

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	7.8695	5.7373	3.6123	(2.1250)	5.7445

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

(b) Rate approved by the Commission at Case No. 2019-00088.

## Peoples Gas KY LLC

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

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)
<u>GCR Components</u>		
1	Expected Gas Cost (EGC)	\$/Mcf 3.6574
2	Supplier Refund (RA)	\$/Mcf 0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf (0.0313)
4	Balance Adjustment (BA)	\$/Mcf (0.0138)
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf <u>3.6123</u>
 <u>Expected Gas Cost Calculation (EGC)</u>		
6	Total Expected Cost of Gas	\$ 768,937 (a)
7	Total Normalized Annual Sales	Mcf <u>210,244</u> (b)
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf <u>3.6574</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</u> (f)
13	Supplier Refund Adjustment (RA)	\$/Mcf <u>0.0000</u>
 <u>Actual Cost Adjustment Summary</u>		
14	Current Quarter Adjustment	\$/Mcf (0.3028) (g)
15	Previous Quarter Adjustment	\$/Mcf (0.0306) (d)
16	2nd Previous Quarter Adjustment	\$/Mcf (0.0364) (e)
17	3rd Previous Quarter Adjustment	\$/Mcf 0.3385 (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf <u>(0.0313)</u>
 <u>Balance Adjustment Summary</u>		
19	Current Quarter Adjustment	\$/Mcf 0.0155 (h)
20	Previous Quarter Adjustment	\$/Mcf (0.0012) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf (0.0134) (e)
22	3rd Previous Quarter Adjustment	\$/Mcf (0.0147) (f)
23	Balance Adjustment (BA)	\$/Mcf <u>(0.0138)</u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during February 2019 through April 2019.

(d) As approved in Case No. 2019-00088.

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

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

(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 2019 At Supplier  
Costs Estimated to Become Effective August 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 May 2018	14,685	17,989	3.0202	54,331
2 June	6,964	8,531	3.0202	25,765
3 July	3,703	4,536	3.0202	13,700
4 August	3,048	3,734	3.0202	11,277
5 September	3,000	3,675	3.0202	11,099
6 October	3,964	4,856	3.0202	14,666
7 November	13,597	16,656	3.0202	50,305
8 December	29,844	36,559	3.0202	110,415
9 January 2019	36,051	44,162	3.0202	133,380
10 February	40,589	49,722	3.0202	150,169
11 March	30,986	37,958	3.0202	114,640
12 April 2019	21,404	26,220	3.0202	79,189
13 Total	<u>207,835</u>	<u>254,598</u>	<u>-</u>	<u>768,937</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	3,266
2	June	3,261
3	July	3,370
4	August	3,381
5	September	3,262
6	October	3,845
7	November	11,303
8	December	33,187
9	January	37,500
10	February	51,657
11	March	27,681
12	April	28,531
13	Total	<u>210,244</u>

## Peoples Gas KY LLC

Calculation of Actual Cost Adjustment for the Period  
February 2019 through April 2019

<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	38,982	30,155	21,404	90,541
2 Supply Cost Per Books	\$	110,895	136,731	92,884	340,510
3 Sales Volume	Mcf	30,875	26,053	12,105	69,033
4 EGC Revenue	\$	179,883	153,253	71,037	404,173
5 Over/(Under) Recovery (Line 5 - Line 2)	\$	68,988	16,522	(21,848)	63,663
6 Total Current Quarter Actual Cost to be included in rates					63,663
7 Normalized Sales					210,244
8 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.3028)

1/ April 2019 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 2018

	<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. 2018-00109.			66,574
<u>Actual</u>			
May 2018	4,302	(2,941)	63,633
June	6,964	(2,329)	61,304
July	5,600	(1,300)	60,004
August	1,151	(1,100)	58,904
September	3,000	(1,075)	57,829
October	13,144	(3,651)	54,178
November	4,417	(8,164)	46,014
December	29,844	(10,932)	35,082
January 2019	66,378	(14,703)	20,380
February	10,262	(10,569)	9,811
March	30,986	(8,918)	893
April 2019	30,014	(4,143)	(3,250)
 Total	 <u>206,062</u>	 <u>(69,824)</u>	
 Normalized Sales			 210,244 Mcf
 Balancing Adjustment			 \$0.0155 /Mcf
 \$(3,250) ÷ 210,244 Mcf			

## Peoples Gas KY

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

Line No.		<u>Nymex</u> (1)	<u>TCO Basis</u> (2)	<u>Total</u> (3) = (1 + 2)
1	August 2019	(See attachment) \$ 2.373	\$ (0.280)	\$ 2.093
2	September	(See attachment) \$ 2.359	\$ (0.362)	\$ 1.997
3	October	(See attachment) \$ 2.401	\$ (0.363)	\$ 2.038
4	Total	(Sum Lines 1-3)		\$ 6.128
5	Estimated 3 month average	(Line 4 / 3)		\$ 2.043
6	Retainage 11%	(Line 5 / (1-0.11))		\$ 2.2951
7	VTS Rate			\$ 0.7251
8	<b>Projected Average Rate on Schedule 2 (August 2019 Quarterly Filing)</b>	(Line 6 + Line 7)		<b><u>\$ 3.0202</u></b>

**NATURAL GAS FUTURES**

**NYMEX July gas tests recent \$2.40/MMBtu upper limit on range**

The NYMEX front-month natural gas contract settled 0.1 cent lower Monday, with the remainder of the summer strip and full winter strip trading down.

The July contract settled at \$2.386/MMBtu, only slightly lower than Friday's settlement of \$2.387/MMBtu. The contract moved in a \$2.357-\$2.418/MMBtu range, testing the bounds of the current \$2.40/MMBtu price ceiling after settling below it for the past nine trading days.

"The front-month contract has been under some pressure lately. We're losing summer and it hasn't officially started yet – we just aren't getting high June temperatures like we have in the past," Phil Flynn, a senior market analyst at Price Futures Group in Chicago, said. "There is concern about strong production and lack of power generation demand."

"A lot is depending on how the market closes today," Flynn said. "If we close above \$2.43/MMBtu, this could signal a technical bottom has been reached and we could see some short-covering. If we close below that, this could signal a continuation of the low prices."

Further along the futures curve, the remainder of the summer strip (August-October) averaged slightly below Friday's settlement of \$2.388 at \$2.376/MMBtu. August settled 0.8 cent lower at \$2.373/MMBtu; September was down 1.2 cents at \$2.359/MMBtu; and October was down 1.2 cents at \$2.413/MMBtu.

The winter 2019-2020 strip averaged \$2.676/MMBtu, down from Friday's average of \$2.691/MMBtu. The average US temperature was expected to sit at 73 degrees Fahrenheit Monday, according to Platts Analytics, and remain at this temperature for the next three days.

With regard to the underlying fundamentals, total demand was forecast to rise 500 MMcf on the day to 77.5 Bcf Monday, driven by higher daily demand in exports to Mexico and LNG exports feedgas demand.

S&P Global Platts Analytics forecast total supply, including imports, to fall 200 MMcf to 91.5 Bcf. Dry production was forecast to fall by 300 MMcf on the day, driven by lower production in the Rockies and Northeast.

— *Kelsey Hallahan*

**MONTH-AHEAD TEMPERATURE FORECAST MAP**

July departure from average

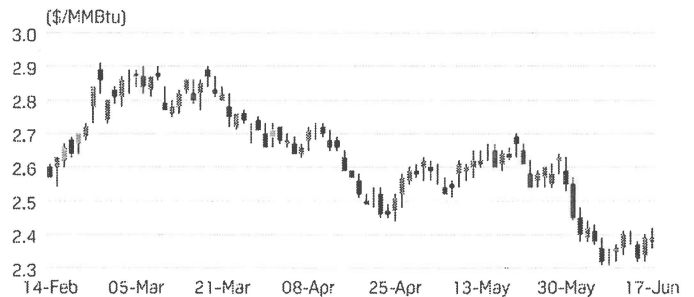


Source: S&P Global Platts, Custom Weather

**NYMEX HENRY HUB GAS FUTURES CONTRACT CLOSINGS, JUN 17**

	Platts Symbol	High	Low	Close	Change	Previous Day's Volume	Previous Day's Open Interest
Jul 2019	MNNG001	2.418	2.357	2.386	-0.001	61966	195,110
Aug 2019	MNNG002	2.413	2.349	2.373	-0.008	25110	251,625
Sep 2019	MNNG003	2.402	2.338	2.359	-0.012	6856	189,362
Oct 2019	MNNG004	2.443	2.381	2.401	-0.012	5105	148,314
Nov 2019	MNNG005	2.515	2.459	2.477	-0.012	2415	82,673
Dec 2019	MNNG006	2.699	2.648	2.668	-0.012	1579	90,033
Jan 2020	MNNG007	2.814	2.771	2.789	-0.012	3223	84,724
Feb 2020	MNNG008	2.787	2.746	2.763	-0.015	870	30,387
Mar 2020	MNNG009	2.719	2.677	2.693	-0.016	1720	59,724
Apr 2020	MNNG010	2.527	2.493	2.500	-0.013	1215	40,385
May 2020	MNNG011	2.486	2.470	2.477	-0.010	381	24,082
Jun 2020	MNNG012	2.523	2.506	2.514	-0.009	101	14,356
Jul 2020	MNNG013	2.562	2.546	2.554	-0.008	228	16,360
Aug 2020	MNNG014	2.574	2.560	2.566	-0.007	117	11,725
Sep 2020	MNNG015	2.574	2.547	2.550	-0.006	72	10,779
Oct 2020	MNNG016	2.584	2.567	2.572	-0.007	45	26,904
Nov 2020	MNNG017	2.639	2.633	2.633	-0.005	20	11,131
Dec 2020	MNNG018	2.802	2.791	2.791	-0.003	16	9,510
Jan 2021	MNNG019	2.891	2.889	2.891	-0.002	70	5,523
Feb 2021	MNNG020	2.867	2.865	2.865	-0.002	15	3,411
Mar 2021	MNNG021	2.751	2.750	2.751	-0.002	23	4,734
Apr 2021	MNNG022	2.507	2.507	2.507	0.003	19	4,347
May 2021	MNNG023	2.474	2.474	2.474	0.003	0	1,395
Jun 2021	MNNG024	2.507	2.507	2.507	0.003	0	1,143
Jul 2021	MNNG025	2.541	2.541	2.541	0.003	0	1,143
Aug 2021	MNNG026	2.551	2.551	2.551	0.003	0	1,027
Sep 2021	MNNG027	2.544	2.544	2.544	0.003	2	865
Oct 2021	MNNG028	2.568	2.566	2.568	0.003	0	1,253
Nov 2021	MNNG029	2.623	2.623	2.623	0.003	0	1,065
Dec 2021	MNNG030	2.798	2.798	2.798	0.003	0	1,259
Jan 2022	MNNG031	2.920	2.920	2.920	0.003	0	3,516
Feb 2022	MNNG032	2.883	2.883	2.883	0.003	0	363
Mar 2022	MNNG033	2.760	2.760	2.760	0.003	0	378
Apr 2022	MNNG034	2.500	2.500	2.500	0.003	0	414
May 2022	MNNG035	2.798	2.798	2.473	0.003	0	210
Jun 2022	MNNG036	2.503	2.503	2.503	0.003	1	162
Total	MNNG000					300,935	1,331,683

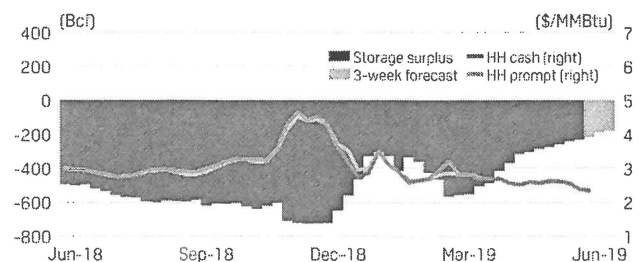
**NYMEX PROMPT MONTH FUTURES CONTINUATION**



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: **Tuesday, 18 Jun 2019 (Final)**

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Month	Open	High	Low	Last	Change	Settle	Estimated Volume	Prior Day Open Interest
JLY 19	-	-	-	-	+0030	-2720	0	372
AUG 19	-	-	-	-	+0040	-2800	0	372
SEP 19	-	-	-	-	+0050	-3620	0	360
OCT 19	-	-	-	-	+0050	-3630	0	372

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Market looking for draws in tomorrow's data related to summer driving season

**Now Playing**  
June 18 Energy Commentary: Bob Iaccino

2:48  
June 17 Energy Commentary: Dan Deming

2:48  
June 14 Energy Commentary: Bob Iaccino

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