



Natural Gas Technical Conference

March 29, 2018

➤ Capacity & Storage Assets

A. System Overview

1. Customer Requirements/Shopping Stats
2. System Operations Overview (System Map)
3. Gas Supply Portfolio

B. Capacity Release & Assignment Practices

C. System Balancing for P-1 Pools

1. Load Forecasting/Delivery/Nominations
2. Tolerances Bands/Cash-outs/Penalties

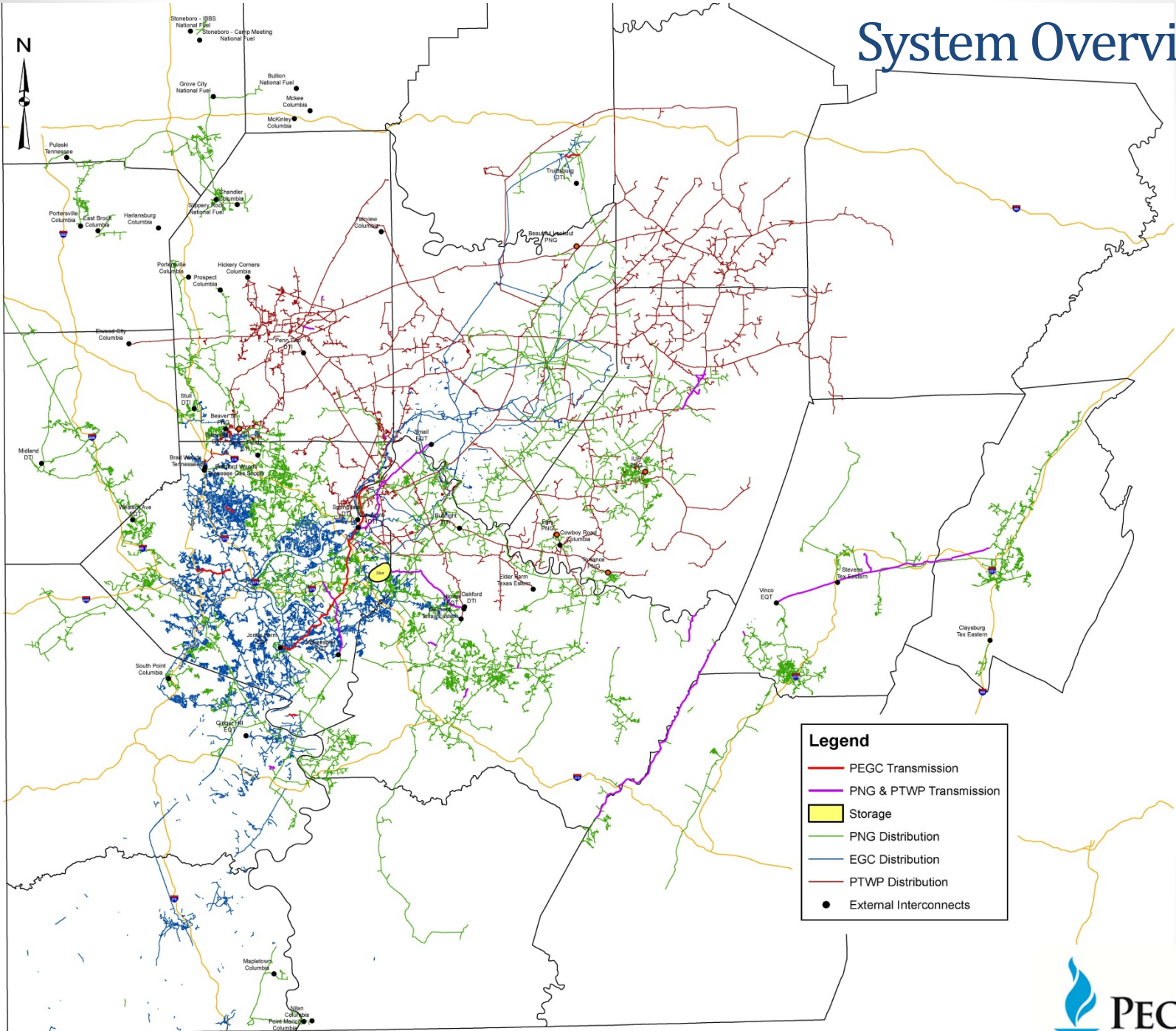
System Overview

➤ Customer Requirements/Shopping Stats

NGDC Customer Switching Statistics for PNG & PED				
<i>as of 12/31/2017</i>				
Actual Customer Numbers	Residential	Commercial	Industrial	TOTAL
	580,785	48,732	403	629,920
Customer Data	Residential	Commercial	Industrial	TOTAL
Number (#) of Customers Using Alternative Suppliers	101,209	13,972	318	115,499
Percent of Customers Using Alternative Suppliers	17%	29%	79%	18%
Load Data	Residential	Commercial	Industrial	TOTAL
Percent of Load From Alternative Suppliers	17%	68%	99%	48%

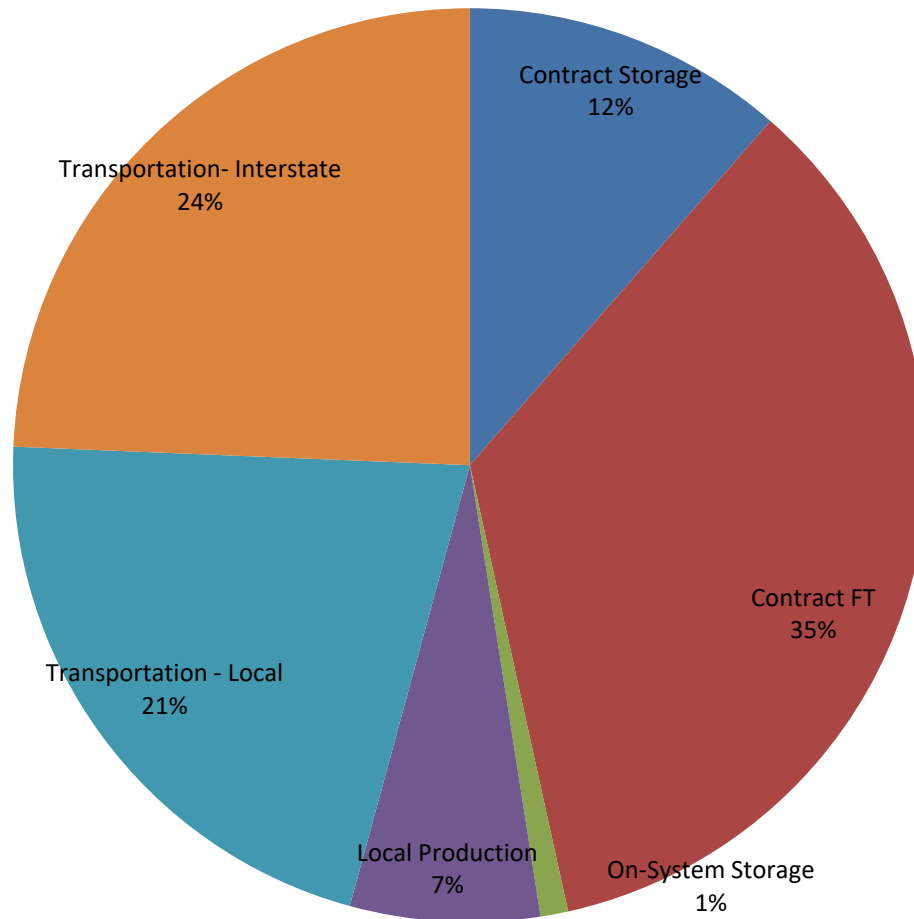
Currently 24 NGSs Serving P1 Customers on PNG & PED

System Overview



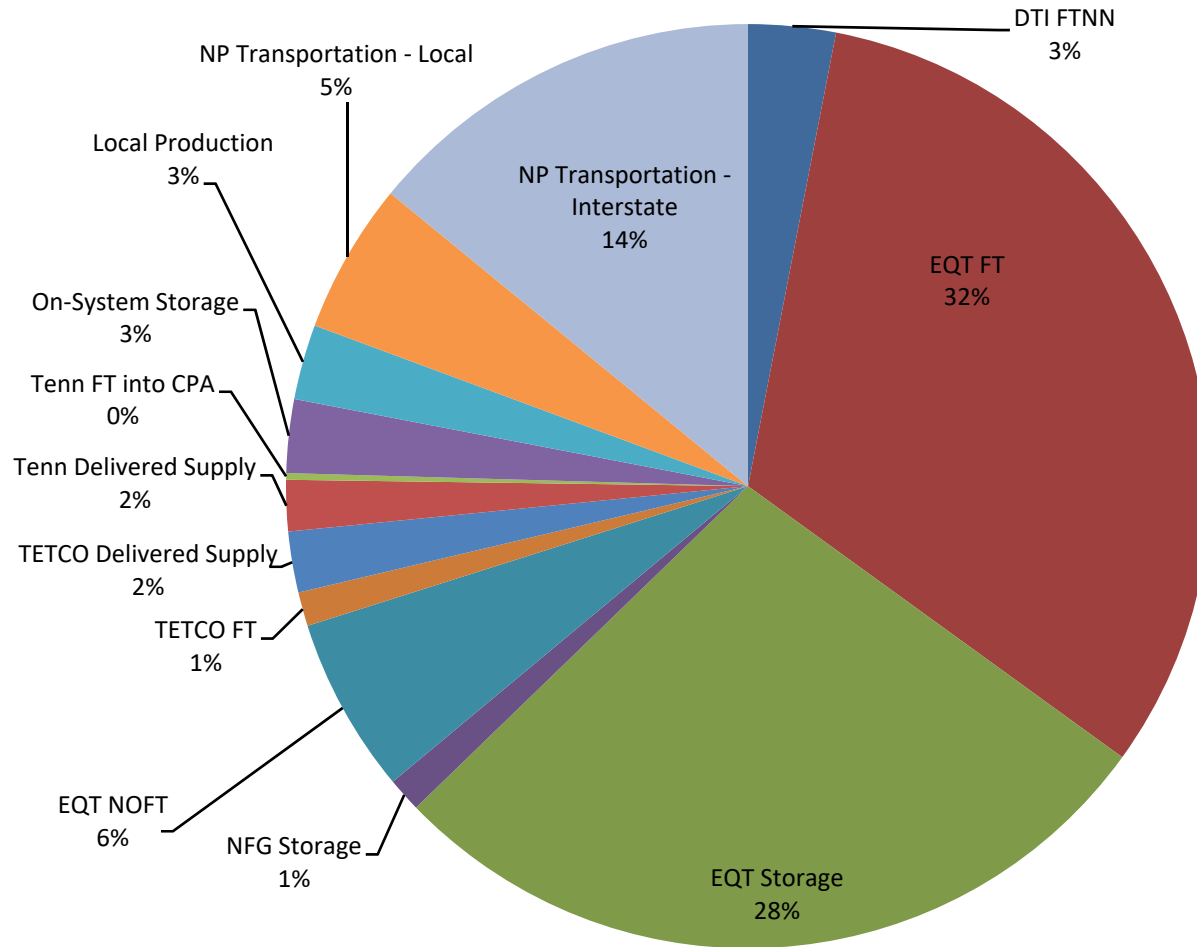
Gas Receipts Portfolio-Peoples

Annual Sources

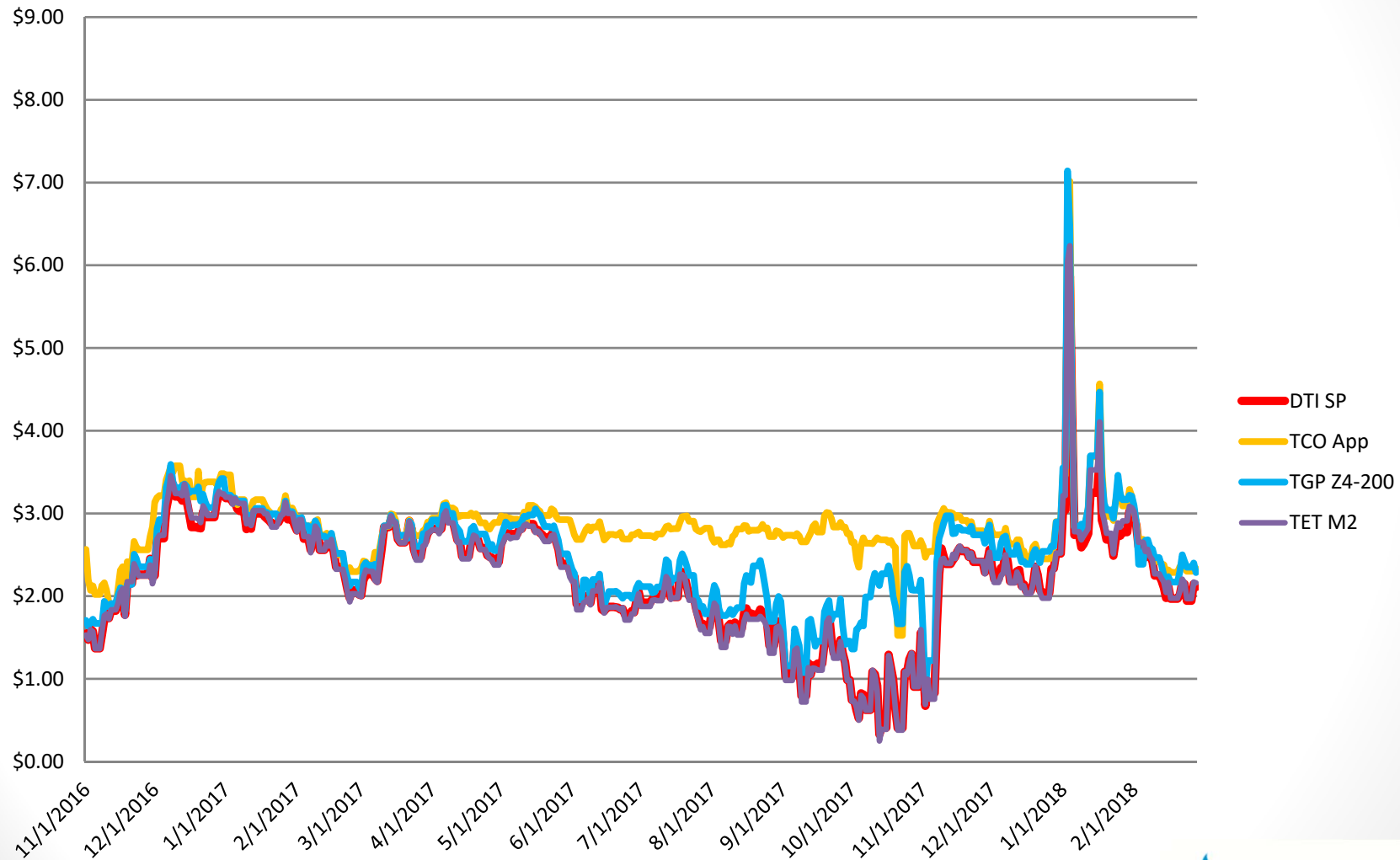


Design Day Portfolio-Peoples

Design Day Capacity



Regional Pricing



Capacity Release Assignment to NGS

Priority One Pooling (P1) – “Priority One” includes residential and commercial human needs customers (hospitals, dorms, apts., etc.)

- Pooling of Gas Supplies & Transportation Customer Rights; NGS Serves as Pool Operator.
- All P-1 customers served are considered Firm Service.

Capacity Release Assignment to NGS

- Priority One (P1) assignment methodology
 - Mandatory Assignment of Upstream Pipeline Capacity
 - Assets are assigned based on design peak day usage.
 - Allows for administrative ease for both the Company and the NGS.

 - “Daily balancing” is required.
 - Daily supply targets given to P1 Pools.
 - Targets change with the weather.

Capacity Release Assignment to NGS

➤ Priority One (P1) assignment methodology

- Upstream Pipeline FT and Storage Assets
 - Capacity follows the customer in P1 Pools.
 - Structured as a release at zero cost to Suppliers.
 - Storage assets are assigned seasonally – Injection & Withdrawal seasons.
 - Pipeline FT capacity released monthly.
 - Capacity subject to recall.
 - The pipeline capacity costs are recovered through a Capacity Charge billed to all P1 customers.

Capacity Charge to P1 Customers

- Displayed as Capacity Charge line item on the customer's bill.
- The Capacity charge is not included in the Price to Compare.

	Rider B - Gas Cost Charges				Base Rate	Rider A	Rider E	Rider Supplier	Rider F	Rider G	Rider H	Rider K	
	Capacity	AVC Capacity	GCA	Commodity	Charges	STAS	MFC	Choice	USR	GPC	Rate Credit	DSIC Charge	Total Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13=SUM 1 to 12)
Residential Sales						-0.43%						5.00%	
Customer Charge					\$ 13.9500			\$ 0.0538			\$ -	\$ 0.6975	\$ 14.7013
Capacity	\$ 1.0511	\$ 0.6436					\$ 0.0273						\$ 1.7220
Price to Compare - PTC			\$ 0.2940	\$ 2.7113			\$ 0.0780			\$ 0.1055			\$ 3.1888
Delivery Charge					\$ 3.1330				\$ 0.4561		\$ -	\$ 0.1900	\$ 3.7791
State Tax Surcharge							\$(0.0135)						\$(0.0135)
Total per MCF							\$ 0.1053						\$ 8.6764

System Balancing – P1 Pools

- Load Forecasting/Delivery Instructions for P1 Pools
 - Peoples creates base and heat load factors for each P1 Pool based on the mix of customers that pool serves.
 - Peoples uses those factors and forecasted weather to create requirement targets 2 days ahead for each P1 pool.
 - Targets are posted to Peoples EBB (Gastar).
 - P1 Pools are expected to nominate and deliver daily supplies to match daily targets.
 - When daily supplies = targets, pool is considered to be in balance.
 - Differences between actual pool usage & targets are reconciled on an ongoing basis through either subsequent daily targets or market based true-ups.

System Balancing – P1 Pools

➤ Tolerance bands & Cash-In/Out Provisions for P1 Pools

- When the P1 Pool's daily supplies do not = target, the P1 Pool may be subject to cash-in/out.

➤ Cash-In (long):

- Any imbalance: priced at 85% of Daily Index Price

➤ Cash-Out (short):

- Any imbalance: priced at 115% of Daily Index Price

- ❖ **Daily Index Price** = Midpoint price from Gas Daily for Appalachia Dominion South Pt Index.