

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	6.3040	4.1718	5.6344	1.4626	7.7666

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

(b) Rate approved by the Commission at Case No. 2018-00109.

## Peoples Gas KY LLC

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

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	\$/Mcf	4.7265	
2	\$/Mcf	0.0000	
3	\$/Mcf	0.8323	
4	\$/Mcf	<u>0.0756</u>	
5	\$/Mcf	<u><u>5.6344</u></u>	
			(EGC + RA + ACA + BA)
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	\$	1,008,455	(a)
7	Mcf	<u>213,361</u>	(b)
8	\$/Mcf	<u><u>4.7265</u></u>	
			(Line 6 ÷ Line 7)
 <u>Supplier Refund Adjustment Summary</u>			
9	\$/Mcf	0.0000	(c)
10	\$/Mcf	0.0000	(d)
11	\$/Mcf	0.0000	(e)
12	\$/Mcf	<u>0.0000</u>	(f)
13	\$/Mcf	<u><u>0.0000</u></u>	
 <u>Actual Cost Adjustment Summary</u>			
14	\$/Mcf	0.8460	(g)
15	\$/Mcf	(0.3423)	(d)
16	\$/Mcf	0.0825	(e)
17	\$/Mcf	0.2461	(f)
18	\$/Mcf	<u><u>0.8323</u></u>	
 <u>Balance Adjustment Summary</u>			
19	\$/Mcf	0.0225	(h)
20	\$/Mcf	0.0054	(d)
21	\$/Mcf	0.0046	(e)
22	\$/Mcf	0.0431	(f)
23	\$/Mcf	<u><u>0.0756</u></u>	

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during February 2018 through April 2018.

(d) As approved in Case No. 2018-00109.

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

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

(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 April 2018 At Supplier  
Costs Estimated to Become Effective August 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)
<b><u>PURCHASES</u></b>				
1 May 2017	9,268	11,354	3.8071	43,224
2 June	4,498	5,510	3.8071	20,977
3 July	3,386	4,148	3.8071	15,791
4 August	3,529	4,323	3.8071	16,457
5 September	4,214	5,162	3.8071	19,654
6 October	9,997	12,246	3.8071	46,623
7 November	13,283	16,272	3.8071	61,948
8 December	28,066	34,381	3.8071	130,891
9 January 2018	48,367	59,250	3.8071	225,569
10 February	36,981	45,302	3.8071	172,468
11 March	28,694	35,150	3.8071	133,820
12 April	25,952	31,791	3.8071	121,032
13 Total	<u>216,235</u>	<u>264,888</u>	<u>-</u>	<u>1,008,455</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	May	6,522
2	June	3,351
3	July	3,459
4	August	3,456
5	September	3,460
6	October	10,709
7	November	13,679
8	December	26,229
9	January	46,156
10	February	52,991
11	March	24,782
12	April	18,568
13	Total	<u>213,361</u>

## Peoples Gas KY LLC

Calculation of Actual Cost Adjustment for the Period  
February 2018 through April 2018

<u>Description</u>	<u>Unit</u>	<u>February</u>	<u>March</u>	<u>April 1/</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Mcf	40,045	31,323	19,027	90,395
2 Supply Cost Per Books	\$	232,362	130,002	82,358	444,721
3 Sales Volume	Mcf	26,280	31,005	19,027	76,311
4 EGC Revenue	\$	92,226	106,397	65,586	264,209
5 Over/(Under) Recovery (Line 5 - Line 2)	\$	(140,137)	(23,604)	(16,772)	(180,513)
6 Total Current Quarter Actual Cost to be included in rates					(180,513)
7 Normalized Sales					213,361
8 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					0.8460

1/ April 2018 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 May 2017

	<u>Sales</u>	<u>ACA Recovery</u>	<u>Over/(Under) Collection Balance</u>
	(1)	(2)	(3)
	Mcf	\$	\$
Balance Approved by the Commission in Case No. 2017-00152.			74,538
<u>Actual</u>			
May 2017	2,802	(4,046)	70,491
June	4,498	(1,582)	68,910
July	5,418	(1,232)	67,678
August	1,497	(1,284)	66,394
September	4,214	(1,534)	64,860
October	18,622	(3,638)	61,222
November	4,658	(7,726)	53,497
December	28,066	(13,746)	39,751
January 2018	74,552	(16,778)	22,973
February	10,796	(9,563)	13,410
March	28,694	(11,283)	2,127
April	36,335	(6,924)	(4,797)
 Total	 <u>220,152</u>	 <u>(79,335)</u>	
 Normalized Sales			 213,361 Mcf
Balancing Adjustment (\$4,797) ÷ 213,361 Mcf			\$0.0225 /Mcf

## Peoples Gas KY

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

Line No.			<u>Nymex</u> (1)	<u>TCO Basis</u> (2)	<u>Total</u> (3) = (1 + 2)
1	August 2018	(See attachment)	\$ 2.965	\$ (0.179)	\$ 2.786
2	September	(See attachment)	\$ 2.944	\$ (0.225)	\$ 2.719
3	October	(See attachment)	\$ 2.951	\$ (0.227)	\$ 2.724
4	Total	(Sum Lines 1-3)			\$ 8.229
5	Estimated 3 month average	(Line 4 / 3)			\$ 2.743
6	Retainage 11%	(Line 5 / (1-0.11))			\$ 3.0820
7	VTS Rate				\$ 0.7251
8	<b>Projected Average Rate on Schedule 2 (August 2018 Quarterly Filing)</b>	(Line 6 + Line 7)			<b><u>\$ 3.8071</u></b>

**NATURAL GAS FUTURES**

**July rises 6.4 cents on warmer outlook**

The NYMEX July natural gas futures contract rose 6.4 cents Wednesday to settle at \$2.964/MMBtu on a warmer-than-average weather forecast.

The front-month contract was trading Wednesday between \$2.912/MMBtu and \$2.969/MMBtu.

“With this weather forecast, the market is going to go higher,” said John Woods, president of JJ Woods Associates.

The US National Weather Service forecast shows above-average temperatures for much of the country over the next six to 10 days. Hot weather is expected to continue through June, with higher-than-normal temperatures across most of the country, with only small portions of the Eastern Seaboard experiencing average temperatures.

A slow storage build, coupled with high summer demand, is likely to provide continued support for prices.

A survey of analysts conducted by S&P Global Platts Analytics forecast an injection of 85 Bcf for the week that ended June 15, down 11% from the 96-Bcf build the US Energy Information Administration estimated for the week that ended June 8, but largely in line with the five-year average build of 83 Bcf.

Current national stocks sit at 1.913 Tcf, a 21% deficit from the five-year average of 2.42 Tcf, according to EIA data.

Total dry gas production dipped to 77.6 Bcf Wednesday after hitting a new high of 79 Bcf Monday, according to Platts Analytics.

Production is forecast to stay relatively flat at 77.8 Bcf/d over the next two weeks.

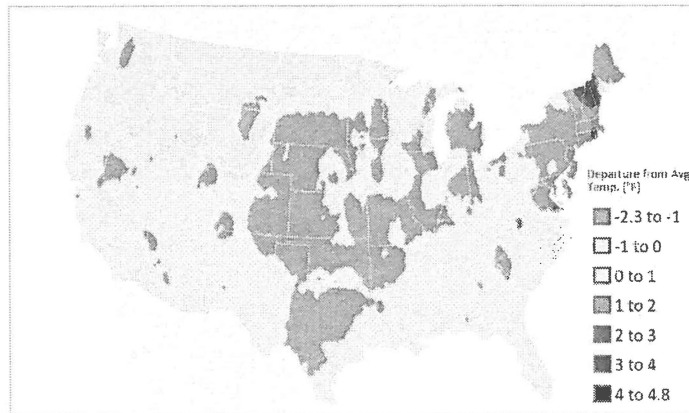
Total US demand has been sliding since the start of the week as a result of lower-than-average regional temperatures. Demand fell nearly 4% from Monday to 66.4 Bcf/d Wednesday with Platts Analytics projecting demand to remain at that level over the next seven days.

Month to date, total demand stands at 72.3 Bcf/d, about 3.2 Bcf above year-ago levels, the data showed.

The dip in demand is largely from power burn, which declined 3 Bcf/d Monday through Wednesday to 32.3 Bcf. But power burn in June so far is 1.6 Bcf at 30.1 Bcf/d compared with 2017, based on the data.

**MONTH-AHEAD TEMPERATURE FORECAST MAP**

July departure from average



Source: S&P Global Platts, Custom Weather

**NYMEX HENRY HUB GAS FUTURES CONTRACT, JUN 20**

	Settlement	High	Low	+/-	Volume
Jul 2018	2.964	2.969	2.912	0.064	59682
Aug 2018	2.965	2.968	2.917	0.061	36197
Sep 2018	2.944	2.947	2.899	0.060	4333
Oct 2018	2.951	2.955	2.909	0.056	2557
Nov 2018	2.991	2.996	2.949	0.055	933
Dec 2018	3.098	3.103	3.058	0.054	911
Jan 2019	3.185	3.187	3.140	0.054	1311
Feb 2019	3.153	3.153	3.119	0.052	558
Mar 2019	3.052	3.053	3.010	0.051	981
Apr 2019	2.679	2.679	2.648	0.040	1179
May 2019	2.639	2.640	2.609	0.038	444
Jun 2019	2.665	2.665	2.644	0.038	38
Jul 2019	2.695	2.695	2.669	0.038	37
Aug 2019	2.701	2.701	2.675	0.037	50
Sep 2019	2.687	2.687	2.661	0.037	189
Oct 2019	2.704	2.704	2.681	0.037	181
Nov 2019	2.756	2.756	2.738	0.034	15
Dec 2019	2.881	2.881	2.876	0.032	2
Jan 2020	2.979	2.979	2.964	0.029	141
Feb 2020	2.948	2.948	2.933	0.027	40
Mar 2020	2.857	2.857	2.857	0.027	0
Apr 2020	2.546	2.546	2.531	0.008	36
May 2020	2.518	2.519	2.518	0.007	1
Jun 2020	2.544	2.547	2.544	0.007	1
Jul 2020	2.574	2.576	2.572	0.007	2
Aug 2020	2.582	2.584	2.582	0.005	2
Sep 2020	2.570	2.571	2.570	0.005	2
Oct 2020	2.592	2.593	2.592	0.005	2
Nov 2020	2.645	2.645	2.645	0.003	0
Dec 2020	2.775	2.775	2.775	0.003	0
Jan 2021	2.873	2.873	2.869	0.002	2
Feb 2021	2.839	2.839	2.839	0.002	0
Mar 2021	2.751	2.751	2.751	0.002	0
Apr 2021	2.493	2.493	2.493	-0.014	0
May 2021	2.469	2.775	2.775	-0.013	0
Jun 2021	2.497	2.497	2.497	-0.013	0

Contract data for Tuesday

Volume of contracts traded: 321,405

Front-months open interest:

Jul, 94,413 ; Aug, 193,551; Sep, 165,754

Total open interest: 1,518,457

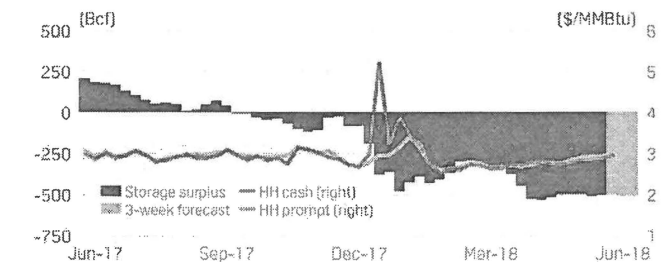
Data is provided by a third-party vendor and is accurate as of 5:30 pm Eastern time.

**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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Futures

Trade Date: **Wednesday, 20 Jun 2018 (Final)**

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Month	Open	High	Low	Last	Change	Settle	Estimated Volume	Prior Day Open Interest
JUL 18	-	-	-	-	+0010	-1700	0	434
AUG 18	-	-	-	-	-0030	-1790	0	434
SEP 18	-	-	-	-	+0090	-2250	0	420
OCT 18	-	-	-	-	+0080	-2270	0	434

**ENERGY**

Now Playing: June 21 Energy Commentary: Bob Iaccino

2:54 June 20 Energy Commentary: Larry Shover

3:27 June 19 Energy Commentary: Bob Iaccino

June 18 Energy

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