

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	7.7666	5.6344	6.0794	0.4450	8.2116

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

(b) Rate approved by the Commission at Case No. 2018-00197.

Peoples Gas KY LLC

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period November 1, 2018 through January 31, 2019

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)
<u>GCR Components</u>		
1	Expected Gas Cost (EGC) \$/Mcf	5.1369
2	Supplier Refund (RA) \$/Mcf	0.0000
3	Actual Cost Adjustment (ACA) \$/Mcf	0.9247
4	Balance Adjustment (BA) \$/Mcf	0.0178
5	Gas Cost Recovery Rate \$/Mcf (EGC + RA + ACA + BA)	<u>6.0794</u>
 <u>Expected Gas Cost Calculation (EGC)</u>		
6	Total Expected Cost of Gas \$	1,083,455 (a)
7	Total Normalized Annual Sales Mcf	<u>210,915 (b)</u>
8	Expected Gas Cost Rate (EGC) \$/Mcf (Line 6 ÷ Line 7)	<u>5.1369</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	0.0000 (f)
13	Supplier Refund Adjustment (RA) \$/Mcf	<u>0.0000</u>
 <u>Actual Cost Adjustment Summary</u>		
14	Current Quarter Adjustment \$/Mcf	0.3385 (g)
15	Previous Quarter Adjustment \$/Mcf	0.8460 (d)
16	2nd Previous Quarter Adjustment \$/Mcf	(0.3423) (e)
17	3rd Previous Quarter Adjustment \$/Mcf	0.0825 (f)
18	Actual Cost Adjustment (ACA) \$/Mcf	<u>0.9247</u>
 <u>Balance Adjustment Summary</u>		
19	Current Quarter Adjustment \$/Mcf	(0.0147) (h)
20	Previous Quarter Adjustment \$/Mcf	0.0225 (d)
21	2nd Previous Quarter Adjustment \$/Mcf	0.0054 (e)
22	3rd Previous Quarter Adjustment \$/Mcf	0.0046 (f)
23	Balance Adjustment (BA) \$/Mcf	<u>0.0178</u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during May 2018 through July 2018.

(d) As approved in Case No. 2018-00197.

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

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

(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 2018 At Supplier
Costs Estimated to Become Effective November 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 August 2017	3,529	4,323	3.9408	17,034
2 September	4,214	5,162	3.9408	20,344
3 October	9,997	12,246	3.9408	48,260
4 November	13,283	16,272	3.9408	64,123
5 December	28,066	34,381	3.9408	135,488
6 January 2018	48,367	59,250	3.9408	233,491
7 February	36,981	45,302	3.9408	178,525
8 March	28,694	35,150	3.9408	138,520
9 April	25,952	31,791	3.9408	125,283
10 May	14,685	17,989	3.9408	70,892
11 June	6,964	8,531	3.9408	33,619
12 July 2018	3,703	4,536	3.9408	17,876
13 Total	<u>224,435</u>	<u>274,933</u>	<u>-</u>	<u>1,083,455</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	August	3,611
2	September	3,593
3	October	10,691
4	November	13,673
5	December	26,241
6	January	46,163
7	February	52,933
8	March	24,800
9	April	18,578
10	May	3,508
11	June	3,503
12	July	3,620
13	Total	<u>210,915</u>

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Calculation of Actual Cost Adjustment for the Period
May 2018 through July 2018

<u>Description</u>	<u>Unit</u>	<u>May</u>	<u>June</u>	<u>July 1/</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Mcf	14,610	6,571	3,783	24,964
2 Supply Cost Per Books	\$	97,579	29,802	19,691	147,073
3 Sales Volume	Mcf	8,480	6,808	3,800	19,088
4 EGC Revenue	\$	33,027	27,370	15,285	75,682
5 Over/(Under) Recovery (Line 5 - Line 2)	\$	(64,552)	(2,432)	(4,406)	(71,390)
6 Total Current Quarter Actual Cost to be included in rates					(71,390)
7 Normalized Sales					210,915
8 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					0.3385

1/ July 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 August 2017

	<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. 2017-00239.			(50,510)
<u>Actual</u>			
August 2017	1,497	870	(49,640)
September	4,214	1,011	(48,629)
October	18,622	2,432	(46,197)
November	4,658	5,221	(40,977)
December	28,066	9,289	(31,688)
January 2018	74,552	11,337	(20,351)
February	10,796	6,462	(13,889)
March	28,694	7,624	(6,265)
April	36,335	4,679	(1,586)
May	4,302	2,085	499
June	6,964	1,674	2,173
July 2018	5,600	935	3,108
 Total	 <u>224,300</u>	 <u>53,618</u>	
 Normalized Sales			 210,915 Mcf
 Balancing Adjustment \$3,108 ÷ 210,915 Mcf			 (\$0.0147) /Mcf

Peoples Gas KY

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

Line No.		<u>Nymex</u> (1)	<u>TCO Basis</u> (2)	<u>Total</u> (3) = (1 + 2)
1	November 2018	(See attachment) \$ 3.029	\$ (0.242)	\$ 2.787
2	December	(See attachment) \$ 3.097	\$ (0.238)	\$ 2.859
3	January 2019	(See attachment) \$ 3.179	\$ (0.239)	\$ 2.940
4	Total	(Sum Lines 1-3)		\$ 8.586
5	Estimated 3 month average	(Line 4 / 3)		\$ 2.862
6	Retainage 11%	(Line 5 / (1-0.11))		\$ 3.2157
7	VTS Rate			\$ 0.7251
8	Projected Average Rate on Schedule 2 (November 2018 Quarterly Filing)	(Line 6 + Line 7)		<u>\$ 3.9408</u>

NATURAL GAS FUTURES

NYMEX October gas futures jump 6.1 cents on expectation of cold front in early October

The NYMEX October gas futures contract jumped 6.1 cents and settled at \$3.038/MMBtu Monday on expectation of a demand spike in early October.

The front-month contract traded between \$2.951/MMBtu and \$3.044/MMBtu.

“There has been an expectation of a cold front coming in early October,” said David Thompson, executive vice president at PowerHouse Brokerage, noting that it might drive up prices and help break the \$3.10/MMBtu level.

The US National Weather Service calls for a likelihood of cooler-than-average temperatures across much of north of the US over the next eight to 14 days.

S&P Global Platts Analytics projections show an uptick in heating demand, likely due to the expected cold front, with residential and commercial demand averaging 16.1 Bcf/d in the next eight to 14 days, compared with 14.2 Bcf/d for the same time period last year.

Residential and commercial demand averaged 12.2 Bcf/d since the beginning of September.

“The market is rock-strong and coming back to levels seen in mid-August,” Thompson said.

The front-month contract averaged \$2.945/MMBtu between August 8 and 24, moving as high as \$2.98/MMBtu. But the rallies started to diminish after August 24.

Prices have seen some upward mobility since September 18, averaging \$2.948/MMBtu in the past week.

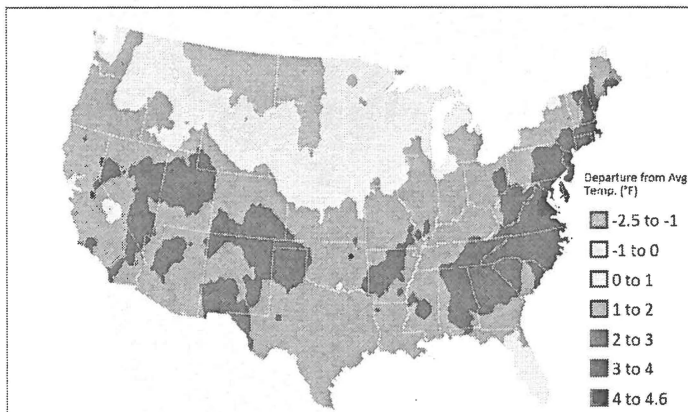
“This rally is faster and stronger than the one seen in June and August,” Thompson said. “The market may be able to break the \$3.10/MMBtu mark if not \$3.30/MMBtu, but I have to see it to believe it.”

On the supply side, total US dry gas production dropped 1.2 Bcf/day on day after hitting 84 Bcf/d Sunday, largely due to production declines in the Northeast, according to data from Platts Analytics. Output is projected to stay at elevated levels, averaging 83 Bcf/d over the next two weeks.

Month to date, production has averaged 83.2 Bcf/d, up nearly 10 Bcf/d from year-ago levels of 73.5 Bcf/d.

MONTH-AHEAD TEMPERATURE FORECAST MAP — *Veda Chowdhury*

October departure from average



Source: S&P Global Platts, Custom Weather

NYMEX HENRY HUB GAS FUTURES CONTRACT, SEP 24

	Settlement	High	Low	+/-	Volume
Oct 2018	3.038	3.044	2.951	0.061	28914
Nov 2018	3.029	3.037	2.950	0.055	70093
Dec 2018	3.097	3.104	3.023	0.052	10420
Jan 2019	3.179	3.186	3.109	0.048	7731
Feb 2019	3.110	3.115	3.052	0.035	2779
Mar 2019	2.957	2.959	2.918	0.018	4597
Apr 2019	2.644	2.651	2.620	0.011	2388
May 2019	2.608	2.616	2.591	0.008	822
Jun 2019	2.636	2.643	2.619	0.007	417
Jul 2019	2.668	2.674	2.653	0.006	721
Aug 2019	2.670	2.678	2.653	0.005	743
Sep 2019	2.652	2.661	2.639	0.004	294
Oct 2019	2.670	2.679	2.656	0.004	1023
Nov 2019	2.717	2.725	2.705	0.003	791
Dec 2019	2.839	2.851	2.826	0.004	339
Jan 2020	2.931	2.942	2.919	0.004	542
Feb 2020	2.894	2.904	2.883	0.004	243
Mar 2020	2.787	2.798	2.777	0.004	254
Apr 2020	2.523	2.529	2.515	0.006	56
May 2020	2.493	2.493	2.485	0.003	7
Jun 2020	2.520	2.520	2.515	0.003	15
Jul 2020	2.549	2.562	2.549	0.003	0
Aug 2020	2.554	2.554	2.550	0.003	4
Sep 2020	2.538	2.538	2.535	0.003	4
Oct 2020	2.554	2.554	2.550	0.003	1
Nov 2020	2.606	2.606	2.606	0.005	0
Dec 2020	2.732	2.732	2.732	0.003	0
Jan 2021	2.834	2.845	2.834	0.005	1
Feb 2021	2.799	2.799	2.799	0.005	0
Mar 2021	2.721	2.721	2.721	0.007	0
Apr 2021	2.468	2.468	2.468	0.004	0
May 2021	2.438	2.438	2.438	0.000	0
Jun 2021	2.468	2.468	2.468	0.000	0
Jul 2021	2.501	2.501	2.501	0.000	0
Aug 2021	2.516	2.721	2.721	0.000	0
Sep 2021	2.511	2.511	2.511	0.000	0

Contract data for Friday

Volume of contracts traded: 488,693

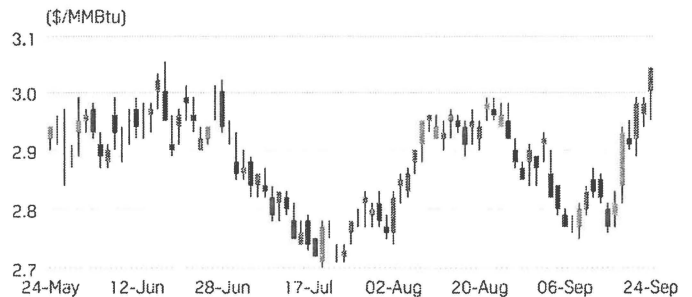
Front-months open interest:

Oct, 30,735 ; Nov, 295,104; Dec, 184,723

Total open interest: 1,649,750

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

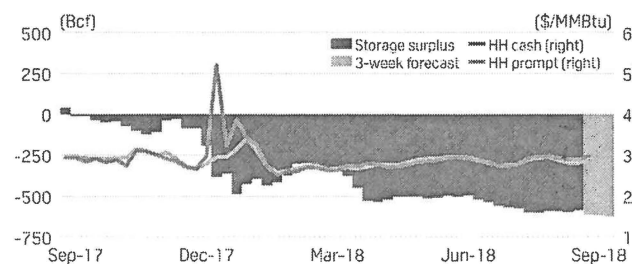
NYMEX PROMPT MONTH FUTURES CONTINUATION



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



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Columbia Gas TCO (Platts IFERC) Basis Futures Settlements

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Futures

Trade Date: Tuesday, 25 Sep 2018 (Final)

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Month	Open	High	Low	Last	Change	Settle	Estimated Volume	Prior Day Open Interest
OCT 18	-	-	-	-	-.0120	-2710	0	434
NOV 18	-	-	-	-	+.0010	-2420	0	390
DEC 18	-	-	-	-	-.0030	-2380	0	403
JAN 19	-	-	-	-	UNCH	-2390	0	310
FEB 19	-	-	-	-	-.0040	-2420	0	280

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ENERGY

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