

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	8.2116	6.0794	6.6739	0.5945	8.8061

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

(b) Rate approved by the Commission at Case No. 2018-00315.

Peoples Gas KY LLC

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period February 1, 2019 through April 30, 2019

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)
<u>GCR Components</u>		
1	Expected Gas Cost (EGC) \$/Mcf	5.8683
2	Supplier Refund (RA) \$/Mcf	0.0000
3	Actual Cost Adjustment (ACA) \$/Mcf	0.8058
4	Balance Adjustment (BA) \$/Mcf	<u>(0.0002)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA) \$/Mcf	<u><u>6.6739</u></u>
 <u>Expected Gas Cost Calculation (EGC)</u>		
6	Total Expected Cost of Gas \$	1,189,739 (a)
7	Total Normalized Annual Sales Mcf	<u>202,741 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7) \$/Mcf	<u><u>5.8683</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	(0.0364) (g)
15	Previous Quarter Adjustment \$/Mcf	0.3385 (d)
16	2nd Previous Quarter Adjustment \$/Mcf	0.8460 (e)
17	3rd Previous Quarter Adjustment \$/Mcf	<u>(0.3423) (f)</u>
18	Actual Cost Adjustment (ACA) \$/Mcf	<u><u>0.8058</u></u>
 <u>Balance Adjustment Summary</u>		
19	Current Quarter Adjustment \$/Mcf	(0.0134) (h)
20	Previous Quarter Adjustment \$/Mcf	(0.0147) (d)
21	2nd Previous Quarter Adjustment \$/Mcf	0.0225 (e)
22	3rd Previous Quarter Adjustment \$/Mcf	0.0054 (f)
23	Balance Adjustment (BA) \$/Mcf	<u><u>(0.0002)</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during August 2018 through October 2018.

(d) As approved in Case No. 2018-00315.

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

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

(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 2018 At Supplier
Costs Estimated to Become Effective February 1, 2019

	<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 2017	13,283	16,272	4.4817	72,925
2 December	28,066	34,381	4.4817	154,085
3 January 2018	48,367	59,250	4.4817	265,539
4 February	36,981	45,302	4.4817	203,029
5 March	28,694	35,150	4.4817	157,532
6 April	25,952	31,791	4.4817	142,479
7 May	14,685	17,989	4.4817	80,622
8 June	6,964	8,531	4.4817	38,233
9 July	3,703	4,536	4.4817	20,330
10 August	3,048	3,734	4.4817	16,734
11 September	3,000	3,675	4.4817	16,470
12 October 2018	3,964	4,856	4.4817	21,763
13 Total	<u>216,707</u>	<u>265,466</u>	<u>-</u>	<u>1,189,739</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	13,683
2	December	26,222
3	January	46,150
4	February	53,041
5	March	24,761
6	April	18,500
7	May	3,266
8	June	3,261
9	July	3,370
10	August	3,381
11	September	3,262
12	October	3,845
13	Total	<u>202,741</u>

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Calculation of Actual Cost Adjustment for the Period
August 2018 through October 2018

<u>Description</u>	<u>Unit</u>	<u>August</u>	<u>September</u>	<u>October 1/</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Mcf	3,311	1,882	10,558	15,751
2 Supply Cost Per Books	\$	16,341	8,586	48,569	73,496
3 Sales Volume	Mcf	3,214	3,140	10,666	17,020
4 EGC Revenue	\$	15,482	14,971	50,430	80,883
5 Over/(Under) Recovery (Line 5 - Line 2)	\$	(859)	6,384	1,861	7,387
6 Total Current Quarter Actual Cost to be included in rates					7,387
7 Normalized Sales					202,741
8 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.0364)

1/ October 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 November 20

	<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. 2017-00373.			(50,839)
<u>Actual</u>			
November 2017	4,658	5,186	(45,653)
December	28,066	9,361	(36,292)
January 2018	74,552	11,346	(24,945)
February	10,796	6,467	(18,478)
March	28,694	7,630	(10,848)
April	36,335	4,683	(6,165)
May	4,302	2,087	(4,078)
June	6,964	1,675	(2,403)
July	5,600	935	(1,468)
August	1,151	791	(677)
September	3,000	773	96
October 2018	13,144	2,625	2,721
 Total	 <u>217,262</u>	 <u>53,559</u>	
 Normalized Sales			 202,741 Mcf
 Balancing Adjustment			 (\$0.0134) /Mcf
\$2,721 ÷ 202,741 Mcf			

Peoples Gas KY

Calculation of Average Rate on Schedule 2 (February 2019 Quarterly Filing)

Line No.		<u>Nymex</u> (1)	<u>TCO Basis</u> (2)	<u>Total</u> (3) = (1 + 2)
1	February 2019	(See attachment) \$ 4.027	\$ (0.248)	\$ 3.779
2	March	(See attachment) \$ 3.856	\$ (0.273)	\$ 3.583
3	April	(See attachment) \$ 2.905	\$ (0.237)	<u>\$ 2.668</u>
4	Total	(Sum Lines 1-3)		\$ 10.030
5	Estimated 3 month average	(Line 4 / 3)		\$ 3.343
6	Retainage 11%	(Line 5 / (1-0.11))		\$ 3.7566
7	VTS Rate			\$ 0.7251
8	Projected Average Rate on Schedule 2 (February 2019 Quarterly Filing) , (Line 6 + Line 7)			<u>\$ 4.4817</u>

NATURAL GAS FUTURES

NYMEX January gas remains relatively flat despite bearish storage report

The NYMEX January natural gas futures contract slid 1.20 cents to settle at \$4.124/MMBtu Thursday, following the withdrawal of 77 Bcf announced by the US Energy Information Administration for the week ended December 7.

The front-month contract was observed moving between \$4.050/MMBtu and \$4.307/MMBtu. Gains seen in morning trading despite the bearish withdrawal report came as the market tried to rebound from Wednesday's decline, when the near-term contract dropped 11 cents and settled at \$4.136/MMBtu, a 17-day low.

"Warmer and milder spell of weather seen in the [past] few days has weighed on prices and pushed it below \$4.15 [Wednesday]," said Daniel Myers, market analyst at Gelber & Associates.

Thursday's storage report was largely in line with the five-year average for the same time period as well as the 79-Bcf withdrawal expected by analysts surveyed by S&P Global Platts Analytics.

Current national gas stocks sit at 2.914 Tcf, at a deficit of 19.9% to the five-year average of 3.637 Bcf/d.

"A neutral pull from the storage coupled with strong supply has been bearish on prices," Myers said.

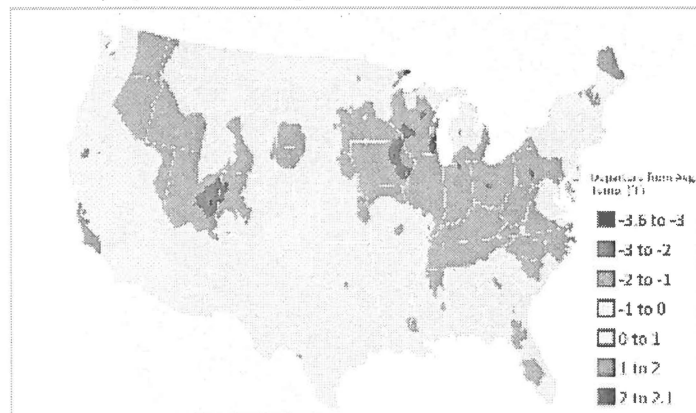
Total US dry gas production averaged 85.1 Bcf over the past seven days, up from the 77.4 Bcf/d output seen for the same time period in 2017. Production is set to stand at 84 Bcf Thursday, down slightly by 300 Bcf from the day prior, and gradually move up to average nearly 85 Bcf/d over the next 14 days, Platts Analytics estimates showed.

Total US demand is estimated to drop to 99.8 Bcf, down 4.6 Bcf on day, with the much of the drop coming from Southeast, Northeast and the Upper Midwest, the data showed. Demand is set to further weaken and average 97.5 Bcf/d over the next week, resulting in a smaller draw, further weakening prices.

— *Veda Chowdhury*

MONTH-AHEAD TEMPERATURE FORECAST MAP

January departure from average



Source: S&P Global Platts, Custom Weather

NYMEX HENRY HUB GAS FUTURES CONTRACT, DEC 13

	Settlement	High	Low	+/-	Volume
Jan 2019	4.124	4.307	4.050	-0.012	78288
Feb 2019	4.027	4.185	3.959	-0.008	18981
Mar 2019	3.856	3.976	3.777	0.003	10495
Apr 2019	2.905	2.979	2.894	-0.019	8658
May 2019	2.798	2.864	2.793	-0.023	5224
Jun 2019	2.817	2.876	2.814	-0.022	1325
Jul 2019	2.844	2.901	2.840	-0.021	1605
Aug 2019	2.841	2.895	2.838	-0.021	587
Sep 2019	2.815	2.865	2.809	-0.016	554
Oct 2019	2.840	2.891	2.834	-0.017	2288
Nov 2019	2.883	2.930	2.877	-0.018	723
Dec 2019	3.034	3.082	3.028	-0.021	203
Jan 2020	3.148	3.196	3.142	-0.021	1961
Feb 2020	3.088	3.137	3.086	-0.024	176
Mar 2020	2.904	2.945	2.900	-0.013	153
Apr 2020	2.539	2.560	2.535	0.000	261
May 2020	2.487	2.503	2.481	-0.002	19
Jun 2020	2.525	2.535	2.525	-0.004	11
Jul 2020	2.572	2.580	2.572	-0.006	24
Aug 2020	2.575	2.585	2.575	-0.006	34
Sep 2020	2.548	2.560	2.548	-0.008	27
Oct 2020	2.561	2.572	2.560	-0.008	38
Nov 2020	2.621	2.634	2.621	-0.010	8
Dec 2020	2.804	2.818	2.804	-0.009	8
Jan 2021	2.924	2.924	2.924	-0.009	0
Feb 2021	2.863	2.863	2.863	-0.009	0
Mar 2021	2.695	2.702	2.695	-0.012	3
Apr 2021	2.459	2.469	2.459	-0.005	5
May 2021	2.433	2.433	2.433	-0.005	0
Jun 2021	2.469	2.469	2.469	-0.006	0
Jul 2021	2.508	2.508	2.508	-0.007	0
Aug 2021	2.524	2.524	2.524	-0.008	0
Sep 2021	2.519	2.519	2.519	-0.008	0
Oct 2021	2.545	2.545	2.545	-0.008	0
Nov 2021	2.510	2.469	2.469	-0.008	0
Dec 2021	2.787	2.787	2.787	-0.007	0

Contract data for Wednesday

Volume of contracts traded: 437,493

Front-months open interest:

Jan, 148,050; Feb, 160,400; Mar, 227,311

Total open interest: 1,288,246

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

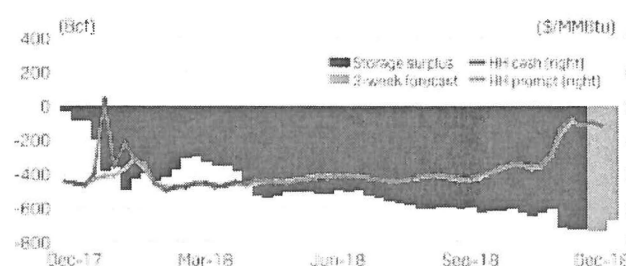
NYMEX PROMPT MONTH FUTURES CONTINUATION



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: Thursday, 13 Dec 2018 (Final)

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Month	Open	High	Low	Last	Change	Settle	Estimated Volume	Prior Day Open Interest
JAN 19	-	-	-	-	+0050	-2330	0	310
FEB 19	-	-	-	-	+0070	-2480	0	260
MAR 19	-	-	-	-	+0070	-2730	0	310
APR 19	-	-	-	-	-0010	-2370	0	360

ENERGY

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U.S. IN

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2:24

December 12 Energy Commentary: Larry Shover

2:21

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December 10 Energy

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