

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 | 8.8061 | 6.6739 | 5.7373 | (0.9366) | 7.8695 |

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

(b) Rate approved by the Commission at Case No. 2018-00412.

Peoples Gas KY LLC

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period May 1, 2019 through July 31, 2019

| Line No. | <u>Units</u> (1) | <u>Amount</u> (2) | |
|--|---------------------|----------------------|-----------------------|
| <u>GCR Components</u> | | | |
| 1 | \$/Mcf | 4.6266 | |
| 2 | \$/Mcf | 0.0000 | |
| 3 | \$/Mcf | 1.1175 | |
| 4 | \$/Mcf | (0.0068) | |
| 5 | \$/Mcf | <u>5.7373</u> | |
| | | | (EGC + RA + ACA + BA) |
| <u>Expected Gas Cost Calculation (EGC)</u> | | | |
| 6 | \$ | 918,735 | (a) |
| 7 | Mcf | <u>198,576</u> | (b) |
| 8 | \$/Mcf | <u>4.6266</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>0.0000</u> | |
| <u>Actual Cost Adjustment Summary</u> | | | |
| 14 | \$/Mcf | (0.0306) | (g) |
| 15 | \$/Mcf | (0.0364) | (d) |
| 16 | \$/Mcf | 0.3385 | (e) |
| 17 | \$/Mcf | 0.8460 | (f) |
| 18 | \$/Mcf | <u>1.1175</u> | |
| <u>Balance Adjustment Summary</u> | | | |
| 19 | \$/Mcf | (0.0012) | (h) |
| 20 | \$/Mcf | (0.0134) | (d) |
| 21 | \$/Mcf | (0.0147) | (e) |
| 22 | \$/Mcf | 0.0225 | (f) |
| 23 | \$/Mcf | <u>(0.0068)</u> | |

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during November 2018 through January 2019.

(d) As approved in Case No. 2018-00412.

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

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

(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 2019 At Supplier
Costs Estimated to Become Effective May 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 February 2018 | 36,981 | 45,302 | 3.6322 | 164,545 |
| 2 March | 28,694 | 35,150 | 3.6322 | 127,672 |
| 3 April | 25,952 | 31,791 | 3.6322 | 115,472 |
| 4 May | 14,685 | 17,989 | 3.6322 | 65,340 |
| 5 June | 6,964 | 8,531 | 3.6322 | 30,986 |
| 6 July | 3,703 | 4,536 | 3.6322 | 16,476 |
| 7 August | 3,048 | 3,734 | 3.6322 | 13,562 |
| 8 September | 3,000 | 3,675 | 3.6322 | 13,348 |
| 9 October | 3,964 | 4,856 | 3.6322 | 17,638 |
| 10 November | 13,597 | 16,656 | 3.6322 | 60,499 |
| 11 December | 29,844 | 36,559 | 3.6322 | 132,789 |
| 12 January 2019 | 36,051 | 44,162 | 3.6322 | 160,407 |
| 13 Total | <u>206,483</u> | <u>252,942</u> | <u>-</u> | <u>918,735</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 | February | 53,041 |
| 2 | March | 24,761 |
| 3 | April | 18,500 |
| 4 | May | 3,266 |
| 5 | June | 3,261 |
| 6 | July | 3,370 |
| 7 | August | 3,381 |
| 8 | September | 3,161 |
| 9 | October | 3,845 |
| 10 | November | 11,303 |
| 11 | December | 33,187 |
| 12 | January | 37,500 |
| 13 | Total | <u>198,576</u> |

Peoples Gas KY LLC

Calculation of Actual Cost Adjustment for the Period
November 2018 through January 2019

| <u>Description</u> | <u>Unit</u> | <u>November</u> | <u>December 1/</u> | <u>January 1/</u> | <u>Total</u> |
|---|-------------|-----------------|--------------------|-------------------|--------------|
| | (1) | (2) | (3) | (4) | (5) |
| 1 Supply Volume Per Invoice | Mcf | 8,964 | 31,937 | 42,952 | 83,853 |
| 2 Supply Cost Per Books | \$ | 34,610 | 227,500 | 239,123 | 501,232 |
| 3 Sales Volume | Mcf | 23,850 | 31,937 | 42,953 | 98,740 |
| 4 EGC Revenue | \$ | 122,564 | 164,094 | 220,644 | 507,302 |
| 5 Over/(Under) Recovery (Line 5 - Line 2) | \$ | 87,955 | (63,407) | (18,479) | 6,069 |
| 6 Total Current Quarter Actual Cost to be included in rates | | | | | 6,069 |
| 7 Normalized Sales | | | | | 198,576 |
| 8 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8) | | | | | (0.0306) |

1/ December 2018 January 2019 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 Recovery</u> | <u>Over/(Under) Collection Balance</u> |
|---|--------------------|-------------------------|--|
| | (1) | (2) | (3) |
| | Mcf | \$ | \$ |
| Balance Approved by the Commission in Case No. 2017-00463. | | | (17,135) |
| <u>Actual</u> | | | |
| February 2018 | 10,796 | 2,119 | (15,016) |
| March | 28,694 | 2,565 | (12,451) |
| April | 36,335 | 1,571 | (10,880) |
| May | 4,302 | 700 | (10,181) |
| June | 6,964 | 562 | (9,619) |
| July | 5,600 | 314 | (9,306) |
| August | 1,151 | 265 | (9,041) |
| September | 3,000 | 259 | (8,782) |
| October | 13,144 | 880 | (7,902) |
| November | 4,417 | 1,968 | (5,934) |
| December | 29,844 | 2,635 | (3,299) |
| January 2019 | 66,378 | 3,544 | 244 |
| Total | <u>210,625</u> | <u>17,379</u> | |
| Normalized Sales | | | 198,576 Mcf |
| Balancing Adjustment | | | (\$0.0012) /Mcf |
| \$244 ÷ 198,576 Mcf | | | |

Peoples Gas KY

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

| Line No. | | <u>Nymex</u> (1) | <u>TCO Basis</u> (2) | <u>Total</u> (3) = (1 + 2) |
|----------|---|---------------------------|-------------------------|-------------------------------|
| 1 | May 2019 | (See attachment) \$ 2.825 | \$ (0.269) | \$ 2.556 |
| 2 | June | (See attachment) \$ 2.872 | \$ (0.279) | \$ 2.593 |
| 3 | July | (See attachment) \$ 2.922 | \$ (0.309) | \$ 2.613 |
| 4 | Total | (Sum Lines 1-3) | | \$ 7.762 |
| 5 | Estimated 3 month average | (Line 4 / 3) | | \$ 2.587 |
| 6 | Retainage 11% | (Line 5 / (1-0.11)) | | \$ 2.9071 |
| 7 | VTS Rate | | | \$ 0.7251 |
| 8 | Projected Average Rate on Schedule 2 (May 2019 Quarterly Filing) | (Line 6 + Line 7) | | <u>\$ 3.6322</u> |

NATURAL GAS FUTURES

NYMEX April natural gas futures tumble on weakening demand

NYMEX April natural gas futures slid more than 5 cents Wednesday on lower US residential and commercial demand.

The April futures contract settled at \$2.82/MMBtu, down 5.4 cents from Tuesday's close of \$2.874/MMBtu. The contract traded in a range of \$2.814-\$2.872/MMBtu Wednesday.

Prices further along the forward curve also tumbled. May, June and July prices were all trading about 4 cents lower than Tuesday's close. This bearish sentiment was not just limited to the more prompt summer months; prices for August through November were trading down between 3 and 4 cents from Tuesday's close.

Total US demand has continued to decrease from Monday's peak, falling from 97.8 Bcf/d Monday to an estimated 93.8 Bcf/d Wednesday, according to S&P Global Platts Analytics.

Warming temperatures have led to drops in residential and commercial demand, particularly in the Northeast and Southeast regions. Platts Analytics expects demand to hold steady at around 94 Bcf/d over the next seven days.

The most recent six- to 10-day outlook from the National Weather Service calls for a likelihood of warmer-than-average temperatures in the Midcontinent, upper West Coast and part of the Southeast. The outlook also calls for a likelihood of lower-than-average temperatures in the Northeast and lower West Coast.

While demand dropped, a slight dip in supply helped put the brakes on the price fall.

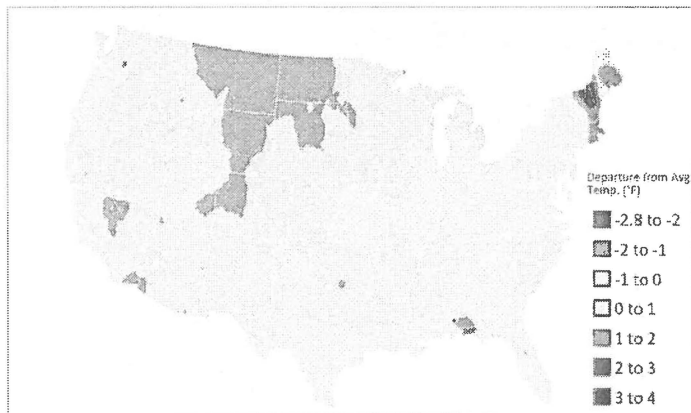
Dry production declined 0.4 Bcf from 86.5 Bcf Tuesday to 86.1 Bcf Wednesday. Most of this decline took place in the Southeast, with the Haynesville Basin accounting for 0.2 Bcf of the dip.

Although this week has seen a continued decline in total US demand, LNG exports feedgas demand rose to 5.8 Bcf Tuesday before falling to 5.4 Bcf Wednesday.

— *Kelsey Hallahan*

MONTH-AHEAD TEMPERATURE FORECAST MAP

April departure from average



Source: S&P Global Platts, Custom Weather

NYMEX HENRY HUB GAS FUTURES CONTRACT, MAR 20

| | Settlement | High | Low | +/- | Volume |
|----------|------------|-------|-------|--------|--------|
| Apr 2019 | 2.820 | 2.872 | 2.814 | -0.054 | 40336 |
| May 2019 | 2.825 | 2.870 | 2.817 | -0.047 | 27159 |
| Jun 2019 | 2.872 | 2.914 | 2.865 | -0.043 | 4497 |
| Jul 2019 | 2.922 | 2.963 | 2.915 | -0.041 | 6009 |
| Aug 2019 | 2.941 | 2.978 | 2.934 | -0.038 | 1157 |
| Sep 2019 | 2.929 | 2.966 | 2.921 | -0.037 | 2323 |
| Oct 2019 | 2.942 | 2.979 | 2.935 | -0.037 | 1416 |
| Nov 2019 | 2.986 | 3.023 | 2.980 | -0.036 | 1322 |
| Dec 2019 | 3.115 | 3.138 | 3.110 | -0.033 | 318 |
| Jan 2020 | 3.188 | 3.218 | 3.183 | -0.032 | 962 |
| Feb 2020 | 3.123 | 3.138 | 3.123 | -0.030 | 154 |
| Mar 2020 | 2.981 | 3.014 | 2.980 | -0.028 | 338 |
| Apr 2020 | 2.643 | 2.658 | 2.641 | -0.011 | 387 |
| May 2020 | 2.594 | 2.598 | 2.591 | -0.008 | 69 |
| Jun 2020 | 2.617 | 2.622 | 2.612 | -0.008 | 43 |
| Jul 2020 | 2.644 | 2.649 | 2.638 | -0.007 | 28 |
| Aug 2020 | 2.645 | 2.647 | 2.640 | -0.007 | 23 |
| Sep 2020 | 2.626 | 2.630 | 2.622 | -0.008 | 68 |
| Oct 2020 | 2.647 | 2.650 | 2.642 | -0.006 | 111 |
| Nov 2020 | 2.691 | 2.694 | 2.685 | -0.005 | 9 |
| Dec 2020 | 2.840 | 2.840 | 2.835 | -0.005 | 8 |
| Jan 2021 | 2.955 | 2.956 | 2.954 | -0.005 | 72 |
| Feb 2021 | 2.905 | 2.907 | 2.905 | -0.007 | 0 |
| Mar 2021 | 2.775 | 2.775 | 2.775 | -0.007 | 0 |
| Apr 2021 | 2.517 | 2.517 | 2.517 | -0.007 | 0 |
| May 2021 | 2.485 | 2.485 | 2.485 | -0.006 | 0 |
| Jun 2021 | 2.519 | 2.519 | 2.519 | -0.005 | 0 |
| Jul 2021 | 2.557 | 2.557 | 2.557 | -0.004 | 0 |
| Aug 2021 | 2.567 | 2.567 | 2.567 | -0.004 | 0 |
| Sep 2021 | 2.563 | 2.563 | 2.563 | -0.004 | 0 |
| Oct 2021 | 2.589 | 2.589 | 2.589 | -0.004 | 0 |
| Nov 2021 | 2.650 | 2.650 | 2.650 | -0.004 | 0 |
| Dec 2021 | 2.835 | 2.835 | 2.835 | -0.004 | 0 |
| Jan 2022 | 2.955 | 2.955 | 2.955 | -0.004 | 0 |
| Feb 2022 | 2.905 | 2.563 | 2.563 | -0.004 | 0 |
| Mar 2022 | 2.775 | 2.775 | 2.775 | -0.004 | 0 |

Contract data for Tuesday

Volume of contracts traded: 248,669

Front-months open interest:

Apr, 86,528 ; May, 248,004; Jun, 83,610

Total open interest: 1,177,784

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

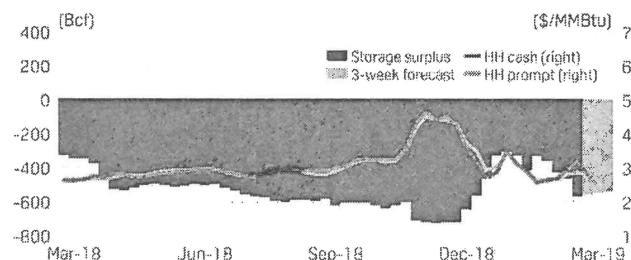
NYMEX PROMPT MONTH FUTURES CONTINUATION



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, 21 Mar 2019 (Final)

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| Month | Open | High | Low | Last | Change | Settle | Estimated Volume | Prior Day Open Interest |
|--------|------|------|-----|------|---------|--------|------------------|-------------------------|
| APR 19 | - | - | - | - | -0.0010 | -2400 | 0 | 360 |
| MAY 19 | - | - | - | - | -0.0060 | -2890 | 0 | 372 |
| JUN 19 | - | - | - | - | -0.0060 | -2790 | 0 | 360 |
| JLY 19 | - | - | - | - | -0.0010 | -3090 | 0 | 372 |

ENERGY

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2:18 March 21 Energy Commentary, Bob Iaccino

2:18 March 20 Energy Commentary: Dan Deming

2:18 March 19 Energy Commentary: Bob Iaccino

2:15 March 18 Energy

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