008	0
Feb 2021	2.999	2.661	2.657	-0.008	0
Mar 2021	2.939	2.939	2.939	-0.008	0

Contract data for Friday

Volume of contracts traded: 285,312

Front-months open interest:

Apr, 147,239; May, 321,890; Jun, 82,484

Total open interest: 1,406,247

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

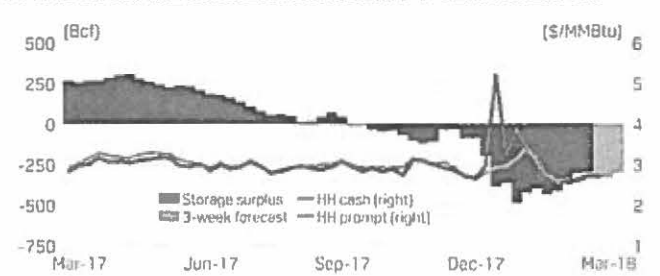
NYMEX PROMPT MONTH FUTURES CONTINUATION



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: S&P Global Platts

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: Monday, 19 Mar 2018 (Final)

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Month	Open	High	Low	Last	Change	Settle	Estimated Volume	Prior Day Open Interest
APR 18	-	-	-	-	+0030	-2000	0	420
MAY 18	-	-	-	-	+0010	-2100	0	434
JUN 18	-	-	-	-	UNCH	-2310	0	360
JLY 18	-	-	-	-	+0050	-2610	0	434
AUG 18	-	-	-	-	UNCH	-2840	0	434

2017 Energy Options Expiration Calendar

Trade on the most powerful front-end. CME Direct.

ENERGY

0:00/2:02

Now Playing

- March 19 Energy Commentary: Alan Knuckman
- March 16 Energy Commentary: Bob Iaccino
- March 15 Energy Commentary: Bob Iaccino
- March 14 Energy