

Hbg R 6/24/16

UGI UTILITIES, INC. – GAS DIVISION

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Information Submitted Pursuant to

Section 53.51 et seq of the Commission’s Regulations

- UGI GAS EXHIBIT A – FULLY PROJECTED**
- UGI GAS EXHIBIT A - FUTURE**
- UGI GAS EXHIBIT A – HISTORIC**
- UGI GAS EXHIBIT B – RATE OF RETURN**
- UGI GAS EXHIBIT E – PROOF OF REVENUE**

ORIGINAL TARIFF

UGI UTILITIES, INC. – GAS DIVISION – PA P.U.C. NO. 6

DOCKET NO. R-2015-2518438

Issued: January 19, 2016

Effective: March 19, 2016

UGI GAS EXHIBIT A – FULLY PROJECTED

Future Period - 12 Months Ended September 30, 2017
 (\$ in Thousands)
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UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ In Thousands)

Schedule **A-1**
Witness: **A. P. Kelly**
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Summary of Measure of Value and Revenue Increase

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] |
|--|--|------------------|---------|----------|-------------------|------------------|-------------------|
| | | Function | Section | Schedule | Present Rates | Increase | Proposed Rates |
| RATE BASE | | | | | | | |
| 1 | Utility Plant | | C-2 | | \$ 1,649,567 | | \$ 1,649,567 |
| 2 | Accumulated Depreciation | | C-3 | | (448,737) | | (448,737) |
| 3 | Net Plant in service | L 1 + L 2 | | | 1,200,830 | - | 1,200,830 |
| 4 | Working Capital | | C-4 | | 18,648 | | 18,648 |
| 5 | Gas Inventory | | C-5 | | 21,730 | | 21,730 |
| 6 | Accumulated Deferred Income Taxes | | C-6 | | (307,196) | | (307,196) |
| 7 | Customer Deposits | | C-7 | | (14,517) | | (14,517) |
| 8 | Materials & Supplies | | C-8 | | 4,212 | | 4,212 |
| 9 | TOTAL RATE BASE | Sum L 3 to L 8 | | | \$ 923,707 | \$ - | \$ 923,707 |
| OPERATING REVENUES AND EXPENSES | | | | | | | |
| <u>Operating Revenues</u> | | | | | | | |
| 10 | Base Customer Charges | | D-5 | | \$ 216,065 | \$ 58,564 | \$ 274,629 |
| 11 | Gas Cost Revenue | | D-5 | | 114,125 | | 114,125 |
| 12 | Other Operating Revenues | | D-5 | | 4,480 | | 4,480 |
| 13 | Total Revenues | Sum L 10 to L 12 | | | 334,670 | 58,564 | 393,234 |
| 14 | Operating Expenses | | D | | (278,933) | (977) | (279,910) |
| 15 | OIBIT | L 13 + L 14 | | | 55,737 | 57,587 | 113,324 |
| 16 | Pro Forma Income Tax at Present Rates | | D-33 | | (13,962) | | |
| 17 | Pro Forma Income Tax on Revenue Increase | | D-33 | | | (23,895) | (37,857) |
| 18 | NET OPERATING INCOME | Sum L 15 to L 17 | | | \$ 41,775 | \$ 33,692 | \$ 75,467 |
| 19 | RATE OF RETURN | L 18 / L 9 | | | 4.5226% | | 8.170% |
| REVENUE INCREASE REQUIRED | | | | | | | |
| 20 | Rate of Return at Present Rates | L 19, Col 4 | | | 4.5226% | | |
| 21 | Rate of Return Required | | B-7 | | 8.1700% | | |
| 22 | Change in ROR | L 21 - L 20 | | | 3.64743% | | |
| 23 | Change in Operating Income | L 22 * L 9 | | | \$ 33,692 | | |
| 24 | Gross Revenue Conversion Factor | | D-35 | | 1.738224 | | |
| 25 | Change in Revenues | L 23 * L 24 | | | \$ 58,564 | | |
| 26 | Percent Increase -- Delivery Revenues | L 25 / L 10, C 4 | | | | 27.10% | |
| 27 | Percent Increase -- Total Revenues | L 25 / L 13, C 4 | | | | 17.50% | |

UGI Utilities, Inc. - Gas Division
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(\$ In Thousands)

Schedule **B-1**
Witness: **A. P. Kelly**
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Balance Sheet

[1]

| Line No | Description/(Account No) | Budget TYE 9-30-17 |
|---------|--|-----------------------|
| | UTILITY PLANT (101 - 106, 108) | |
| 1 | Gas Utility Plant | \$ 1,770,328 |
| 2 | Other Utility Plant | - |
| 3 | Total Plant In Service | <u>1,770,328</u> |
| 4 | Construction Work In Progress (107) | 20,945 |
| 5 | Total Utility Plant | <u>1,791,273</u> |
| 6 | Accumulated Provision for Depreciation - Gas (108) | (503,111) |
| 7 | Utility Acquisition Adjustment (114) | - |
| 8 | Accumulated Provision for Depreciation - Other (119) | - |
| 9 | Net Utility Plant | <u>1,288,162</u> |
| | OTHER PROPERTY INVESTMENTS | |
| 10 | Non-utility Property (121) | - |
| 11 | Accumulated Depreciation on NUP (122) | - |
| 12 | Investment in Associated & Subsidiary Companies (123.1) | - |
| 13 | Other Investments (124) | - |
| 14 | Total Other Property and Investments | <u>-</u> |
| | CURRENT AND ACCRUED ASSETS | |
| 15 | Cash & Other Temporary Investments(131-136) | 2,843 |
| 16 | Unbilled Revenues | - |
| 17 | Customer Accounts Receivable (142) | 27,873 |
| 18 | Other Accounts Receivable (143) | 901 |
| 19 | Accum Provision for Uncollectible (144) | (3,297) |
| 20 | Receivables from Associated Companies (145) | - |
| 21 | Accounts Receivable Assoc. Comp. (146) | (46) |
| 22 | Plant Materials & Operating Supplies (154) | 2,674 |
| 23 | Stores Expense - Undistributed (163) | (380) |
| 24 | Gas Stored - Current (164.1) | 27,868 |
| 25 | Liquefied Natural Gas stored (164.2) | - |
| 26 | Prepayments (165) | 3,997 |
| 27 | Accrued Utility Revenues (173) | 6,639 |
| 28 | Miscellaneous Current & Accrued Assets (174) | 232 |
| 29 | Derivative Instrument Assets (175) | 436 |
| 30 | Total Current and Accrued Assets | <u>69,740</u> |
| | DEFERRED DEBITS | |
| 31 | Unamortized Debt Expense (181) | 1,045 |
| 32 | Other Regulatory Assets (182.3) | 246,665 |
| 33 | Other Preliminary Survey & Investigation Charges (183.2) | 915 |
| 34 | Clearing Accounts (184) | (380) |
| 35 | Miscellaneous Deferred Debits (186) | 3,443 |
| 36 | Unamortized Loss on Reacquired Debt (189) | 1,034 |
| 37 | Accumulated Deferred Income Taxes (190) | 23,660 |
| 38 | O/U Collected Gas (191.4, 191.41) | - |
| 39 | Total Deferred Debits | <u>276,382</u> |
| 40 | TOTAL ASSETS AND OTHER DEBITS | <u>\$ 1,634,285</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule B-1
Witness: A. P. Kelly
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Balance Sheet

[1]

| Line No | Description/(Account No) | Budget TYE 9-30-17 |
|--|--|----------------------------|
| PROPRIETARY CAPITAL | | |
| 41 | Common Stock Issued (201) | \$ 51,878 |
| 42 | Preferred Stock Issued (204) | - |
| 43 | Miscellaneous Paid-in-Capital (211) | 406,270 |
| 44 | Capital Stock Expense (214) | - |
| 45 | Retained Earnings (215, 215.2, 216) | 266,273 |
| 46 | Accum Other Comprehensive Income (219) | <u>(12,499)</u> |
| 47 | Total Proprietary Capital | 711,922 |
| LONG TERM DEBT | | |
| 48 | Bonds (221) | - |
| 49 | Advances from Associated Companies (223) | - |
| 50 | Other Long-Term Debt (224) | 364,363 |
| 51 | Unamortized Premium on LTD (225) | - |
| 52 | Unamortized Discount on LTD (226) | - |
| 53 | Total Long-term Debt | <u>364,363</u> |
| OTHER NON-CURRENT LIABILITIES | | |
| 54 | Obligations under Capital Leases (227) | - |
| 55 | Advances from Associated Companies (223) | 527 |
| 56 | Other Long-Term Debt (224) | 71,239 |
| 57 | Unamortized Premium on LTD (225) | 3,333 |
| 58 | Unamortized Discount on LTD (226) | 62 |
| 59 | Total Non-Current Liabilities | <u>75,161</u> |
| CURRENT & ACCRUED LIABILITIES | | |
| 60 | Notes Payable (231) | 59,531 |
| 61 | Accounts Payable (232) | 38,447 |
| 62 | Notes Payable to Assoc. Companies (233) | - |
| 63 | Accounts Payable to Assoc. Cos (234) | 9,245 |
| 64 | Customer Deposits (235) | 12,956 |
| 65 | Taxes Accrued (236) | (3,737) |
| 66 | Interest Accrued (237) | 5,631 |
| 67 | Tax Collections Payable (241) | 129 |
| 68 | Accrued Interest on Other Liabilities (237) | 25,716 |
| 69 | Tax Collections Payable (241) | 1,652 |
| 70 | Misc Current & Accrued Liabilities (242) | 5,146 |
| 71 | Total Current & Accrued Liabilities | <u>154,716</u> |
| OTHER DEFERRED CREDITS | | |
| 72 | Customer Advances for Construction (252) | - |
| 73 | Other Deferred Credits (253) | 15,682 |
| 74 | Other Regulatory Liabilities (254) | 20,786 |
| 75 | Deferred ITC (255) | 3,201 |
| 76 | Accumulated Deferred Income Taxes (282) | 293,289 |
| 77 | Accumulated Deferred Income Taxes (283) | <u>(4,835)</u> |
| 78 | Total Other Deferred Credits | <u>328,123</u> |
| 79 | TOTAL LIABILITIES & OTHER CREDITS | <u>\$ 1,634,285</u> |

UGI Utilities, Inc. - Gas Division
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Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule B-2
Witness: A. P. Kelly
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Statement of Net Utility Operating Income

| Line No | Description | [1] Budget TYE 9-30-17 | [2] Reference |
|---------------------------------|--|--------------------------------|--------------------|
| Total Operating Revenues | | | |
| 1 | Total Sales Revenues | \$ 398,720 | B-3 |
| 2 | Other Operating Revenues | 7,737 | B-3 |
| 3 | Total Revenues | 406,457 | |
| Total Operating Expenses | | | |
| 4 | Operation & Maintenance Expenses | 253,175 | B-4 |
| 5 | Depreciation Expense | 41,516 | |
| 6 | Taxes Other Than Income Taxes | 5,886 | B-5 |
| 7 | Total Operating Expenses | 300,577 | |
| 8 | Operating Income Before Income Taxes (OIBIT) | 105,880 | |
| Income Taxes: | | | |
| 9 | State | 3,226 | B-5 |
| 10 | Federal | 29,464 | B-5 |
| 11 | Total Income Taxes | 32,690 | |
| 12 | Net Utility Operating Income | \$ 73,190 | |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule **B-3**
Witness: **A. P. Kelly**
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Statement of Operating Revenues

[1]

| Line No | Description | Budget TYE 9-30-17 |
|---------------------------------|--------------------------------------|-------------------------------|
| Gas Operating Revenues | | |
| 1 | Residential (R/RT) (480) | \$ 214,366 |
| 2 | Comm & Ind (N/NT) (481) | 112,023 |
| 3 | Comm & Ind (DS) (489) | 20,273 |
| 4 | Lg Transport/Other (489) | 30,787 |
| 5 | Interruptible (489) | <u>21,271</u> |
| 6 | Sub-Total Gas Operating Revenues | 398,720 |
| Other Operating Revenues | | |
| 7 | Forfeited Discounts (487) | 3,112 |
| 8 | Miscellaneous Service Revenues (488) | 3,823 |
| 9 | Off System Revenue (495.9) | - |
| 10 | Rent from Gas Properties (493) | - |
| 11 | Other Revenues (495) | <u>802</u> |
| 12 | Sub-Total Other Operating Revenues | <u>7,737</u> |
| 13 | Total Operating Revenues | <u><u>\$ 406,457</u></u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule **B-4**
Witness: **A. P. Kelly**
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Operation and Maintenance Expenses

[1]

| Line No | Description | Account No | Budget TYE 9-30-17 |
|--|--|------------|--------------------|
| Gas Raw Materials | | | |
| 1 | Liquefied Petroleum Gas Expenses | 717 | \$ 1 |
| 2 | Miscellaneous Production Expenses | 735 | 67 |
| 3 | Total Gas Raw Materials Expenses | | <u>68</u> |
| Production and Gathering - Operations | | | |
| 4 | Operating Supervision and Engineering | 750 | - |
| 5 | Production Maps and Records | 751 | - |
| 6 | Gas Wells Expenses | 752 | - |
| 7 | Field Lines Expenses | 753 | - |
| 8 | Gas Well Royalties | 758 | - |
| 9 | Other Expenses | 759 | - |
| 10 | Total Production & Gathering Operation Expenses | | <u>-</u> |
| Production and Gathering - Maintenance | | | |
| 11 | Maintenance of Producing Gas Wells | 763 | - |
| 12 | Maintenance of Field Lines | 764 | - |
| 13 | Maintenance of Field Measuring and Reg. Station Equip. | 766 | - |
| 14 | Gas Supply Operation Expenses | | <u>-</u> |
| Other Gas Supply Expense - Operations | | | |
| 15 | Natural Gas City Gate Purchases | 804.0 | 199,378 |
| 16 | Other Gas Purchases | 805.0 | 798 |
| 17 | Purchases Gas Cost Adjustments | 805.1 | (49,623) |
| 18 | Gas Withdrawn from Storage-Debit | 808.1 | 27,069 |
| 19 | Purchased Gas Expenses | 807.0 | - |
| 20 | Gas Used for Other Utility Operations-Credit | 812.0 | (689) |
| 21 | Gas Delivered to Storage-Credit | 808.2 | (31,021) |
| 22 | Other Gas Supply Expenses | 813.0 | 1,855 |
| 23 | Gas Supply Operation Expenses | | <u>147,767</u> |
| Underground Storage Expense - Operation | | | |
| 24 | Operation Supervision and Engineering | 814 | - |
| 25 | Maps and Records | 815 | - |
| 26 | Wells Expenses | 816 | - |
| 27 | Lines Expenses | 817 | - |
| 28 | Measuring and Regulating Station Expenses | 820 | - |
| 29 | Purification Expenses | 821 | - |
| 30 | Gas Losses | 823 | - |
| 31 | Other Expenses | 824 | - |
| 32 | Total Underground Storage Expenses | | <u>-</u> |
| Underground Storage Expense - Maintenance | | | |
| 33 | Maintenance Supervision and Engineering | 830 | - |
| 34 | Maintenance of Structures and Improvements | 831 | - |
| 35 | Maintenance of Reservoirs and Wells | 832 | - |
| 36 | Maintenance of Lines | 833 | - |
| 37 | Maintenance of Measuring & Regulating Station Equip. | 835 | - |
| 38 | Total Underground Maintenance Expenses | | <u>-</u> |

UGI Utilities, Inc. - Gas Division
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 (\$ in Thousands)

Schedule B-4
 Witness: A. P. Kelly
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Operation and Maintenance Expenses

[1]

| Line No | Description | Account No | Budget TYE 9-30-17 |
|---|--|------------|--------------------|
| Transmission Expense - Operations | | | |
| 39 | Operating Supervision and Engineering | 850 | - |
| 40 | System Control and Load Dispatching | 851 | - |
| 41 | Communication System Expenses | 852 | - |
| 42 | Mains Expenses | 856 | - |
| 43 | Measuring and Regulating Station Expenses | 857 | - |
| 44 | Other Expenses | 859 | - |
| 45 | Total Transmission Operation Expenses | | - |
| Transmission Expense - Maintenance | | | |
| 46 | Maintenance Supervision and Engineering | 861 | - |
| 47 | Maintenance of Structures and Improvements | 862 | - |
| 48 | Maintenance of Mains | 863 | - |
| 49 | Maintenance of Measuring and Regulating Station Equip. | 865 | - |
| 50 | Maintenance of Communication Equipment | 866 | - |
| 51 | Total Transmission Maintenance Expenses | | - |
| Distribution Expense - Operations | | | |
| 52 | Operation Supervision and Engineering | 870 | 2,380 |
| 53 | Distribution Load Dispatching | 871 | 549 |
| 54 | Compressor Station Fuel and Power (Major Only) | 873 | 1 |
| 55 | Mains and Services Expenses | 874 | 10,453 |
| 56 | Measuring and Regulating Station Expenses-General | 875 | 423 |
| 57 | Measuring and Regulating Station Expenses-Industrial | 876 | 415 |
| 58 | Measuring and Regulating Station Expenses-City Gate | 877 | 346 |
| 59 | Meter and House Regulator Expenses | 878 | 1,944 |
| 60 | Customer Installations Expenses | 879 | 1,271 |
| 61 | Other Expenses | 880 | 3,033 |
| 62 | Rents | 881 | 69 |
| 63 | Total Distribution Operation Expenses | | 20,884 |
| Distribution Expense - Maintenance | | | |
| 64 | Maintenance Supervision and Engineering | 885 | 779 |
| 65 | Maintenance of Structures and Improvements | 886 | 3 |
| 66 | Maintenance of Mains | 887 | 11,797 |
| 67 | Maintenance of Measuring & Reg. Station Equip.-Genl. | 889 | 167 |
| 68 | Maintenance of Measuring & Reg. Station Equip.-Indtrl. | 890 | 241 |
| 69 | Maintenance of Measuring & Reg. Station Equip.-City G | 891 | 434 |
| 70 | Maintenance of Services | 892 | 1,631 |
| 71 | Maintenance of Meters & House Regulators | 893 | 613 |
| 72 | Maintenance of Other Equipment | 894 | 102 |
| 73 | Construction & Maintenance | 895 | (176) |
| 74 | Total Distribution Maintenance Expenses | | 15,591 |
| Customer Accounts Expense - Operations | | | |
| 75 | Supervision | 901 | 421 |
| 76 | Meter Reading Expenses | 902 | 994 |
| 77 | Customer Records & Collection Expenses | 903 | 8,300 |
| 78 | Uncollectable Accounts | 904 | 4,706 |
| 79 | Miscellaneous Customer Accounts Expenses | 905 | 358 |
| 80 | Total Administrative & General | | 14,779 |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule B-4
Witness: A. P. Kelly
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Operation and Maintenance Expenses

[1]

| Line No | Description | Account No | Budget TYE 9-30-17 |
|---|---|------------|--------------------|
| Customer Service & Information Expense | | | |
| 82 | Supervision | 907 | 163 |
| 83 | Customer Assistance Expenses | 908 | 954 |
| 84 | Informational & Instructional Advertising Expenses | 909 | 721 |
| 85 | Miscellaneous Customer Service & Informational Exp. | 910 | 116 |
| 86 | Total Cust. Service & Inform. Operations Exp | | 1,954 |
| 87 | Description | | |
| Sales Expense | | | |
| 88 | Supervision | 911 | - |
| 89 | Demonstrating and Selling Expenses | 912 | 708 |
| 90 | Advertising Expenses | 913 | 111 |
| 91 | Miscellaneous Sales Expenses | 916 | 104 |
| 92 | Total Operation Sales Expenses | | 923 |
| Administrative & General - Operations | | | |
| 93 | Administrative and General Salaries | 920.0 | 9,163 |
| 94 | Office Supplies and Expenses | 921.0 | 9,636 |
| 95 | Outside Service Employed | 923.0 | 9,709 |
| 96 | Property Insurance | 924.0 | 112 |
| 97 | Injuries and Damages | 925.0 | 4,128 |
| 98 | Employee Pensions and Benefits | 926.0 | 14,250 |
| 99 | Regulatory Commission Expenses | 928.0 | - |
| 100 | General Advertising Expenses | 929.0 | 678 |
| 101 | Miscellaneous General Expenses | 930.1 | 1,811 |
| 102 | Rents | 930.2 | 277 |
| 103 | Total A & G Operation Expenses | | 49,764 |
| Administrative & General - Maintenance | | | |
| 104 | Maintenance of General Plant | 932 | 1,433 |
| 105 | Maintenance of General Plant | 935 | 12 |
| 106 | Total A & G Maintenance Expenses | | 1,445 |
| 107 | TOTAL OPERATION & MAINTENANCE EXPENSE | | \$ 253,175 |
| 108 | Total Gas Operation Expenses | | 236,139 |
| 109 | Total Gas Maintenance Expense | | 17,036 |
| 110 | TOTAL OPERATION & MAINTENANCE EXPENSE | | \$ 253,175 |

UGI Utilities, Inc. - Gas Division
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Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule B-5
Witness: A. P. Kelly
Page 1 of 1

Detail of Taxes

[1]

| <u>Line No</u> | <u>Description</u> | <u>Reference</u> | <u>Budget TYE 9-30-17</u> |
|--------------------------------------|-------------------------------------|------------------|---------------------------|
| Taxes Other Than Income Taxes | | | |
| Non-revenue related: | | | |
| 1 | Pennsylvania - PURTA | | \$ 513 |
| 2 | Capital Stock | | 316 |
| 3 | PA and Local Use taxes | | 177 |
| 4 | Miscellaneous Taxes | | <u>1,661</u> |
| 5 | Subtotal | Sum L 1 to L 4 | <u>2,667</u> |
| Payroll Taxes | | | |
| 6 | FICA | | 2,679 |
| 7 | SUTA | | 485 |
| 8 | FUTA | | 55 |
| 9 | Other | | - |
| 10 | Subtotal | Sum L 6 to L 9 | <u>3,219</u> |
| 11 | Total Taxes Other Than Income Taxes | L 5 + L 10 | <u>\$ 5,886</u> |
| Income Taxes | | | |
| 12 | State | | \$ 3,226 |
| 13 | Federal | | <u>29,464</u> |
| 14 | Total Income Taxes | L 12 + L 13 | <u>\$ 32,690</u> |

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
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 (\$ in Thousands)

Schedule B-6
 Witness: P. R. Moul
 Page 1 of 1

Composite Cost of Debt

| Line No | Description | [1] Amount Outstanding | [2] Percent to Total | [3] Effective Interest Rate | [4] Average Weighted Cost Rate [2] * [3] |
|-------------------------------|-----------------------|-----------------------------|---------------------------|----------------------------------|--|
| Medium Term Notes | | | | | |
| 1 | 7.250% Due 2017 | \$ 20,000 | 2.65% | 7.32% | 0.19% |
| 2 | 5.670% Due 2018 | 20,000 | 2.65% | 5.75% | 0.15% |
| 3 | 6.500% Due 2033 | 20,000 | 2.65% | 6.56% | 0.17% |
| 4 | 6.133% Due 2034 | 20,000 | 2.65% | 6.19% | 0.16% |
| Senior Unsecured Notes | | | | | |
| 5 | 6.206% Due 2036 | 100,000 | 23.18% | 6.32% | 1.46% |
| 6 | 4.980% Due 2044 | 175,000 | 13.25% | 5.00% | 0.66% |
| 7 | 3.781% Due 2026 | 100,000 | 26.49% | 3.85% | 1.02% |
| 8 | 4.705% Due 2046 | 200,000 | 13.25% | 4.74% | 0.63% |
| 9 | 4.705% Due 2046 | 100,000 | 13.25% | 4.74% | 0.63% |
| 10 | Total Long-Term Debt | 755,000 | 100.00% | | 5.07% |
| 11 | Total Long-Term Debt | \$ 755,000 | 88.67% | 5.07% | 4.50% |
| 12 | Total Short-Term Debt | 96,475 | 11.33% | 2.58% | 0.29% |
| 13 | TOTAL | \$ 851,475 | 100.00% | | |
| 14 | Weighted Cost of Debt | | | | 4.79% |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule B-7
Witness: P. R. Moul
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Rate of Return

| | | [1] | [2] | [3] | [4] |
|----------------|--------------------|-----------------------------|----------------------|----------------------------|-----------------|
| Line No | Description | Capitalization Ratio | Embedded Cost | Statement Reference | Return-% |
| 1 | Long-Term Debt | 40.30% | 5.07% | B-6 | 2.04% |
| 2 | Short-Term Debt | 5.15% | 2.58% | B-6 | 0.13% |
| 3 | Common Equity | <u>54.55%</u> | 11.00% | | <u>6.00%</u> |
| 4 | Total | <u>100.00%</u> | | | <u>8.17%</u> |

UGI Utilities, Inc. - Gas Division
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Schedule C-1
Witness: A. P. Kelly
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Measure of Value

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] |
|-------------------------|-----------------------------------|----------|----------|------------|---------------|-------------|----------------|
| | | Function | Schedule | # of Pages | Present Rates | Adjustments | Proposed Rates |
| MEASURE OF VALUE | | | | | | | |
| 1 | Utility Plant | | C-2 | 9 | \$ 1,649,567 | | \$ 1,649,567 |
| 2 | Accumulated Depreciation | | C-3 | 11 | (448,737) | | (448,737) |
| 3 | Net Plant in service | | | | 1,200,830 | - | 1,200,830 |
| 4 | Working Capital | | C-4 | 9 | 18,648 | | 18,648 |
| 5 | Gas Inventory | | C-5 | 1 | 21,730 | | 21,730 |
| 6 | Accumulated Deferred Income Taxes | | C-6 | 1 | (307,196) | | (307,196) |
| 7 | Customer Deposits | | C-7 | 1 | (14,517) | | (14,517) |
| 8 | Materials & Supplies | | C-8 | 1 | 4,212 | | 4,212 |
| 9 | TOTAL MEASURE OF VALUE | | | | \$ 923,707 | \$ - | \$ 923,707 |

Pro Forma Gas Plant in Service

[1]

[2]

| Line No | Description | Account No | Pro Forma FTY 9-30-17 |
|--|---|------------|-----------------------|
| INTANGIBLE PLANT | | | |
| 1 | Organization | 301 | \$ 21 |
| 2 | Franchise & Consent | 302 | 28 |
| 3 | Miscellaneous Intangible Plant | 303 | - |
| 4 | TOTAL INTANGIBLE | | <u>49</u> |
| NATURAL GAS PRODUCTION & GATHERING | | | |
| 5 | Producing Lands | 325 | - |
| 6 | Producing Leaseholds | 325 | - |
| 7 | Rights of Way | 325 | - |
| 8 | Other Land Rights | 326 | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - |
| 10 | Other Structures | 329 | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - |
| 13 | Field Lines | 332 | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - |
| 15 | Drilling & Clearing Equipment | 335 | - |
| 16 | Other Equipment | 337 | - |
| 17 | TOTAL PRODUCTION & GATHERING | | <u>-</u> |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | |
| 18 | Land & Land Rights | 304 | 382 |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - |
| 20 | Land | 350 | - |
| 21 | Rights of Way | 350 | - |
| 22 | Structures & Improvements | 351 | - |
| 23 | Wells | 352 | - |
| 24 | Lines | 353 | - |
| 25 | Compressor Station Equipment | 354 | - |
| 26 | Measuring & Regulating Equipment | 355 | - |
| 27 | Purification Equipment | 356 | - |
| 28 | Other Equipment | 357 | - |
| 29 | TOTAL STORAGE & PROCESSING | | <u>382</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule **C-2**
Witness: **A. P. Kelly**
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Pro Forma Gas Plant In Service

| Line No | Description | [1] Account No | [2] Pro Forma FTY 9-30-17 |
|---------------------------|---|---------------------|-----------------------------------|
| TRANSMISSION PLANT | | | |
| 30 | Land & Land Rights | 365.1 | \$ - |
| 31 | Rights of Way | 365.2 | - |
| 32 | Structures & Improvements | 366 | - |
| 33 | Mains | 367 | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - |
| 35 | Communication Equipment | 370 | - |
| 36 | Other Equipment | 371 | - |
| 37 | TOTAL TRANSMISSION | | - |
| DISTRIBUTION PLANT | | | |
| 38 | Land & Land Rights | 374 | 2,273 |
| 39 | Structures & Improvements | 375 | 2,186 |
| 40 | Mains | 376 | 749,746 |
| 41 | Measuring & Regulating Station Equipment | 378 | 35,441 |
| 42 | Measuring & Regulating Station Equipment | 379 | 4,794 |
| 43 | Services | 380 | 592,758 |
| 44 | Meters | 381 | 59,545 |
| 45 | Meter Installations | 382 | 65,196 |
| 46 | House Regulators | 383 | 7,404 |
| 47 | House Regulatory Installations | 384 | 11,149 |
| 48 | Industrial Measuring & Regulating Station Equipment | 385 | 6,163 |
| 49 | Other Property | 386 | 1,310 |
| 50 | Other Equipment | 387 | 3,669 |
| 51 | TOTAL DISTRIBUTION | | 1,541,634 |
| GENERAL PLANT | | | |
| 52 | Land & Land Rights | 389 | 1,493 |
| 53 | Structures & Improvements | 390 | 30,998 |
| 54 | Office Furniture & Equipment | 391 | 61,445 |
| 55 | Transportation Equipment | 392 | 874 |
| 56 | Stores Equipment | 393 | - |
| 57 | Tools & Garage Equipment | 394 | 9,959 |
| 58 | Laboratory Equipment | 395 | - |
| 59 | Power Operated Equipment | 396 | 1,371 |
| 60 | Communication Equipment | 397 | 507 |
| 61 | Miscellaneous Equipment | 398 | 855 |
| 62 | Other Tangible Property | 399 | - |
| 63 | TOTAL GENERAL | | 107,502 |
| 64 | Total Plant | | \$ 1,649,567 |

Pro Forma Plant Adjustment Summary

| Line # | Description | [1] Factor Or Reference | [2] Test Year 9/30/17 Budget | [3] Adjustments | [4] Pro Forma Test Year [2] + [3] |
|--------|--|------------------------------------|---|----------------------|--|
| 1 | INTANGIBLE PLANT | Sch C-2, Pg 4 | \$ 167 | \$ (118) | \$ 49 |
| 2 | NATURAL GAS PRODUCTION & GATHERING | Sch C-2, Pg 4 | - | - | - |
| 3 | NATURAL GAS STORAGE & PROCESSING PLANT | Sch C-2, Pg 4 | 471 | (89) | 382 |
| 4 | TRANSMISSION PLANT | Sch C-2, Page 5 | - | - | - |
| 5 | DISTRIBUTION PLANT | Sch C-2, Page 5 | 1,568,997 | (27,363) | 1,541,634 |
| 6 | GENERAL PLANT | Sch C-2, Page 5 | 200,693 | (93,191) | 107,502 |
| 7 | OTHER PLANT | | - | - | - |
| 8 | SUB-TOTAL PLANT-IN-SERVICE | Sum (L 1 to L 7) | 1,770,328 | (120,761) | 1,649,567 |
| 9 | COMPLETED CONSTRUCTION NOT CLASSIFIED | G/L a/c # 106 | - | - | - |
| 10 | PLANT-IN-SERVICE | L 8 + L 9 | 1,770,328 | (120,761) | 1,649,567 |
| 11 | CONSTRUCTION WORK-IN-PROGRESS | G/L a/c # 107 | - | - | - |
| 12 | GAS STORED - NON CURRENT | a/c 117.2 | - | - | - |
| 13 | TOTAL UTILITY PLANT | Sum (L 10 to L 12) | <u>\$ 1,770,328</u> | <u>\$ (120,761)</u> | <u>\$ 1,649,567</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-2
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Pro Forma Year End Plant Balances

| Line # | Description | Account Number | [1] | [2] | [3] | [4] | [5] |
|--|---|----------------|--------------------------|------------|----------------------|------------|---------------|
| | | | Year Ended September 30, | | Pro Forma Adjustment | Balance | |
| | | | 2016 | 2017 | | | [4] + [5] |
| <u>INTANGIBLE PLANT</u> | | | | | | | |
| 1 | Organization | 301 | \$ 21 | \$ 139 | \$ (118) | \$ 21 | |
| 2 | Franchise & Consent | 302 | 28 | 28 | - | 28 | |
| 3 | Miscellaneous Intangible Plant | 303 | - | - | - | - | |
| 4 | TOTAL INTANGIBLE | | <u>49</u> | <u>167</u> | <u>(118)</u> | <u>49</u> | |
| <u>NATURAL GAS PRODUCTION & GATHERING</u> | | | | | | | |
| 5 | Producing Lands | 325.1 | - | - | - | - | |
| 6 | Producing Leaseholds | 325.2 | - | - | - | - | |
| 7 | Rights of Way | 325.4 | - | - | - | - | |
| 8 | Other Land Rights | 325.5 | - | - | - | - | |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | - | - | - | |
| 10 | Other Structures | 329 | - | - | - | - | |
| 11 | Producing Gas Wells-Well Construction | 330 | - | - | - | - | |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | - | - | - | |
| 13 | Field Lines | 332 | - | - | - | - | |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | - | - | - | |
| 15 | Drilling & Cleaning Equipment | 335 | - | - | - | - | |
| 16 | Other Equipment | 337 | - | - | - | - | |
| 17 | TOTAL PRODUCTION & GATHERING | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| <u>NATURAL GAS STORAGE & PROCESSING PLANT</u> | | | | | | | |
| 18 | Land & Land Rights | 304 | 382 | 382 | - | 382 | |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - | 89 | (89) | - | |
| 20 | Land | 350.1 | - | - | - | - | |
| 21 | Rights of Way | 350.2 | - | - | - | - | |
| 22 | Structures & Improvements | 351 | - | - | - | - | |
| 23 | Wells | 352 | - | - | - | - | |
| 24 | Lines | 353 | - | - | - | - | |
| 25 | Compressor Station Equipment | 354 | - | - | - | - | |
| 26 | Measuring & Regulating Equipment | 355 | - | - | - | - | |
| 27 | Purification Equipment | 356 | - | - | - | - | |
| 28 | Other Equipment | 357 | - | - | - | - | |
| 29 | TOTAL STORAGE & PROCESSING | | <u>382</u> | <u>471</u> | <u>(89)</u> | <u>382</u> | |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
 Future Period - 12 Months Ended September 30, 2017
 (\$ In Thousands)

Schedule C-2
 Witness: A. P. Kelly
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Pro Forma Year End Plant Balances

| Line # | Description | Account Number | Year Ended September 30, | | Pro Forma Adjustment | Balance |
|---------------------------|--|----------------|--------------------------|---------------------|----------------------|---------------------|
| | | | [1] 2016 | [2] 2017 | | |
| TRANSMISSION PLANT | | | | | | |
| 30 | Land & Land Rights | 365.1 | - | - | - | - |
| 31 | Rights of Way | 365.2 | - | - | - | - |
| 32 | Structures & Improvements | 366 | - | - | - | - |
| 33 | Mains | 367 | - | - | - | - |
| 34 | Measuring & Regulating Station Equipment | 368 | - | - | - | - |
| 35 | Communication Equipment | 370 | - | - | - | - |
| 36 | Other Equipment | 371 | - | - | - | - |
| 37 | TOTAL TRANSMISSION | | - | - | - | - |
| DISTRIBUTION PLANT | | | | | | |
| 38 | Land & Land Rights | 374 | 2,273 | 2,272 | 1 | 2,273 |
| 39 | Structures & Improvements | 375 | 2,186 | 2,082 | 104 | 2,186 |
| 40 | Mains | 376 | 691,327 | 767,263 | (17,517) | 749,746 |
| 41 | Measuring & Regulating Station Equipment | 378 | 31,327 | 37,074 | (1,833) | 35,441 |
| 42 | Measuring & Regulating Station Equipment | 379 | 4,497 | 4,934 | (140) | 4,794 |
| 43 | Services | 380 | 551,462 | 597,530 | (4,772) | 592,758 |
| 44 | Meters | 381 | 56,953 | 61,403 | (1,858) | 59,545 |
| 45 | Meter Installations | 382 | 62,553 | 66,626 | (1,430) | 65,196 |
| 46 | House Regulators | 383 | 6,544 | 5,548 | 1,856 | 7,404 |
| 47 | House Regulatory Installations | 384 | 10,496 | 11,355 | (206) | 11,149 |
| 48 | Industrial Measuring & Regulating Station Equipmen | 385 | 5,719 | 7,769 | (1,606) | 6,163 |
| 49 | Other Property | 386 | 1,310 | 1,309 | 1 | 1,310 |
| 50 | Other Equipment | 387 | 3,535 | 3,832 | (163) | 3,669 |
| 51 | TOTAL DISTRIBUTION | | 1,430,182 | 1,568,997 | (27,363) | 1,541,634 |
| GENERAL PLANT | | | | | | |
| 52 | Land & Land Rights | 388 | 1,493 | 1,431 | 62 | 1,493 |
| 53 | Structures & Improvements | 390 | 29,188 | 44,550 | (13,552) | 30,998 |
| 54 | Office Furniture & Equipment | 391 | 18,743 | 143,033 | (81,588) | 61,445 |
| 55 | Transportation Equipment | 392 | 495 | 949 | (75) | 874 |
| 56 | Stores Equipment | 393 | - | (981) | 981 | - |
| 57 | Tools & Garage Equipment | 394 | 9,037 | 8,971 | 988 | 9,959 |
| 58 | Laboratory Equipment | 395 | - | - | - | - |
| 59 | Power Operated Equipment | 396 | 1,371 | 1,385 | (14) | 1,371 |
| 60 | Communication Equipment | 397 | 563 | 507 | - | 507 |
| 61 | Miscellaneous Equipment | 398 | 724 | 822 | 33 | 855 |
| 62 | Other Tangible Property | 399 | - | 26 | (26) | - |
| 63 | TOTAL GENERAL | | 61,614 | 200,693 | (93,191) | 107,502 |
| 64 | Total Plant | | \$ 1,492,227 | \$ 1,770,328 | \$ (120,761) | \$ 1,649,567 |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule C-2
 Witness: A. P. Kelly
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Additions to Plant

| Line # | Description | Account Number | Year ended September 30, | |
|---|---|----------------|--------------------------|------|
| | | | 2016 | 2017 |
| | Plant Additions | | | |
| INTANGIBLE PLANT | | | | |
| 1 | Organization | 301 | \$ - | \$ - |
| 2 | Franchise & Consent | 302 | - | - |
| 3 | Miscellaneous Intangible Plant | 303 | - | - |
| 4 | TOTAL INTANGIBLE | | - | - |
| NATURAL GAS PRODUCTION & GATHERING | | | | |
| 5 | Producing Lands | 325.1 | - | - |
| 6 | Producing Leaseholds | 325.2 | - | - |
| 7 | Rights of Way | 325.4 | - | - |
| 8 | Other Land Rights | 325.5 | - | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | - |
| 10 | Other Structures | 329 | - | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | - |
| 13 | Field Lines | 332 | - | - |
| 14 | Field Measuring & Regulating Station Equipmen | 334 | - | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | - |
| 16 | Other Equipment | 337 | - | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - | - |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | | |
| 18 | Land & Land Rights | 304 | - | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - | - |
| 18 | Land | 350.1 | - | - |
| 19 | Rights of Way | 350.2 | - | - |
| 20 | Structures & Improvements | 351 | - | - |
| 21 | Wells | 352 | - | - |
| 22 | Lines | 353 | - | - |
| 23 | Compressor Station Equipment | 354 | - | - |
| 24 | Measuring & Regulating Equipment | 355 | - | - |
| 25 | Purification Equipment | 356 | - | - |
| 26 | Other Equipment | 357 | - | - |
| 27 | TOTAL STORAGE & PROCESSING | | - | - |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-2
Witness: A. P. Kelly
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Additions to Plant

| Line # | Description | Account Number | [1] | [2] | [3] |
|---------------------------|---|----------------|--------------------------|-------------------|-------|
| | | | Year ended September 30, | | |
| | | | 2016 | 2017 | |
| TRANSMISSION PLANT | | | | | |
| 28 | Land & Land Rights | 365.1 | - | - | |
| 29 | Rights of Way | 365.2 | - | - | |
| 30 | Structures & Improvements | 366 | - | - | |
| 31 | Mains | 367 | - | - | |
| 32 | Measuring & Regulating Station Equipment | 369 | - | - | |
| 33 | Communication Equipment | 370 | - | - | |
| 34 | Other Equipment | 371 | - | - | |
| 35 | TOTAL TRANSMISSION | | - | - | |
| DISTRIBUTION PLANT | | | | | |
| 36 | Land & Land Rights | 374 | - | - | |
| 37 | Structures & Improvements | 375 | - | - | |
| 38 | Mains | 376 | 65,662 | 64,728 | |
| 39 | Measuring & Regulating Station Equipment | 378 | 5,336 | 5,057 | |
| 40 | Measuring & Regulating Station Equipment | 379 | 385 | 365 | |
| 41 | Services | 380 | 50,156 | 47,532 | |
| 42 | Meters | 381 | 3,500 | 3,317 | |
| 43 | Meter Installations | 382 | 3,210 | 3,042 | |
| 44 | House Regulators | 383 | 1,045 | 991 | |
| 45 | House Regulatory Installations | 384 | 793 | 752 | |
| 46 | Industrial Measuring & Regulating Station Equip | 385 | 576 | 546 | |
| 47 | Other Property | 386 | - | - | |
| 48 | Other Equipment | 387 | 296 | 281 | |
| 49 | TOTAL DISTRIBUTION | | 130,959 | 126,611 | |
| GENERAL PLANT | | | | | |
| 50 | Land & Land Rights | 389 | - | - | |
| 51 | Structures & Improvements | 390 | 2,126 | 2,011 | |
| 52 | Office Furniture & Equipment | 391 | 3,409 | 46,237 | |
| 53 | Transportation Equipment | 392 | 400 | 379 | |
| 54 | Stores Equipment | 393 | - | - | |
| 55 | Tools & Garage Equipment | 394 | 1,104 | 1,046 | |
| 56 | Laboratory Equipment | 395 | - | - | |
| 57 | Power Operated Equipment | 396 | - | - | |
| 58 | Communication Equipment | 397 | - | - | |
| 59 | Miscellaneous Equipment | 398 | 138 | 130 | |
| 60 | Other Tangible Property | 399 | - | - | |
| 61 | TOTAL GENERAL | | 7,177 | 49,803 | |
| 62 | Total Plant | | \$ 138,136 | \$ 176,414 | |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-2
 Witness: A. P. Kelly
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Retirements

| Line # | Description | Account Number | Year Ended September 30, | |
|--|---|----------------|--------------------------|----------|
| | | | 2016 | 2017 |
| | | [1] | [2] | [3] |
| <u>INTANGIBLE PLANT</u> | | | | |
| 1 | Organization | 301 | \$ - | \$ - |
| 2 | Franchise & Consent | 302 | - | - |
| 3 | Miscellaneous Intangible Plant | 303 | - | - |
| 4 | TOTAL INTANGIBLE | | <u>-</u> | <u>-</u> |
| <u>NATURAL GAS PRODUCTION & GATHERING</u> | | | | |
| 5 | Producing Lands | 325.1 | - | - |
| 6 | Producing Leaseholds | 325.2 | - | - |
| 7 | Rights of Way | 325.4 | - | - |
| 8 | Other Land Rights | 325.5 | - | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | - |
| 10 | Other Structures | 329 | - | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | - |
| 13 | Field Lines | 332 | - | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | - |
| 16 | Other Equipment | 337 | - | - |
| 17 | TOTAL PRODUCTION & GATHERING | | <u>-</u> | <u>-</u> |
| <u>NATURAL GAS STORAGE & PROCESSING PLANT</u> | | | | |
| 18 | Land & Land Rights | 304 | - | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - | - |
| 20 | Land | 350.1 | - | - |
| 21 | Rights of Way | 350.2 | - | - |
| 22 | Structures & Improvements | 351 | - | - |
| 23 | Wells | 352 | - | - |
| 24 | Lines | 353 | - | - |
| 25 | Compressor Station Equipment | 354 | - | - |
| 26 | Measuring & Regulating Equipment | 355 | - | - |
| 27 | Purification Equipment | 356 | - | - |
| 28 | Other Equipment | 357 | - | - |
| 29 | TOTAL STORAGE & PROCESSING | | <u>-</u> | <u>-</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-2
Witness: A. P. Kelly
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Retirements

| Line # | Description | Account Number | Year Ended September 30, | |
|---------------------------|---|----------------|--------------------------|-----------|
| | | | [1] | [2] |
| | | | 2016 | 2017 |
| TRANSMISSION PLANT | | | | |
| 30 | Land & Land Rights | 365.1 | - | - |
| 31 | Rights of Way | 365.2 | - | - |
| 32 | Structures & Improvements | 366 | - | - |
| 33 | Mains | 367 | - | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - | - |
| 35 | Communication Equipment | 370 | - | - |
| 36 | Other Equipment | 371 | - | - |
| 37 | TOTAL TRANSMISSION | | - | - |
| DISTRIBUTION PLANT | | | | |
| 38 | Land & Land Rights | 374 | - | - |
| 39 | Structures & Improvements | 375 | - | - |
| 40 | Mains | 376 | 6,042 | 6,310 |
| 41 | Measuring & Regulating Station Equipment | 378 | 994 | 942 |
| 42 | Measuring & Regulating Station Equipment | 379 | 72 | 68 |
| 43 | Services | 380 | 6,580 | 6,236 |
| 44 | Meters | 381 | 765 | 725 |
| 45 | Meter installations | 382 | 421 | 399 |
| 46 | House Regulators | 383 | 137 | 130 |
| 47 | House Regulatory Installations | 384 | 104 | 99 |
| 48 | Industrial Measuring & Regulating Station Equipment | 385 | 107 | 102 |
| 49 | Other Property | 386 | - | - |
| 50 | Other Equipment | 387 | 154 | 146 |
| 51 | TOTAL DISTRIBUTION | | 15,376 | 15,157 |
| GENERAL PLANT | | | | |
| 52 | Land & Land Rights | 389 | - | - |
| 53 | Structures & Improvements | 390 | 213 | 201 |
| 54 | Office Furniture & Equipment | 391 | 5,856 | 3,535 |
| 55 | Transportation Equipment | 392 | - | - |
| 56 | Stores Equipment | 393 | - | - |
| 57 | Tools & Garage Equipment | 394 | 112 | 124 |
| 58 | Laboratory Equipment | 395 | - | - |
| 59 | Power Operated Equipment | 396 | - | - |
| 60 | Communication Equipment | 397 | - | - |
| 61 | Miscellaneous Equipment | 398 | 53 | 56 |
| 62 | Other Tangible Property | 399 | - | - |
| 63 | TOTAL GENERAL | | 6,234 | 3,916 |
| 64 | Total Plant | | \$ 21,610 | \$ 19,073 |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

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Accumulated Provision for Depreciation

| Line No | Description | [1] Account No | [2] Pro Forma FTY 9-30-17 |
|---|---|---------------------|-----------------------------------|
| INTANGIBLE PLANT | | | |
| 1 | Organization | 301 | \$ - |
| 2 | Franchise & Consent | 302 | - |
| 3 | Miscellaneous Intangible Plant | 303 | - |
| 4 | TOTAL INTANGIBLE | | <u>-</u> |
| NATURAL GAS PRODUCTION & GATHERING | | | |
| 5 | Producing Lands | 325 | - |
| 6 | Producing Leaseholds | 325 | - |
| 7 | Rights of Way | 325 | - |
| 8 | Other Land Rights | 326 | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - |
| 10 | Other Structures | 329 | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - |
| 13 | Field Lines | 332 | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - |
| 15 | Drilling & Cleaning Equipment | 335 | - |
| 16 | Other Equipment | 337 | - |
| 17 | TOTAL PRODUCTION & GATHERING | | <u>-</u> |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | |
| 18 | Land & Land Rights | 304 | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | (317) |
| 20 | Land | 350 | - |
| 21 | Rights of Way | 350 | - |
| 22 | Structures & Improvements | 351 | - |
| 23 | Wells | 352 | - |
| 24 | Lines | 353 | - |
| 25 | Compressor Station Equipment | 354 | - |
| 26 | Measuring & Regulating Equipment | 355 | - |
| 27 | Purification Equipment | 356 | - |
| 28 | Other Equipment | 357 | - |
| 29 | TOTAL STORAGE & PROCESSING | | <u>(317)</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

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Accumulated Provision for Depreciation

| Line No | Description | Account No | Pro Forma FTY 9-30-17 |
|---------|---|------------|--------------------------|
| | | [1] | [2] |
| | TRANSMISSION PLANT | | |
| 30 | Land & Land Rights | 365 | - |
| 31 | Rights of Way | 365 | - |
| 32 | Structures & Improvements | 366 | - |
| 33 | Mains | 367 | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - |
| 35 | Communication Equipment | 370 | - |
| 36 | Other Equipment | 371 | - |
| 37 | TOTAL TRANSMISSION | | - |
| | DISTRIBUTION PLANT | | |
| 38 | Land & Land Rights | 374 | - |
| 39 | Structures & Improvements | 375 | 1,447 |
| 40 | Mains | 376 | 191,671 |
| 41 | Measuring & Regulating Station Equipment | 378 | 5,810 |
| 42 | Measuring & Regulating Station Equipment | 379 | 3,094 |
| 43 | Services | 380 | 159,614 |
| 44 | Meters | 381 | 23,423 |
| 45 | Meter Installations | 382 | 23,155 |
| 46 | House Regulators | 383 | 1,667 |
| 47 | House Regulatory Installations | 384 | 4,221 |
| 48 | Industrial Measuring & Regulating Station Equipment | 385 | 3,586 |
| 49 | Other Property | 386 | 740 |
| 50 | Other Equipment | 387 | 2,295 |
| 51 | TOTAL DISTRIBUTION | | 420,723 |
| | GENERAL PLANT | | |
| 52 | Land & Land Rights | 389 | - |
| 53 | Structures & Improvements | 390 | 15,101 |
| 54 | Office Furniture & Equipment | 391 | 7,676 |
| 55 | Transportation Equipment | 392 | 152 |
| 56 | Stores Equipment | 393 | - |
| 57 | Tools & Garage Equipment | 394 | 3,331 |
| 58 | Laboratory Equipment | 395 | - |
| 59 | Power Operated Equipment | 396 | 1,315 |
| 60 | Communication Equipment | 397 | 416 |
| 61 | Miscellaneous Equipment | 398 | 340 |
| 62 | Other Tangible Property | 399 | - |
| 63 | TOTAL GENERAL | | 28,331 |
| 64 | Total Plant | | \$ 448,737 |

UGI UTILITIES, Inc. - Gas Division
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Accumulated Depreciation by FERC Account

| Line # | Description | [1] Account Number | [2] Year Ended September 30, | | [4] Pro Forma Adjustment | [5] Balance |
|---|---|-------------------------|-----------------------------------|---------|-------------------------------|------------------|
| | | | 2016 | 2017 | | |
| INTANGIBLE PLANT | | | | | | |
| 1 | Organization | 301 | \$ - | \$ - | \$ - | \$ - |
| 2 | Franchise & Consent | 302 | - | - | - | - |
| 3 | Miscellaneous Intangible Plant | 303 | - | - | - | - |
| 4 | TOTAL INTANGIBLE | | - | - | - | - |
| NATURAL GAS PRODUCTION & GATHERING | | | | | | |
| 5 | Producing Lands | 325.1 | - | - | - | - |
| 6 | Producing Leaseholds | 325.2 | - | - | - | - |
| 7 | Rights of Way | 325.4 | - | - | - | - |
| 8 | Other Land Rights | 325.5 | - | - | - | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | - | - | - |
| 10 | Other Structures | 329 | - | - | - | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | - | - | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | - | - | - |
| 13 | Field Lines | 332 | - | - | - | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | - | - | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | - | - | - |
| 16 | Other Equipment | 337 | - | - | - | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - | - | - | - |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | | | | |
| 18 | Land & Land Rights | 304 | - | - | - | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | (613) | (1,137) | 820 | (317) |
| 20 | Land | 350.1 | - | - | - | - |
| 21 | Rights of Way | 350.2 | - | - | - | - |
| 22 | Structures & Improvements | 351 | - | - | - | - |
| 23 | Wells | 352 | - | - | - | - |
| 24 | Lines | 353 | - | - | - | - |
| 25 | Compressor Station Equipment | 354 | - | - | - | - |
| 26 | Measuring & Regulating Equipment | 355 | - | - | - | - |
| 27 | Purification Equipment | 356 | - | - | - | - |
| 28 | Other Equipment | 357 | - | - | - | - |
| 29 | TOTAL STORAGE & PROCESSING | | (613) | (1,137) | 820 | (317) |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
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Accumulated Depreciation by FERC Account

| Line # | Description | Account Number | Year Ended September 30, | | Pro Forma Adjustment | Balance | |
|---------------------------|--|----------------|--------------------------|-------------------|----------------------|-------------------|----------|
| | | | 2016 | 2017 | | | |
| | | | [1] | [2] | [3] | [4] | [5] |
| | | | | | | | |
| TRANSMISSION PLANT | | | | | | | |
| 30 | Land & Land Rights | 365.1 | - | - | - | - | - |
| 31 | Rights of Way | 365.2 | - | - | - | - | - |
| 32 | Structures & Improvements | 366 | - | - | - | - | - |
| 33 | Mains | 367 | - | - | - | - | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - | - | - | - | - |
| 35 | Communication Equipment | 370 | - | - | - | - | - |
| 36 | Other Equipment | 371 | - | - | - | - | - |
| 37 | TOTAL TRANSMISSION | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| DISTRIBUTION PLANT | | | | | | | |
| 38 | Land & Land Rights | 374 | - | - | - | - | - |
| 39 | Structures & Improvements | 375 | 1,418 | 1,446 | 1 | 1,447 | |
| 40 | Mains | 376 | 186,958 | 225,383 | (33,712) | 191,671 | |
| 41 | Measuring & Regulating Station Equipment | 378 | 6,056 | 6,995 | (1,185) | 5,810 | |
| 42 | Measuring & Regulating Station Equipment | 379 | 3,117 | 3,177 | (83) | 3,094 | |
| 43 | Services | 380 | 151,746 | 166,791 | (7,177) | 159,614 | |
| 44 | Meters | 381 | 22,196 | 24,253 | (830) | 23,423 | |
| 45 | Meter Installations | 382 | 22,270 | 23,719 | (564) | 23,155 | |
| 46 | House Regulators | 383 | 1,471 | 1,585 | 82 | 1,667 | |
| 47 | House Regulatory Installations | 384 | 4,125 | 4,343 | (122) | 4,221 | |
| 48 | Industrial Measuring & Regulating Station Equipmen | 385 | 3,626 | 3,587 | (1) | 3,586 | |
| 49 | Other Property | 386 | 716 | 741 | (1) | 740 | |
| 50 | Other Equipment | 387 | 2,422 | 2,459 | (164) | 2,295 | |
| 51 | TOTAL DISTRIBUTION | | <u>406,121</u> | <u>464,479</u> | <u>(43,756)</u> | <u>420,723</u> | |
| GENERAL PLANT | | | | | | | |
| 52 | Land & Land Rights | 389 | - | - | - | - | |
| 53 | Structures & Improvements | 390 | 14,356 | 15,065 | 36 | 15,101 | |
| 54 | Office Furniture & Equipment | 391 | 9,605 | 15,736 | (8,060) | 7,676 | |
| 55 | Transportation Equipment | 392 | 90 | (405) | 557 | 152 | |
| 56 | Stores Equipment | 393 | - | - | - | - | |
| 57 | Tools & Garage Equipment | 394 | 2,999 | 3,429 | (98) | 3,331 | |
| 58 | Laboratory Equipment | 395 | - | - | - | - | |
| 59 | Power Operated Equipment | 396 | 1,302 | 1,320 | (5) | 1,315 | |
| 60 | Communication Equipment | 397 | 420 | 476 | (60) | 416 | |
| 61 | Miscellaneous Equipment | 398 | 261 | 335 | 5 | 340 | |
| 62 | Other Tangible Property | 399 | - | - | - | - | |
| 63 | TOTAL GENERAL | | <u>29,033</u> | <u>35,956</u> | <u>(7,625)</u> | <u>28,331</u> | |
| 64 | Total Plant | | <u>\$ 434,541</u> | <u>\$ 499,298</u> | <u>\$ (50,561)</u> | <u>\$ 448,737</u> | |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
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Cost of Removal

| Line # | Description | Account Number | [1] | [2] | [3] |
|---|---|----------------|--------------------------|-------|-------|
| | | | Year Ended September 30, | | |
| | | | 2016 | 2017 | |
| INTANGIBLE PLANT | | | | | |
| 1 | Organization | 301 | \$ - | | \$ - |
| 2 | Franchise & Consent | 302 | - | | - |
| 3 | Miscellaneous Intangible Plant | 303 | - | | - |
| 4 | TOTAL INTANGIBLE | | - | | - |
| NATURAL GAS PRODUCTION & GATHERING | | | | | |
| 5 | Producing Lands | 325.1 | - | | - |
| 6 | Producing Leaseholds | 325.2 | - | | - |
| 7 | Rights of Way | 325.4 | - | | - |
| 8 | Other Land Rights | 325.5 | - | | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | | - |
| 10 | Other Structures | 329 | - | | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | | - |
| 13 | Field Lines | 332 | - | | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | | - |
| 16 | Other Equipment | 337 | - | | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - | | - |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | | | |
| 18 | Land & Land Rights | 304 | - | | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | 553 | | - |
| 18 | Land | 350.1 | - | | - |
| 19 | Rights of Way | 350.2 | - | | - |
| 20 | Structures & Improvements | 351 | - | | - |
| 21 | Wells | 352 | - | | - |
| 22 | Lines | 353 | - | | - |
| 23 | Compressor Station Equipment | 354 | - | | - |
| 24 | Measuring & Regulating Equipment | 355 | - | | - |
| 25 | Purification Equipment | 356 | - | | - |
| 26 | Other Equipment | 357 | - | | - |
| 27 | TOTAL STORAGE & PROCESSING | | 553 | | - |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ In Thousands)

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Cost of Removal

| Line # | Description | Account Number | [1] | [2] | [3] |
|---------------------------|--|----------------|--------------------------|-----------------|-------|
| | | | Year Ended September 30, | | |
| | | | 2016 | 2017 | |
| TRANSMISSION PLANT | | | | | |
| 28 | Land & Land Rights | 365.1 | - | - | |
| 29 | Rights of Way | 365.2 | - | - | |
| 30 | Structures & Improvements | 366 | - | - | |
| 31 | Mains | 367 | - | - | |
| 32 | Measuring & Regulating Station Equipment | 369 | - | - | |
| 33 | Communication Equipment | 370 | - | - | |
| 34 | Other Equipment | 371 | - | - | |
| 35 | TOTAL TRANSMISSION | | <u>-</u> | <u>-</u> | |
| DISTRIBUTION PLANT | | | | | |
| 36 | Land & Land Rights | 374 | - | - | |
| 37 | Structures & Improvements | 375 | - | - | |
| 38 | Mains | 376 | 1,067 | 1,119 | |
| 39 | Measuring & Regulating Station Equipment | 378 | 548 | 519 | |
| 40 | Measuring & Regulating Station Equipment | 379 | 40 | 38 | |
| 41 | Services | 380 | 3,549 | 3,363 | |
| 42 | Meters | 381 | 4 | 3 | |
| 43 | Meter Installations | 382 | 227 | 215 | |
| 44 | House Regulators | 383 | 74 | 70 | |
| 45 | House Regulatory Installations | 384 | 56 | 53 | |
| 46 | Industrial Measuring & Regulating Station Equipmen | 385 | 59 | 56 | |
| 47 | Other Property | 386 | - | - | |
| 48 | Other Equipment | 387 | 72 | 68 | |
| 49 | TOTAL DISTRIBUTION | | <u>5,696</u> | <u>5,504</u> | |
| GENERAL PLANT | | | | | |
| 50 | Land & Land Rights | 389 | - | - | |
| 51 | Structures & Improvements | 390 | 22 | 21 | |
| 52 | Office Furniture & Equipment | 391 | - | - | |
| 53 | Transportation Equipment | 392 | - | - | |
| 54 | Stores Equipment | 393 | - | - | |
| 55 | Tools & Garage Equipment | 394 | - | - | |
| 56 | Laboratory Equipment | 395 | - | - | |
| 57 | Power Operated Equipment | 396 | - | - | |
| 58 | Communication Equipment | 397 | - | - | |
| 59 | Miscellaneous Equipment | 398 | - | - | |
| 60 | Other Tangible Property | 399 | - | - | |
| 61 | TOTAL GENERAL | | <u>22</u> | <u>21</u> | |
| 62 | Total Plant | | <u>\$ 6,271</u> | <u>\$ 5,525</u> | |

UGI Utilities, Inc. - Gas Division
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Negative Net Salvage Amortization

| Line # | Description | Account Number | [1] | [2] | [3] |
|--|---|----------------|--------------------------|-------|------------|
| | | | Year Ended September 30, | | |
| | | | 2016 | 2017 | |
| <u>INTANGIBLE PLANT</u> | | | | | |
| 1 | Organization | 301 | \$ - | | \$ - |
| 2 | Franchise & Consent | 302 | - | | - |
| 3 | Miscellaneous Intangible Plant | 303 | - | | - |
| 4 | TOTAL INTANGIBLE | | <u>-</u> | | <u>-</u> |
| <u>NATURAL GAS PRODUCTION & GATHERING</u> | | | | | |
| 5 | Producing Lands | 325.1 | - | | - |
| 6 | Producing Leaseholds | 325.2 | - | | - |
| 7 | Rights of Way | 325.4 | - | | - |
| 8 | Other Land Rights | 325.5 | - | | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | | - |
| 10 | Other Structures | 329 | - | | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | | - |
| 13 | Field Lines | 332 | - | | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | | - |
| 16 | Other Equipment | 337 | - | | - |
| 17 | TOTAL PRODUCTION & GATHERING | | <u>-</u> | | <u>-</u> |
| <u>NATURAL GAS STORAGE & PROCESSING PLANT</u> | | | | | |
| 18 | Land & Land Rights | 304 | - | | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | 296 | | 208 |
| 20 | Land | 350.1 | - | | - |
| 21 | Rights of Way | 350.2 | - | | - |
| 22 | Structures & Improvements | 351 | - | | - |
| 23 | Wells | 352 | - | | - |
| 24 | Lines | 353 | - | | - |
| 25 | Compressor Station Equipment | 354 | - | | - |
| 26 | Measuring & Regulating Equipment | 355 | - | | - |
| 27 | Purification Equipment | 356 | - | | - |
| 28 | Other Equipment | 357 | - | | - |
| 29 | TOTAL STORAGE & PROCESSING | | <u>296</u> | | <u>208</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

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Witness: A. P. Kelly
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Negative Net Salvage Amortization

| Line # | Description | Account Number | [1] | [3] | [4] |
|---------------------------|--|----------------|---------------------------------|-----------------|-------|
| | | | <u>Year Ended September 30,</u> | | |
| | | | <u>2016</u> | <u>2017</u> | |
| TRANSMISSION PLANT | | | | | |
| 30 | Land & Land Rights | 365.1 | - | - | |
| 31 | Rights of Way | 365.2 | - | - | |
| 32 | Structures & Improvements | 366 | - | - | |
| 33 | Mains | 367 | - | - | |
| 34 | Measuring & Regulating Station Equipment | 369 | - | - | |
| 35 | Communication Equipment | 370 | - | - | |
| 36 | Other Equipment | 371 | - | - | |
| 37 | TOTAL TRANSMISSION | | <u>-</u> | <u>-</u> | |
| DISTRIBUTION PLANT | | | | | |
| 38 | Land & Land Rights | 374 | - | - | |
| 39 | Structures & Improvements | 375 | - | - | |
| 40 | Mains | 376 | 517 | 670 | |
| 41 | Measuring & Regulating Station Equipment | 378 | 140 | 204 | |
| 42 | Measuring & Regulating Station Equipment | 379 | 6 | 12 | |
| 43 | Services | 380 | 3,005 | 3,464 | |
| 44 | Meters | 381 | 1 | 1 | |
| 45 | Meter Installations | 382 | 54 | 97 | |
| 46 | House Regulators | 383 | 186 | 192 | |
| 47 | House Regulatory Installations | 384 | 17 | 27 | |
| 48 | Industrial Measuring & Regulating Station Equipmen | 385 | 9 | 18 | |
| 49 | Other Property | 386 | 1 | 1 | |
| 50 | Other Equipment | 387 | 14 | 28 | |
| 51 | TOTAL DISTRIBUTION | | <u>3,950</u> | <u>4,714</u> | |
| GENERAL PLANT | | | | | |
| 52 | Land & Land Rights | 389 | - | - | |
| 53 | Structures & Improvements | 390 | 84 | 79 | |
| 54 | Office Furniture & Equipment | 391 | - | - | |
| 55 | Transportation Equipment | 392 | (3) | (3) | |
| 56 | Stores Equipment | 393 | - | - | |
| 57 | Tools & Garage Equipment | 394 | (3) | (3) | |
| 58 | Laboratory Equipment | 395 | - | - | |
| 59 | Power Operated Equipment | 396 | - | - | |
| 60 | Communication Equipment | 397 | - | - | |
| 61 | Miscellaneous Equipment | 398 | - | - | |
| 62 | Other Tangible Property | 399 | - | - | |
| 63 | TOTAL GENERAL | | <u>78</u> | <u>73</u> | |
| 64 | Total Plant | | <u>\$ 4,324</u> | <u>\$ 4,995</u> | |

UGI Exhibit A (Fully Projected Future)

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Salvage

| Line # | Description | Account Number | [1] | [2] | [3] |
|---|---|----------------|--------------------------|-------|-------|
| | | | Year Ended September 30, | | |
| | | | 2016 | 2017 | |
| INTANGIBLE PLANT | | | | | |
| 1 | Organization | 301 | \$ - | | \$ - |
| 2 | Franchise & Consent | 302 | - | | - |
| 3 | Miscellaneous Intangible Plant | 303 | - | | - |
| 4 | TOTAL INTANGIBLE | | - | | - |
| NATURAL GAS PRODUCTION & GATHERING | | | | | |
| 5 | Producing Lands | 325.1 | - | | - |
| 6 | Producing Leaseholds | 325.2 | - | | - |
| 7 | Rights of Way | 325.4 | - | | - |
| 8 | Other Land Rights | 325.5 | - | | - |
| 9 | Field Measuring & Regulating Station Structures | 326 | - | | - |
| 10 | Other Structures | 329 | - | | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | | - |
| 13 | Field Lines | 332 | - | | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | | - |
| 16 | Other Equipment | 337 | - | | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - | | - |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | | | |
| 18 | Land & Land Rights | 304 | - | | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - | | - |
| 20 | Land | 350.1 | - | | - |
| 21 | Rights of Way | 350.2 | - | | - |
| 22 | Structures & Improvements | 351 | - | | - |
| 23 | Wells | 352 | - | | - |
| 24 | Lines | 353 | - | | - |
| 25 | Compressor Station Equipment | 354 | - | | - |
| 26 | Measuring & Regulating Equipment | 355 | - | | - |
| 27 | Purification Equipment | 356 | - | | - |
| 28 | Other Equipment | 357 | - | | - |
| 29 | TOTAL STORAGE & PROCESSING | | - | | - |

UGI Utilities, Inc. - Gas Division
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Salvage

| Line # | Description | Account Number | [1] | [2] | [3] |
|---------------------------|--|----------------|--------------------------|----------|-------|
| | | | Year Ended September 30, | | |
| | | | 2016 | 2017 | |
| TRANSMISSION PLANT | | | | | |
| 30 | Land & Land Rights | 365.1 | - | - | |
| 31 | Rights of Way | 365.2 | - | - | |
| 32 | Structures & Improvements | 366 | - | - | |
| 33 | Mains | 367 | - | - | |
| 34 | Measuring & Regulating Station Equipment | 369 | - | - | |
| 35 | Communication Equipment | 370 | - | - | |
| 36 | Other Equipment | 371 | - | - | |
| 37 | TOTAL TRANSMISSION | | - | - | |
| DISTRIBUTION PLANT | | | | | |
| 38 | Land & Land Rights | 374 | - | - | |
| 39 | Structures & Improvements | 375 | - | - | |
| 40 | Mains | 376 | - | - | |
| 41 | Measuring & Regulating Station Equipment | 378 | (127) | (120) | |
| 42 | Measuring & Regulating Station Equipment | 379 | (9) | (9) | |
| 43 | Services | 380 | (4) | (4) | |
| 44 | Meters | 381 | (2) | (2) | |
| 45 | Meter Installations | 382 | - | - | |
| 46 | House Regulators | 383 | - | - | |
| 47 | House Regulatory Installations | 384 | - | - | |
| 48 | Industrial Measuring & Regulating Station Equipmen | 385 | (14) | (13) | |
| 49 | Other Property | 386 | - | - | |
| 50 | Other Equipment | 387 | - | - | |
| 51 | TOTAL DISTRIBUTION | | (158) | (148) | |
| GENERAL PLANT | | | | | |
| 52 | Land & Land Rights | 389 | - | - | |
| 53 | Structures & Improvements | 390 | - | - | |
| 54 | Office Furniture & Equipment | 391 | - | - | |
| 55 | Transportation Equipment | 392 | - | - | |
| 56 | Stores Equipment | 393 | - | - | |
| 57 | Tools & Garage Equipment | 394 | - | - | |
| 58 | Laboratory Equipment | 395 | - | - | |
| 59 | Power Operated Equipment | 396 | - | - | |
| 60 | Communication Equipment | 397 | - | - | |
| 61 | Miscellaneous Equipment | 398 | - | - | |
| 62 | Other Tangible Property | 399 | - | - | |
| 63 | TOTAL GENERAL | | - | - | |
| 64 | Total Plant | | \$ (156) | \$ (148) | |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

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Working Capital

| Line No | Description | [1] Future FTY 9-30-17 | [2] Reference |
|----------------|---|---|----------------------------|
| 1 | Working Capital for O & M Expense | \$ 15,723 | C-4, Page 2 |
| 2 | Interest Payments | (1,871) | C-4, Page 7 |
| 3 | Tax Payment Lag Calculations | 2,233 | C-4, Page 8 |
| 4 | Prepaid Expenses | 2,562 | C-4, Page 9 |
| 5 | Total Cash Working Capital Requirements | <u>\$ 18,648</u> | |

UGI Exhibit A (Fully Projected Future)

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Summary of Working Capital

| Line # | Description | Reference | [1] | [2] | [3] | [4] | [5] |
|---|-----------------------------------|--------------------|--------------------|--------|-----------------------------|---------------------|------------------|
| # | Description | Reference | Test Year Expenses | Factor | Number of (Lead) / Lag Days | [2] * [3] | Totals |
| <u>WORKING CAPITAL REQUIREMENT</u> | | | | | | | |
| 1 | REVENUE LAG DAYS | Page 3 | | | | | 55.07 |
| 2 | EXPENSE LAG DAYS | Page 4 | | | | | |
| 3 | Payroll | Sch D-7 | \$ 37,189 | 12.00 | | \$ 446,273 | |
| 4 | Purchased Gas Costs | Sch D-6 | 114,125 | 36.71 | | 4,189,711 | |
| 5 | Other Expenses | L 19 - L 2 to L 4 | 74,047 | 27.44 | | 2,031,841 | |
| 6 | Total | Sum (L 3 to L 5) | <u>\$ 225,361</u> | | | <u>\$ 6,667,825</u> | |
| 7 | O & M Expense Lag Days | L 6, C 4 / C 2 | | | | | 29.59 |
| 8 | Net (Lead) Lag Days | L 1 - L 7 | | | | | 25.48 |
| 9 | Operating Expenses Per Day | L 6, C 2 / 365 | | | | | <u>\$ 617</u> |
| 10 | Working Capital for O & M Expense | L 8 * L 9 | | | | | \$ 15,723 |
| 11 | Interest Payments | Page 7 | | | | | (1,871) |
| 12 | Tax Payment Lag Calculations | Page 8 | | | | | 2,233 |
| 13 | Prepaid Expenses | Page 9 | | | | | 2,562 |
| 14 | Total Working Capital Requirement | Sum (L 10 to L 13) | | | | | <u>\$ 18,648</u> |
| 15 | Pro Forma O & M Expense | | \$ 229,995 | | | | |
| | Less: | | | | | | |
| 16 | Uncollectible Expense | | 4,634 | | | | |
| 17 | Other | | | | | | |
| 18 | Sub-Total | L 16 + L 17 | <u>4,634</u> | | | | |
| 19 | Pro Forma Cash O&M Expense | | <u>\$ 225,361</u> | | | | |

UGI Utilities, Inc. - Gas Division
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| Revenue Lag | | | | | | |
|--------------------|---------------------------|------------------------------------|--|--|---|-------------------------------------|
| Line No. | Description | [1] Reference Or Factor | [2] Accounts Receivable Balance End of Month | [3] Total Monthly Sales Page 2 | [4] A/R Turnover [3] / [2] | [5] Days Lag 365 / [4] |
| 1 | Annual Number of Days | | | | | <u>365</u> |
| 2 | September, 2014 | | \$ 22,117 | | | |
| 3 | October | | 17,354 | 17,346 | | |
| 4 | November | | 28,542 | 32,455 | | |
| 5 | December, 2014 | | 49,287 | 59,627 | | |
| 6 | January, 2015 | | 68,226 | 70,976 | | |
| 7 | February | | 85,929 | 78,256 | | |
| 8 | March | | 88,021 | 75,588 | | |
| 9 | April | | 68,453 | 40,619 | | |
| 10 | May | | 50,741 | 19,096 | | |
| 11 | June | | 40,641 | 15,208 | | |
| 12 | July | | 33,163 | 14,587 | | |
| 13 | August | | 24,462 | 12,816 | | |
| 14 | September, 2015 | | 19,021 | 13,473 | | |
| 15 | Total | Sum L 2 to L 14 | <u>\$595,957</u> | | | |
| 16 | Number of Months | <u>13</u> | | | | |
| 17 | Average Acct Rec Balance | L 15 / L 16 | <u>\$45,843</u> | | | |
| 18 | Total Sales for Year | Sum L 2 to L 14 | | <u>\$ 450,047</u> | | |
| 19 | Acct Rec Turnover Ratio | L 18 / L 17 | | | <u>9.82</u> | |
| 20 | Collection Lag Day Factor | L 1 / L 19 | | | | 37.17 |
| 21 | Meter Read Lag Factor | | | | | 2.69 |
| 22 | Midpoint Lag Factor | | 365 | / | 12 | / |
| | | | | | 2 | = |
| | | | | | | <u>15.21</u> |
| 23 | Total Revenue Lag Days | Sum L 20 to L 22 | | | | <u>55.07</u> |

UGI Utilities, Inc. - Gas Division
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Summary of Expense Lag Calculations

| Line No. | Description | [1] Reference Or Factor | [2] Amount | [3] (Lead) / Lag Days | [4] Weighted Dollar Value [2] * [3] | [5] (Lead) / Lag Days [4] / [2] |
|--|----------------------------|------------------------------------|-------------------|-------------------------------|---|--|
| <u>PAYROLL</u> | | | | | | |
| 1 | Union Payrolls | Bi-Weekly | \$ 13,523 | 12.00 | | |
| 2 | Exempt & Non-Exempt | Bi-Weekly | 23,665 | 12.00 | | |
| 3 | Weighted for Union | L1, C2 * C3 | | | \$ 162,273 | |
| 4 | Weighted for Other | L2, C2 * C3 | | | <u>283,980</u> | |
| 5 | Payroll Lag | L 3 + L 4 | <u>\$ 37,188</u> | | <u>\$ 446,254</u> | |
| 6 | Payroll Lag Days | C 4 / C 2 | | | | <u>12.00</u> |
| <u>PURCHASE GAS COSTS</u> | | | | | | |
| 7 | Payment Lag | Page 6 | <u>\$ 190,060</u> | | <u>\$ 6,977,416</u> | |
| 8 | Gas Cost Lag Days | C 4 / C 2 | | | | <u>36.71</u> |
| <u>OTHER O & M EXPENSES</u> | | | | | | |
| 9 | JANUARY 2015 | Page 5 | 6,906 | | 210,713 | |
| 10 | MARCH 2015 | Page 5 | 6,408 | | 169,762 | |
| 11 | JUNE 2015 | Page 5 | 6,388 | | 157,958 | |
| 12 | SEPTEMBER 2015 | Page 5 | 7,281 | | 201,991 | |
| 13 | TOTAL | | <u>26,983</u> | | <u>740,424</u> | |
| 14 | Other O&M Expense Lag Days | C 4 / C 2 | | | | <u>27.44</u> |

UGI Utilities, Inc. - Gas Division
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Summary of O&M Expense Lag Calculations

| Line # | Description | [1] Number of CDs | [2] Cash Disbursements | [3] Dollar-Days | [4] Expense Lag-Days [3] / [2] |
|-------------------------------|--|------------------------|-----------------------------|----------------------|--|
| JANUARY 2015 | | | | | |
| 1 | Total Disbursements for Month | <u>4,387</u> | <u>\$ 33,924</u> | | |
| 2 | Total Disbursements for Expenses | <u>2,109</u> | <u>\$ 6,906</u> | <u>\$ 210,713</u> | <u>30.51</u> |
| MARCH 2015 | | | | | |
| 3 | Total Disbursements for Month | <u>4,034</u> | <u>\$ 34,788</u> | | |
| 4 | Total Disbursements for Expenses | <u>2,217</u> | <u>\$ 6,408</u> | <u>\$ 169,762</u> | <u>26.49</u> |
| JUNE 2015 | | | | | |
| 5 | Total Disbursements for Month | <u>4,819</u> | <u>\$ 23,077</u> | | |
| 6 | Total Disbursements for Expenses | <u>2,427</u> | <u>\$ 6,388</u> | <u>\$ 157,958</u> | <u>24.73</u> |
| SEPTEMBER 2015 | | | | | |
| 7 | Total Disbursements for Month | <u>5,081</u> | <u>\$ 27,877</u> | | |
| 8 | Total Disbursements for Expenses | <u>2,335</u> | <u>\$ 7,281</u> | <u>\$ 201,991</u> | <u>27.74</u> |
| TOTAL FOUR TEST MONTHS | | | | | |
| 9 | Total Test Month Expense Disbursement (L 2 + L 4 + L 6 + L 8) | <u>9088</u> | <u>\$ 26,983</u> | <u>\$ 740,424</u> | <u>27.44</u> |

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Purchase Gas Cost Payment Lag Summary

| Line # | Description | [1] Number of Invoices | [2] Amount of Invoice | [3] Dollar Days | [4] Total Payment Lag-Days |
|--------|-----------------------|-----------------------------|----------------------------|----------------------|---------------------------------|
| 1 | October 2014 | 23 | \$ 11,771 | \$ 449,126 | 38.16 |
| 2 | November | 19 | 8,977 | 353,889 | 39.42 |
| 3 | December | 31 | 23,296 | 766,156 | 32.89 |
| 4 | January 2015 | 26 | 21,084 | 678,725 | 32.19 |
| 5 | February | 30 | 29,534 | 1,088,896 | 36.87 |
| 6 | March | 38 | 34,867 | 1,311,988 | 37.63 |
| 7 | April | 28 | 15,666 | 640,892 | 40.91 |
| 8 | May | 29 | 11,328 | 434,701 | 38.37 |
| 9 | June | 19 | 7,835 | 279,096 | 35.62 |
| 10 | July | 20 | 8,163 | 306,544 | 37.55 |
| 11 | August | 22 | 8,403 | 315,182 | 37.51 |
| 12 | September 2015 | 20 | <u>9,136</u> | <u>352,220</u> | 38.55 |
| 13 | Total | Sum (L 1 to L 11) | <u>\$ 190,060</u> | <u>\$ 6,977,416</u> | |
| 14 | Purchase Gas Lag Days | C 3 / C 2 | | | <u>36.71</u> |

UGI Utilities, Inc. - Gas Division
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Interest Payments

| Line No. | Description | [1] Reference Or Factor | [2] # of Days | [3] # of Days | [4] Total |
|----------|--|------------------------------------|-----------------------|-----------------------|-------------------|
| 1 | Measure of Value at September 30, 2017 | Sch C-1 | | | \$ 923,707 |
| 2 | Long-term Debt Ratio | Sch B-6 | | | 40.30% |
| 3 | Embedded Cost of Long-term Debt | Sch B-6 | | | 5.07% |
| 4 | Pro forma Interest Expense | L 1 * L 2 * L 3 | | | <u>\$ 18,873</u> |
| 5 | Daily Amount | L 4 / L 5 [2] | 365 | | \$ 52 |
| 6 | Days to mid-point of interest payments | | | 91.25 | |
| 7 | Less: Revenue Lag Days | Page 3 | | 55.07 | |
| 8 | Interest Payment lag days | L 7 - L 6 | | | <u>(36.2)</u> |
| 9 | Total Interest for Working Capital | L 5 * L 8 | | | <u>\$ (1,871)</u> |

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Tax Lag Day Calculations

| Line # | Description | [1] Payment Dates | [2] Mid-Point of Service Period | [3] Lead (Lag) Payment Days [1] - [2] | [4] Payment Amount | [5] Weighted Lead (Lag) Dollars [3] * [4] | [6] Payment Lead (Lag) Days [5] / [4] | [7] Revenue (Lag) Days | [8] Net Payment Lead (Lag) Days [6] - [7] | [9] Total Dollar Days | [10] Working Capital Amount |
|--------|---------------------------------------|------------------------|--------------------------------------|---|-------------------------|---|---|-----------------------------|---|----------------------------|----------------------------------|
| | | | | | | | | | | | 365 |
| 1 | FEDERAL INCOME TAX | | | | <u>\$ 30,363</u> | | | | | | |
| 2 | First Payment | 01/05/17 | 04/01/17 | 86.00 | \$ 7,591 | 652,809 | | | | | |
| 3 | Second Payment | 03/15/17 | 04/01/17 | 17.00 | 7,591 | 129,044 | | | | | |
| 4 | Third Payment | 06/15/17 | 04/01/17 | (75.00) | 7,591 | (569,310) | | | | | |
| 5 | Fourth Payment | 09/15/17 | 04/01/17 | (167.00) | 7,591 | (1,267,664) | | | | | |
| 6 | Total | | | | <u>\$ 30,363</u> | <u>\$ (1,055,122)</u> | <u>(34.75)</u> | <u>(55.07)</u> | <u>20.32</u> | <u>\$ 616,980</u> | <u>\$ 1,690</u> |
| 7 | STATE INCOME TAX | | | | <u>\$ 7,492</u> | | | | | | |
| 8 | First Payment | 12/15/16 | 04/01/17 | 107.00 | \$ 1,873 | 200,420 | | | | | |
| 9 | Second Payment | 03/15/17 | 04/01/17 | 17.00 | 1,873 | 31,842 | | | | | |
| 10 | Third Payment | 06/15/17 | 04/01/17 | (75.00) | 1,873 | (140,481) | | | | | |
| 11 | Fourth Payment | 09/15/17 | 04/01/17 | (167.00) | 1,873 | (312,805) | | | | | |
| 12 | Total | | | | <u>\$ 7,492</u> | <u>(221,024)</u> | <u>(29.50)</u> | <u>(55.07)</u> | <u>25.57</u> | <u>\$ 191,579</u> | <u>\$ 525</u> |
| 13 | PA PROPERTY TAX | | | | <u>\$ 177</u> | | | | | | |
| 14 | First Payment | 03/31/17 | 04/01/17 | 1.00 | \$ 89 | 89 | | | | | |
| 15 | Second Payment | 09/30/17 | 04/01/17 | (182.00) | 89 | (16,107) | | | | | |
| 16 | Total | | | | <u>\$ 177</u> | <u>(16,019)</u> | <u>(90.50)</u> | <u>(55.07)</u> | <u>(35.43)</u> | <u>\$ (6,271)</u> | <u>\$ (17)</u> |
| 17 | PURTA | | | | <u>\$ 513</u> | | | | | | |
| 18 | Payment | 05/01/11 | 04/01/11 | (30.00) | \$ 513 | (15,388) | (30.00) | (55.07) | 25.07 | <u>\$ 12,859</u> | <u>\$ 35</u> |
| 19 | Total Working Capital For Other Taxes | | | | | | | | | | <u>\$ 2,233</u> |

UGI Utilities, Inc. - Gas Division
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Prepaid Expenses

| | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] | [9] |
|--------|------------------|------------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|------------------------|
| Line # | Description | TOTAL | Insurance | PUC Assessment | Property Taxes | Subscriptions | Postage | Rent | Maintenance & Services |
| 1 | September, 2014 | 3,964 | \$ 1,188 | \$ 1,398 | \$ 118 | \$ 18 | \$ 2 | \$ - | \$ 1,240 |
| 2 | October | 3,674 | 1,050 | 1,242 | 104 | 52 | 12 | - | 1,214 |
| 3 | November | 3,283 | 912 | 1,087 | 90 | 26 | 15 | - | 1,153 |
| 4 | December, 2014 | 2,927 | 796 | 932 | 77 | - | 13 | - | 1,109 |
| 5 | January, 2015 | 2,701 | 654 | 776 | 80 | 98 | 12 | - | 1,081 |
| 6 | February | 2,323 | 512 | 621 | 88 | 72 | 14 | 15 | 1,001 |
| 7 | March | 1,898 | 370 | 466 | 78 | 46 | 13 | 15 | 910 |
| 8 | April | 1,838 | 229 | 311 | 76 | 82 | 38 | 15 | 1,087 |
| 9 | May | 1,591 | 347 | 155 | 62 | 56 | 10 | 15 | 946 |
| 10 | June | 1,635 | 233 | - | 48 | 30 | 15 | 15 | 1,294 |
| 11 | July | 1,801 | 391 | (155) | 158 | 67 | 7 | 15 | 1,318 |
| 12 | August | 1,475 | 243 | (311) | 147 | 41 | 12 | 15 | 1,328 |
| 13 | September, 2015 | 4,199 | 1,340 | 1,365 | 132 | 15 | 6 | 15 | 1,326 |
| 14 | TOTAL | <u>\$ 33,309</u> | <u>\$ 8,265</u> | <u>\$ 7,887</u> | <u>\$ 1,258</u> | <u>\$ 603</u> | <u>\$ 169</u> | <u>\$ 120</u> | <u>\$ 15,007</u> |
| 15 | Percent to Gas | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| 16 | Amount to Gas | | <u>\$ 8,265</u> | <u>\$ 7,887</u> | <u>\$ 1,258</u> | <u>\$ 603</u> | <u>\$ 169</u> | <u>\$ 120</u> | <u>\$ 15,007</u> |
| 17 | Monthly Average | 13 | <u>\$ 636</u> | <u>\$ 607</u> | <u>\$ 97</u> | <u>\$ 46</u> | <u>\$ 13</u> | <u>\$ 9</u> | <u>\$ 1,154</u> |
| 18 | Rate Case Amount | | <u>\$ 2,562</u> | | | | | | |

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Schedule C-5
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| Gas Inventory | | | | | |
|----------------------|-------------------------|------------------------------------|--------------------------------|----------------|---------------------------------|
| Line # | Description | [1] Factor Or Reference | [2] Stored Underground | [3] Other | [4] Total [2] + [3] |
| 1 | September, 2014 | | \$ 40,011 | | \$ 40,011 |
| 2 | October | | 46,144 | | 46,144 |
| 3 | November | | 43,472 | | 43,472 |
| 4 | December, 2014 | | 34,589 | | 34,589 |
| 5 | January, 2015 | | 21,572 | | 21,572 |
| 6 | February | | 8,661 | | 8,661 |
| 7 | March | | 3,147 | | 3,147 |
| 8 | April | | 6,238 | | 6,238 |
| 9 | May | | 8,778 | | 8,778 |
| 10 | June | | 11,650 | | 11,650 |
| 11 | July | | 15,314 | | 15,314 |
| 12 | August | | 19,540 | | 19,540 |
| 13 | September, 2015 | | 23,368 | | 23,368 |
| 14 | Total | Sum (L 1 to L 13) | <u>\$ 282,484</u> | <u>\$ -</u> | <u>\$ 282,484</u> |
| 15 | Number of Months | | <u>13</u> | <u>13</u> | <u>13</u> |
| 16 | Average Monthly Balance | L 14 / L 15 | <u>\$ 21,730</u> | <u>\$ -</u> | <u>\$ 21,730</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Accumulated Deferred Income Taxes

| Line # | Description | Factor Or Reference | [1] Percent | [2] Amount | [3] Total |
|--------|---|---------------------------|------------------|-----------------|---------------------|
| 1 | <u>Accumulated Deferred Income Tax</u> | | | | |
| 2 | Gas Utility Plant - a/c # 282 | | | \$ (265,752) | |
| 3 | Sub-total | | | | \$ (265,752) |
| 4 | ADIT on CIAC | | | 18,083 | |
| 5 | ADIT for Repairs Tax Deduction | | | <u>(50,189)</u> | |
| 6 | Sub-total | | | | <u>(32,106)</u> |
| 7 | Federal ADIT | | | | (297,858) |
| 8 | State ADIT for Repairs Tax Deduction | | | | <u>(9,338)</u> |
| 9 | Balance At September 30, 2017 | | | | <u>\$ (307,196)</u> |

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Schedule C-7
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Customer Deposits

[1]

| <u>Line #</u> | <u>Description</u> | <u>Factor Or Reference</u> | <u>Balance At End Of Month</u> |
|---------------|--------------------|----------------------------|--------------------------------|
| 1 | September, 2015 | | <u>\$ 14,517</u> |

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(\$ in Thousands)

Schedule C-8
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Materials & Supplies

| Line # | Description | Factor Or Reference | [1] Materials & Supplies | [2] Undistributed Stores Expense | [3] Total |
|-----------|-----------------|---------------------------|-----------------------------------|---|-----------------|
| 1 | September, 2015 | | <u>\$ 4,212</u> | \$ - | <u>\$ 4,212</u> |

UGI Utilities, Inc. - Gas Division
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Schedule D-2
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Summary of Pro Forma Revenue and Expense
Adjustments with Proposed Revenue Increase

| Line # | Description | [1] Factor Or Reference | [2] [3] [4] Test Year At Present Rates | | | [5] Proposed Increase | [6] Pro Forma Test Year With Proposed Increase |
|---------------------------|---------------------------------|------------------------------------|---|--|---|-------------------------------|--|
| | | | Budget For Year End 09/30/17 | Adjustments Sch D-3 Increase (Decrease) | Pro Forma Adjusted For Test Year 9/30/17 | | |
| OPERATING REVENUES | | | | | | | |
| 1 | Residential (R/RT) | 480 | \$ 214,366 | \$ (24,352) | \$ 190,014 | \$ - | \$ 190,014 |
| 2 | Comm & Ind (N/NT) | 481 | 112,023 | (18,794) | 93,229 | - | 93,229 |
| 3 | Comm & Ind (DS) | 489 | 20,273 | (6,848) | 13,425 | - | 13,425 |
| 4 | Lg Transport/Other | 489 | 30,787 | (2,165) | 28,622 | - | 28,622 |
| 5 | Interruptible | 489 | 21,271 | (16,371) | 4,900 | - | 4,900 |
| 6 | Forfeited Discounts | | 3,112 | (116) | 2,996 | - | 2,996 |
| 7 | Miscellaneous Service Revenues | | 3,823 | (3,306) | 517 | - | 517 |
| 8 | Rent from Gas Properties | | - | 165 | 165 | - | 165 |
| 9 | Other Revenues | | 802 | - | 802 | - | 802 |
| 10 | Rate Increase | | | - | - | 58,564 | 58,564 |
| 11 | Total operating revenues | | <u>406,457</u> | <u>(71,787)</u> | <u>334,670</u> | <u>58,564</u> | <u>393,234</u> |
| OPERATING EXPENSES | | | | | | | |
| 12 | Gas Production | | 68 | 1 | 69 | - | 69 |
| 13 | Gas Supply Production | | 147,767 | (33,642) | 114,125 | - | 114,125 |
| 14 | Distribution | | 36,475 | 1,175 | 37,650 | - | 37,650 |
| 15 | Customer Accounts | | 10,073 | 5,391 | 15,464 | - | 15,464 |
| 16 | Uncollectible Expense | 1.669% | 4,706 | (72) | 4,634 | 977 | 5,611 |
| 17 | Customer Information & Services | | 1,954 | 355 | 2,309 | - | 2,309 |
| 18 | Sales | | 923 | 2,927 | 3,850 | - | 3,850 |
| 19 | Administrative & General | | 51,209 | 686 | 51,895 | - | 51,895 |
| 20 | Depreciation & Amortization | | 41,516 | 1,674 | 43,190 | - | 43,190 |
| 21 | Taxes other than income taxes | | 5,886 | (138) | 5,748 | - | 5,748 |
| 22 | Total operating expenses | | <u>300,577</u> | <u>(21,644)</u> | <u>278,933</u> | <u>977</u> | <u>279,910</u> |
| 23 | Net Operating Income - BIT | | <u>\$ 105,880</u> | <u>\$ (50,143)</u> | <u>\$ 55,737</u> | <u>\$ 57,587</u> | <u>\$ 113,324</u> |

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 (\$ in Thousands)

Summary of Pro Forma Adjustments

| Line # | Description | As Budgeted And Allocated | D-4 Company Use Gas | D-5 Revenues | D-6 Gas Costs | D-7 Salaries & Wages | D-8 Environmental Expenses | D-9 Headcount Additions | D-10 Rate Case | D-11 Unallocable Expenses | D-12 UNITE Project | D-13 Adjustments | Total Proforma | | |
|--------|--|---------------------------|---------------------|--------------|---------------|----------------------|----------------------------|-------------------------|----------------|---------------------------|--------------------|------------------|----------------|------|---------|
| | | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] | [9] | [10] | [11] | [12] | [13] | [14] |
| 1 | Customer & Distribution Revenues | 480 | \$ 114,094 | (7,238) | | | | | | | | | | | 108,846 |
| 2 | Comm & Ind (NNT) | 481 | 67,872 | (7,519) | | | | | | | | | | | 60,453 |
| 3 | Comm & Ind (DS) | 489 | 18,069 | (2,644) | | | | | | | | | | | 13,425 |
| 4 | Lg Transport/Other | 489 | 30,674 | (2,052) | | | | | | | | | | | 28,622 |
| 5 | Interruible | 489 | 19,646 | (14,746) | | | | | | | | | | | 4,900 |
| 6 | Revenue for Cost of Gas | 480 | 100,292 | (17,114) | | | | | | | | | | | 83,168 |
| 7 | Comm & Ind (NNT) | 481 | 44,051 | (11,275) | | | | | | | | | | | 32,776 |
| 8 | Comm & Ind (DS) | 489 | 4,204 | (4,204) | | | | | | | | | | | - |
| 9 | Lg Transport/Other | 489 | 113 | (113) | | | | | | | | | | | - |
| 10 | Interruible Transport | 489 | 1,625 | (1,625) | | | | | | | | | | | - |
| 11 | Fortified Discounts | 489 | 3,112 | (1,161) | | | | | | | | | | | 1,951 |
| 12 | Miscellaneous Service Revenues | 489 | 3,823 | (3,308) | | | | | | | | | | | 517 |
| 13 | Rent from Gas Properties | 489 | - | 165 | | | | | | | | | | | 165 |
| 14 | Other Revenues | 489 | 802 | - | | | | | | | | | | | 802 |
| 15 | Rate Increase | 489 | - | - | | | | | | | | | | | - |
| 16 | Total operating revenues | 480 | 406,457 | (71,787) | | | | | | | | | | | 334,670 |
| 17 | Gas Production | 480 | 68 | 1 | | | | | | | | | | | 69 |
| 18 | Gas Supply Production | 480 | 147,767 | (34,331) | | | | | | | | | | | 114,425 |
| 19 | Distribution | 480 | 36,475 | (24) | | | | | | | | | | | 37,000 |
| 20 | Customer Accounts | 480 | 10,073 | 61 | | | | | | | | | | | 10,828 |
| 21 | Uncollectible Expenses | 480 | 4,706 | (72) | | | | | | | | | | | 4,634 |
| 22 | Customer Information & Services | 480 | 1,954 | 355 | | | | | | | | | | | 2,309 |
| 23 | Sales | 480 | 923 | 8 | | | | | | | | | | | 929 |
| 24 | Administrative & General | 480 | 51,209 | (1,040) | | | | | | | | | | | 54,803 |
| 25 | Depreciation & Amortization | 480 | 41,518 | - | | | | | | | | | | | 41,518 |
| 26 | Taxes other than income taxes | 480 | 5,886 | - | | | | | | | | | | | 5,886 |
| 27 | Total operating expenses | 480 | 300,577 | (28,378) | | | | | | | | | | | 272,199 |
| 28 | Net operating income before income tax | 480 | 105,880 | (43,409) | | | | | | | | | | | 62,471 |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
 Future Period - 12 Months Ended September 30, 2017
 (\$ in Thousands)

Summary of Pro Forma Adjustments

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] | [9] | [10] | [11] | [12] | [13] |
|--------------------------------|---|-----------------------|----------------------|-------------------|-------------------|----------------------|-------------|-------------|-------------------|-------------|-------------------|-------------------------|----------------|-------------------|
| | | From Page 1 Sub-total | Adjustments | | | Adjustments | | | Adjustments | | | Taxes Other Than Income | TOTAL Adjusted | |
| | | | Benefits Adjustments | Other Adjustments | Universal Service | Conservation Program | | | Depreciation | | | | | |
| | | | D-14 | D-15 | D-16 | D-17 | D-18 | D-19 | D-21 | D-31 | | | | |
| OPERATING REVENUES | | | | | | | | | | | | | | |
| 29 | Customer & Distribution Revenue | | | | | | | | | | | | | |
| 30 | Residential (R/R/T) | \$ 106,846 | | | | | | | | | | | | \$ 106,846 |
| 31 | Comm & Ind (N/N/T) | 60,453 | | | | | | | | | | | | 60,453 |
| 32 | Comm & Ind (DS) | 13,425 | | | | | | | | | | | | 13,425 |
| 33 | Lg Transport/Other | 28,622 | | | | | | | | | | | | 28,622 |
| 34 | Interruptible | 4,900 | | | | | | | | | | | | 4,900 |
| Revenue for Cost of Gas | | | | | | | | | | | | | | |
| 35 | Residential (R/R/T) | 83,168 | | | | | | | | | | | | 83,168 |
| 36 | Comm & Ind (N/N/T) | 32,776 | | | | | | | | | | | | 32,776 |
| 37 | Comm & Ind (DS) | - | | | | | | | | | | | | - |
| 38 | Lg Transport/Other | - | | | | | | | | | | | | - |
| 39 | Interruptible Transport | - | | | | | | | | | | | | - |
| 40 | Forfeited Discounts | 2,996 | | | | | | | | | | | | 2,996 |
| 41 | Miscellaneous Service Revenues | 517 | | | | | | | | | | | | 517 |
| 42 | Rent from Gas Properties | 165 | | | | | | | | | | | | 165 |
| 43 | Other Revenues | 802 | | | | | | | | | | | | 802 |
| 44 | Rate Increase | - | | | | | | | | | | | | - |
| 45 | Total operating revenues | 334,670 | | | | | | | | | | | | 334,670 |
| OPERATING EXPENSES | | | | | | | | | | | | | | |
| 46 | Gas Production | 69 | | | | | | | | | | | | 69 |
| 47 | Gas Supply Production | 114,125 | | | | | | | | | | | | 114,125 |
| 48 | Distribution | 37,000 | | 650 | | | | | | | | | | 37,650 |
| 49 | Customer Accounts | 10,929 | | | 4,535 | | | | | | | | | 15,464 |
| 50 | Uncollectible Expense | 4,634 | | | | | | | | | | | | 4,634 |
| 51 | Customer Information & Services | 2,309 | | | | | | | | | | | | 2,309 |
| 52 | Sales | 929 | | | | | | 2,659 | | | | | | 3,850 |
| 53 | Administrative & General | 54,803 | (2,882) | (26) | | | | | | | | | | 51,895 |
| 54 | Depreciation & Amortization | 41,516 | | | | | | | 1,674 | | | | | 43,190 |
| 55 | Taxes other than income taxes | 5,886 | | | | | | | | | | (138) | | 5,748 |
| 56 | Total operating expenses | \$ 272,199 | \$ - | \$ (2,882) | \$ 886 | \$ 4,535 | \$ - | \$ - | \$ 2,659 | \$ - | \$ 1,674 | \$ (138) | \$ - | \$ 278,933 |
| 57 | Net operating income Before Income Tax | \$ 62,471 | \$ - | \$ 2,882 | \$ (886) | \$ (4,535) | \$ - | \$ - | \$ (2,659) | \$ - | \$ (1,674) | \$ 138 | \$ - | \$ 55,737 |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule D-4
Witness: A. P. Kelly
Page 1 of 1

Company Use of Fuel

| Line # | Description | [1] Reference | [2] Amount | [3] Total |
|--------|----------------------------|--------------------|-----------------|----------------|
| 1 | Remove Company Use of Fuel | a/c 880.001 | \$ (416) | |
| 2 | Remove Company Use of Fuel | a/c 880.001 | (108) | |
| 3 | Remove Company Use of Fuel | a/c 930.201 | (165) | |
| 4 | | | | <u>(689)</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule D-5
Witness: D. E. Lahoff
Page 1 of 1

Adjustment - Revenue Adjustments

[1] [2] [3] [4] [5] [6]

| Line # | Description | Reference Or Account Number | <u>PRO FORMA ADJUSTMENTS</u> | | | Total Proforma Adjustments | Proforma Adjusted At Present Rates |
|--------|--|-----------------------------|------------------------------|-----------------------|-------------------|----------------------------|------------------------------------|
| | | | 2017 Budget | Rev Adj Annualization | Other Adjustments | | |
| | | | | D-5A | D-5B | | |
| | Customer & Distribution Revenue | | | | | | |
| 1 | Residential (R/RT) | 480 | \$ 114,084 | \$ (7,238) | | \$ (7,238) | \$ 106,846 |
| 2 | Comm & Ind (N/NT) | 481 | 67,972 | (7,519) | | (7,519) | 60,453 |
| 3 | Comm & Ind (DS) | 489 | 16,069 | (2,644) | | (2,644) | 13,425 |
| 4 | Lg Transport/Other | 489 | 30,674 | (2,052) | | (2,052) | 28,622 |
| 5 | Interruptible | 489 | 19,646 | (14,746) | | (14,746) | 4,900 |
| 6 | Cust Chg & Distrib Revenue | | 248,445 | (34,199) | - | (34,199) | 214,246 |
| | Revenue for Cost of Gas | | | | | | |
| 7 | Residential (R/RT) | 480 | 100,282 | (17,114) | | (17,114) | 83,168 |
| 8 | Comm & Ind (N/NT) | 481 | 44,051 | (11,275) | | (11,275) | 32,776 |
| 9 | Comm & Ind (DS) | 489 | 4,204 | (4,204) | | (4,204) | - |
| 10 | Lg Transport/Other | 489 | 113 | (113) | | (113) | - |
| 11 | Interruptible Transport | 489 | 1,625 | (1,625) | | (1,625) | - |
| 12 | Revenue for Cost of Gas | | 150,275 | (34,331) | - | (34,331) | 115,944 |
| 13 | Total Customer Revenue | | 398,720 | (68,530) | - | (68,530) | 330,190 |
| 14 | Forfeited Discounts | 487 | 3,112 | | (116) | (116) | 2,996 |
| 15 | Miscellaneous Service Revenues | 488 | 3,823 | | (3,306) | (3,306) | 517 |
| 16 | Rent from Gas Properties | 493 | - | | 165 | 165 | 165 |
| 17 | Other Revenues | 495 | 802 | | | - | 802 |
| 18 | TOTAL REVENUES | | \$ 406,457 | \$ (68,530) | \$ (3,257) | \$ (71,787) | \$ 334,670 |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule D-5A
Witness: D. E. Lahoff
Page 1 of 1

Adjustment - Test Year Revenue Changes

| Line # | Description | [1] Factor Or Reference | [2] Budgeted Jurisdictional | [3] Revised Jurisdictional | [4] Adjustment [3] - [2] | [5] Total Adjustment |
|---|--------------------|---------------------------------|-------------------------------------|------------------------------------|--------------------------------------|------------------------------|
| <u>TOTAL REVENUE</u> | | | | | | |
| 1 | Residential (R/RT) | | \$ 214,366 | \$ 190,014 | \$ (24,352) | |
| 2 | Comm & Ind (N/NT) | | 112,023 | 93,229 | (18,794) | |
| 3 | Comm & Ind (DS) | | 20,273 | 13,425 | (6,848) | |
| 4 | Lg Transport/Other | | 30,787 | 28,622 | (2,165) | |
| 5 | Interruptible | | 21,271 | 4,900 | (16,371) | |
| 6 | Total | | <u>\$ 398,720</u> | <u>\$ 330,190</u> | <u>\$ (68,530)</u> | <u>\$ (68,530)</u> |
| <u>COST OF COMMODITY</u> | | | | | | |
| 7 | Residential (R/RT) | | \$ 100,282 | \$ 83,168 | \$ (17,114) | |
| 8 | Comm & Ind (N/NT) | | 44,051 | 32,776 | (11,275) | |
| 9 | Comm & Ind (DS) | | 4,204 | - | (4,204) | |
| 10 | Lg Transport/Other | | 113 | - | (113) | |
| 11 | Interruptible | | 1,625 | - | (1,625) | |
| 12 | Total | | <u>\$ 150,275</u> | <u>\$ 115,944</u> | <u>\$ (34,331)</u> | <u>\$ (34,331)</u> |
| <u>NET CUSTOMER & DISTRIBUTION</u> | | | | | | |
| 13 | Residential (R/RT) | | \$ 114,084 | \$ 106,846 | \$ (7,238) | |
| 14 | Comm & Ind (N/NT) | | 67,972 | 60,453 | (7,519) | |
| 15 | Comm & Ind (DS) | | 16,069 | 13,425 | (2,644) | |
| 16 | Lg Transport/Other | | 30,674 | 28,622 | (2,052) | |
| 17 | Interruptible | | 19,646 | 4,900 | (14,746) | |
| 18 | Total | | <u>\$ 248,445</u> | <u>\$ 214,246</u> | <u>\$ (34,199)</u> | <u>\$ (34,199)</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule D-5B
 Witness: D. E. Lahoff
 Page 1 of 1

Adjustment - Other Revenue Items

| Line # | Description | [1] Factor Or Reference | [2] Budgeted | [3] Adjustment |
|------------------------------|--------------------------------|---------------------------------|-------------------|---------------------|
| <u>OTHER REVENUES</u> | | | | |
| 1 | Miscellaneous Service Revenues | 488 | \$ (3,306) | |
| 2 | Forefeited Discounts | 487 | (116) | |
| 3 | Rent from Gas Property | 493 | <u>165</u> | |
| 4 | Adjust Other Revenues | | | <u>\$ (3,257)</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ In Thousands)

Schedule D-6
Witness: D. E. Lahoff
Page 1 of 1

Adjustment - Gas Costs

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] |
|--------|------------------------|-----------------------------|-----------------------|--------------------|---------------|--------------------|--------------------------------|
| | | Reference Or Account Number | PRO FORMA ADJUSTMENTS | | | | Gas Cost Pro Forma Adjustments |
| | | | Budgeted Gas Costs | D-5A Gas Costs | Co Use | | |
| 1 | Budgeted Gas Costs | | \$ 147,767 | | | \$ - | \$ 147,767 |
| 2 | Residential (R/RT) | | | (17,114) | | (17,114) | (17,114) |
| 3 | Comm & Ind (N/NT) | | | (11,275) | | (11,275) | (11,275) |
| 4 | Comm & Ind (DS) | | | (4,204) | | (4,204) | (4,204) |
| 5 | Lg Transport/Other | | | (113) | | (113) | (113) |
| 6 | Interruptible | | | (1,625) | | (1,625) | (1,625) |
| 7 | Transportation | | | | | - | - |
| 8 | Company Use of Fuel | | | | 689 | 689 | 689 |
| | | | | | | - | - |
| | | | | | | - | - |
| | | | | | | - | - |
| 9 | Total Gas Costs | | <u>\$ 147,767</u> | <u>\$ (34,331)</u> | <u>\$ 689</u> | <u>\$ (33,642)</u> | <u>\$ 114,125</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ In Thousands)

Schedule D-7
Witness: A. P. Kelly
Page 1 of 2

Adjustment - Salaries & Wages

| Line # | Description | [1] Account Number | [2] Budgeted Year 09/30/17 | [3] Adjustment | [4] Payroll As Distributed | [5] Annualization Adjustment | [6] Total Pro Forma Payroll |
|---------------------------|--|-------------------------|------------------------------------|---------------------|------------------------------------|--------------------------------------|-------------------------------------|
| <u>OPERATIONS</u> | | | | | | | |
| 1 | Total Natural Gas Production Expenses | | \$ 67 | \$ - | \$ 67 | \$ 1 | \$ 68 |
| 2 | Total Underground Storage Expenses | | - | - | - | - | - |
| 3 | Total Transmission Operation Expenses | | - | - | - | - | - |
| 4 | Total Distribution Operation Expenses | | 11,058 | - | 11,058 | 117 | 11,175 |
| 5 | Customer Account Operations Expenses | | 5,787 | 735 | 6,522 | 61 | 6,583 |
| 6 | Total Cust. Service & Inform. Operations Exp | | 1,020 | - | 1,020 | 11 | 1,031 |
| 7 | Total Operation Sales Expenses | | 540 | - | 540 | 6 | 546 |
| 8 | Total A & G Operation Expenses | | 10,368 | (39) | 10,329 | 117 | 10,446 |
| 9 | Total Operations | Sum L 1 to L 8 | <u>28,840</u> | <u>696</u> | <u>29,536</u> | <u>312</u> | <u>29,848</u> |
| <u>MAINTENANCE</u> | | | | | | | |
| 10 | Total Underground Maintenance Expenses | | - | - | - | - | - |
| 11 | Storage Maintenance Expenses | | - | - | - | - | - |
| 12 | Total Transmission Maintenance Expenses | | - | - | - | - | - |
| 13 | Total Distribution Maintenance Expenses | | 6,218 | 866 | 7,084 | 66 | 7,150 |
| 14 | Maintenance of General Plant | | 190 | - | 190 | 2 | 192 |
| 15 | Total Maintenance | Sum L 10 to L 14 | <u>6,408</u> | <u>866</u> | <u>7,274</u> | <u>68</u> | <u>7,342</u> |
| 16 | Total Payroll to Expense | L 9 + L 15 | <u>\$ 35,248</u> | <u>\$ 1,562</u> | <u>\$ 36,810</u> | <u>\$ 379</u> | <u>\$ 37,189</u> |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule D-7
Witness: A. P. Kelly
Page 2 of 2

Adjustment - Salaries & Wages

| Line # | Description | [1] Reference Or Function | [2] Union Increase At 4-1 | [3] Union Increase At 6-1 | [4] Non- Exempt | [5] Exempt | [6] Pro Forma Total Payroll |
|--|--|--------------------------------------|-----------------------------------|-----------------------------------|-------------------------|------------------|--|
| 1 | Budgeted Payroll For TY 9-30-17 | | \$ 10,390 | \$ 2,931 | \$ 5,860 | \$ 16,577 | <u>\$ 35,758</u> |
| <u>Annualize for Wage Increase to 9-30-17</u> | | | | | | | |
| 2 | Percent Increase | | 2.75% | 3.00% | 3.23% | 2.94% | |
| 3 | Union Increase At 4-1 Annualization Factor | 4/1/17 | 50% | | | | |
| 4 | Union Increase At 6-1 Annualization Factor | 6/1/17 | | 67% | | | |
| 5 | Non-Exempt Annualization Factor | 4/1/17 | | | 50% | | |
| 6 | Exempt Annualization Factor | 12/1/16 | | | | 17% | |
| 7 | Increase for wage rate changes | | <u>143</u> | <u>59</u> | <u>95</u> | <u>81</u> | \$ 378 |
| 8 | Annualized Salaries & Wages at 9-30-17 Rates | | \$ 10,533 | \$ 2,990 | \$ 5,955 | \$ 16,658 | |
| 9 | Additional headcount hired in FY2017 | | | | | <u>\$ 1,052</u> | |
| 10 | Pro Forma Salaries & Wages for TY | | <u>\$ 10,533</u> | <u>\$ 2,990</u> | <u>\$ 5,955</u> | <u>\$ 17,710</u> | |
| 11 | Pro Forma Adjustment to S&W | | | | | | <u>\$ 378</u> |
| 12 | Annualization Factor | | | | | | <u>1.057%</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
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(\$ in Thousands)

Schedule D-8
Witness: A. P. Kelly
Page 1 of 1

Adjustment - Environmental

[1] [2]

| <u>Line #</u> | <u>Description</u> | <u>Amount</u> | <u>Total</u> |
|---------------|--|-----------------|-----------------|
| 1 | Increase expense for environmental remediation | <u>\$ 3,000</u> | |
| 2 | Pro Forma Adjustment | | <u>\$ 3,000</u> |

UGI Utilities, Inc. - Gas Division
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Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule D-9
Witness: A. P. Kelly
Page 1 of 1

Adjustment - Employee Additions

[1] [2] [3]

| Line # | Description | Number of Employees | Amount | Total |
|--------|--|---------------------|--------|-----------------|
| 1 | Additional headcount for CIS replacement | 17 | \$ 735 | |
| 2 | Adjust salaries and wages for new supervisors | 10 | 696 | |
| 3 | Adjust salaries and wages for field wage increases | | 170 | |
| 4 | Adjust salaries and wages for additional security staffing | 5 | 317 | |
| 5 | | | | <u>\$ 1,918</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
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(\$ in Thousands)

Schedule D-10
 Witness: A. P. Kelly
 Page 1 of 1

Adjustment - Rate Case Expense

| Line # | Description | [1] Reference | [2] Amount | [3] Sub-Total | [4] Total |
|--|---|--------------------|-----------------|--------------------|----------------|
| <u>Rate Case Expenditures</u> | | | | | |
| 1 | External Consultants | | \$ 293 | | |
| 2 | External Legal | | 900 | | |
| 3 | Total Recorded at 9-30-15 | | 62 | | |
| 4 | Sub-Total | L 1 to L 3 | _____ | 1,256 | |
| <u>TOTAL EXPENDITURES FOR RATE FILING</u> | | | | | |
| 5 | TOTAL COSTS | L 4 | | | \$ 1,256 |
| 6 | Normalized over 2 years (Line 5 / 2) | | 2 | | \$ 628 |
| 7 | Rate Case Expense included in Budget | | | | 0 |
| 8 | Pro Forma Adjustment | L 6 - L 7 | | | \$ 628 |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
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(\$ in Thousands)

Schedule D-11
 Witness: A. P. Kelly
 Page 1 of 1

Adjustment - Uncollectibles

| Line # | Description | [1] Reference Or Factor | [2] Write-Off Amounts | [3] Tariff Revenue | [4] Percent [2]/[3] | [5] Total [2]/[3] |
|--------|--|----------------------------------|-----------------------------|--------------------------|---------------------------|-------------------------|
| 1 | 2013 | | \$ 4,800 | \$ 341,141 | 1.41% | |
| 2 | 2014 | | \$ 6,580 | \$ 388,333 | 1.69% | |
| 3 | 2015 | | \$ 7,203 | \$ 383,750 | 1.88% | |
| 4 | Three Year Average Sum (Line 1 to Line 3) / 3 | 3 | \$ 6,194 | \$ 371,075 | | 1.669% |
| 5 | <u>2017 Budget</u> | | | | \$ 5,633 | |
| | Pro Forma Adjustment | | | | | |
| 6 | Adjusted Revenues | 1.669% | | \$ 333,186 | | |
| 7 | Pro Forma at Present Rate Revenue | [1] * [3] | | | 5,561 | |
| 8 | Total for Test Year | L 9 + L 7 | | | | \$ (72) |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule D-13
 Witness: A. P. Kelly
 Page 1 of 1

Adjustment - UNITE Project

| Line # | Description | [1] FERC | [2] Amount | [3] # of Years | [4] Total |
|---|--|---------------|-----------------|---------------------|-------------------|
| Remove UNITE project expenses that will be capitalized | | | | | |
| 1 | Administrative & General Salaries | 920 | \$ (356) | | |
| 2 | Employee Benefits & Pension | 926 | (105) | | |
| 3 | Outside Services Employed | 923 | (466) | | |
| 4 | Miscellaneous General Expenses | 930.2 | <u>(113)</u> | | |
| 5 | Total | | | | <u>\$ (1,040)</u> |
| Call Center Implementation | | | | | |
| 6 | Amortization of UNITE Call Center Implementation Resources | | \$ 1,034 | 3 | <u>\$ 345</u> |
| UNITE Software Maintenance and Cost Reductions | | | | | |
| 7 | New CIS annual maintenance fee | | \$ 859 | | |
| 8 | Old CIS maintenance cost reduction | | <u>(64)</u> | | |
| 9 | Total | | | | <u>\$ 795</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule D-14
Witness: A. P. Kelly
Page 1 of 1

Adjustment - Benefits Adjustments

| Line # | Description | [1] Amount | [2] Subtotal | [3] Pro Forma Adjustment |
|--|--|-----------------|-------------------|-------------------------------|
| <u>OPEB Adjustments</u> | | | | |
| 1 | Budgeted OPEB Expense | | \$ (2,374) | |
| 2 | Total OPEB Adjustment | | | \$ (2,374) |
| 3 | Total OPEB Overrecovery | | \$ (10,399) | |
| 4 | Amortization Period (Years) | | 20 | |
| 5 | Reduce Expense for OPEB Overrecovery Amortization | | | \$ (520) |
| <u>Pension Expense Adjustment</u> | | | | |
| 6 | Total budgeted pension expense | | \$ 4,404 | |
| 7 | Total cash contributions per revised estimate | 11,839 | | |
| 8 | Estimated Cash Contributions attributable to UGI Gas | 6,092 | | |
| 9 | Less: estimated capitalized portion (28%) | <u>(1,676)</u> | | |
| 10 | Pension cash contributions per updated estimates | | <u>4,416</u> | |
| 11 | Pro Forma Adjustment | | | \$ <u>12</u> |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2017
(\$ in Thousands)

Schedule D-15
 Witness: A. P. Kelly
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Adjustment - Other Adjustments

| Line # | Description | [1] <u>Sub-Total</u> | [2] <u>Total</u> |
|---|--|---------------------------|-----------------------|
| Injuries & Damages Adjustment | | | |
| 1 | 2013 Injuries & Damages Expense | \$ 2,446 | |
| 2 | 2014 Injuries & Damages Expense | 3,382 | |
| 3 | 2015 Injuries & Damages Expense | <u>2,635</u> | |
| 4 | Three year average of injuries and damages expenses | 2,821 | |
| 5 | Budgeted injuries and damages expenses | <u>\$ 2,914</u> | |
| 6 | Pro Forma Adjustment | | <u>\$ (93)</u> |
| Membership Dues Adjustment | | | |
| 7 | Budgeted American Gas Association membership dues attributable to lobbying | \$ (12) | |
| 8 | Budgeted Energy Association of Pennsylvania membership dues attributable to lobbying | <u>(4)</u> | |
| 9 | Pro Forma Adjustment | | <u>\$ (16)</u> |
| Licensing Fees for New Software | | | |
| 10 | Contractor Management System annual licensing fee | \$ 350 | |
| 11 | Customer relationship management software annual licensing fee | <u>262</u> | |
| 12 | Total | | <u>\$ 612</u> |
| Insurance Premium for Cyber Insurance Policy | | | |
| 13 | Cyber insurance policy | | <u>\$ 83</u> |
| Distribution Expense Adjustment | | | |
| 14 | Adjust mains and services expense for corrosion control program | | <u>\$ 300</u> |

UGI Utilities, Inc. - Gas Division
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Schedule D-16
 Witness: R. R. Stoyko
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Adjustment - Universal Service

| Line # | Description | [1] Reference | [2] Amount |
|---|--|--------------------|-----------------|
| <u>Increase for Pro Forma TY Universal Service Expense</u> | | | |
| 1 | Customer Assistance Plan Credit | | \$ 3,645 |
| 2 | Administration Costs | | 374 |
| 3 | LIURP | | 1,100 |
| 4 | C.A.R.E.S. Program | | 7 |
| 5 | Customer Assistance Plan Pre-program Arrearage | | <u>1,231</u> |
| 6 | TOTAL | | <u>\$ 6,357</u> |
| 7 | Budget | | <u>\$ 1,822</u> |
| 8 | Total Adjustment | | <u>\$ 4,535</u> |

UGI Utilities, Inc. - Gas Division
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Schedule D-19
 Witness: T. M. Love
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Adjustment - Energy Efficiency and Conservation Programs

| Line # | Description | [1] Reference | [2] Amount | [3] Sub-Total |
|---|----------------------|--------------------|-----------------|------------------------|
| | | | | |
| <u>Energy Efficiency and Conservation Programs</u> | | | | |
| 1 | Year 1 Program Costs | | <u>\$ 2,659</u> | |
| | | | | |
| 2 | Total | | | <u><u>\$ 2,659</u></u> |

UGI Utilities, Inc. - Gas Division
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 (\$ In Thousands)

Schedule D-21
 Witness: J.F. Weidmayer
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Adjustment - Depreciation expense

| Line # | Description | [1] Account Number | [2] Budgeted 9/30/17 Depreciation Expense | [3] Adjustment To Annualize At New Depre Study Rates | [4] Depreciation on CWIP Plant Adjustment | [5] Pro Forma Test Year Depreciation |
|---|---|-----------------------|---|--|---|---|
| INTANGIBLE PLANT | | | | | | |
| 1 | Organization | 301 | \$ - | | | \$ - |
| 2 | Franchise & Consent | 302 | - | | | - |
| 3 | Miscellaneous Intangible Plant | 303 | - | | | - |
| 4 | TOTAL INTANGIBLE | | - | - | - | - |
| NATURAL GAS PRODUCTION & GATHERING | | | | | | |
| 5 | Producing Lands | 325.1 | - | | | - |
| 6 | Producing Leaseholds | 325.2 | - | | | - |
| 7 | Rights of Way | 325.4 | - | | | - |
| 8 | Other Land Rights | 325.5 | - | | | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | | | - |
| 10 | Other Structures | 329 | - | | | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | | | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | | | - |
| 13 | Field Lines | 332 | - | | | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | | | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | | | - |
| 16 | Other Equipment | 337 | - | | | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - | - | - | - |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | | | | |
| 18 | Land & Land Rights | 304 | - | - | | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | (524) | 524 | | - |
| 20 | Land | 350.1 | - | - | | - |
| 21 | Rights of Way | 350.2 | - | - | | - |
| 22 | Structures & Improvements | 351 | - | - | | - |
| 23 | Wells | 352 | - | - | | - |
| 24 | Lines | 353 | - | - | | - |
| 25 | Compressor Station Equipment | 354 | - | - | | - |
| 26 | Measuring & Regulating Equipment | 355 | - | - | | - |
| 27 | Purification Equipment | 356 | - | - | | - |
| 28 | Other Equipment | 357 | - | - | | - |
| 29 | TOTAL STORAGE & PROCESSING | | (524) | 524 | - | - |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
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Schedule D-21
 Witness: J.F. Weidmayer
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Adjustment - Depreciation expense

| Line # | Description | [1] Account Number | [2] Budgeted 9/30/17 Depreciation Expense | [3] Adjustment To Annualize At New Depre Study Rates | [4] Depreciation on CWIP Plant Adjustment | [5] Pro Forma Test Year Depreciation |
|---------------------------|---|-----------------------|---|--|---|---|
| TRANSMISSION PLANT | | | | | | |
| 30 | Land & Land Rights | 365.1 | - | - | - | - |
| 31 | Rights of Way | 365.2 | - | - | - | - |
| 32 | Structures & Improvements | 366 | - | - | - | - |
| 33 | Mains | 367 | - | - | - | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - | - | - | - |
| 35 | Communication Equipment | 370 | - | - | - | - |
| 36 | Other Equipment | 371 | - | - | - | - |
| 37 | TOTAL TRANSMISSION | | - | - | - | - |
| DISTRIBUTION PLANT | | | | | | |
| 38 | Land & Land Rights | 374 | - | - | - | - |
| 39 | Structures & Improvements | 375 | 28 | - | - | 28 |
| 40 | Mains | 376 | 11,380 | 908 | - | 12,288 |
| 41 | Measuring & Regulating Station Equipment | 378 | 939 | 93 | - | 1,032 |
| 42 | Measuring & Regulating Station Equipment | 379 | 60 | 17 | - | 77 |
| 43 | Services | 380 | 15,045 | (68) | - | 14,977 |
| 44 | Meters | 381 | 2,057 | (59) | - | 1,998 |
| 45 | Meter Installations | 382 | 1,449 | 33 | - | 1,482 |
| 46 | House Regulators | 383 | 114 | 99 | - | 213 |
| 47 | House Regulatory Installations | 384 | 218 | 24 | - | 242 |
| 48 | Industrial Measuring & Regulating Station Equipment | 385 | (39) | 150 | - | 111 |
| 49 | Other Property | 386 | 25 | (2) | - | 23 |
| 50 | Other Equipment | 387 | 37 | 45 | - | 82 |
| 51 | TOTAL DISTRIBUTION | | 31,313 | 1,240 | - | 32,553 |
| GENERAL PLANT | | | | | | |
| 52 | Land & Land Rights | 389 | - | - | - | - |
| 53 | Structures & Improvements | 390 | 709 | 299 | - | 1,008 |
| 54 | Office Furniture & Equipment | 391 | 6,131 | (1,584) | - | 4,547 |
| 55 | Transportation Equipment | 392 | (495) | 579 | - | 84 |
| 56 | Stores Equipment | 393 | - | - | - | - |
| 57 | Tools & Garage Equipment | 394 | 430 | 72 | - | 502 |
| 58 | Laboratory Equipment | 395 | - | - | - | - |
| 59 | Power Operated Equipment | 396 | 18 | (7) | - | 11 |
| 60 | Communication Equipment | 397 | 56 | (16) | - | 40 |
| 61 | Miscellaneous Equipment | 398 | 74 | 12 | - | 86 |
| 62 | Other Tangible Property | 399 | - | - | - | - |
| 63 | TOTAL GENERAL | | 6,923 | (645) | - | 6,278 |
| 64 | TOTAL DEPRECIATION | | \$ 37,712 | \$ 1,119 | \$ - | \$ 38,831 |
| 65 | CHARGED TO CLEARING ACCOUNTS | | \$ (9) | | | \$ (637) |
| 66 | NET SALVAGE AMORTIZATION | | \$ 3,813 | | | \$ 4,996 |

UGI Utilities, Inc. - Gas Division
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Schedule D-31
Witness: A. P. Kelly
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Adjustment - Taxes Other Than Income Taxes

| Line # | Description | [1] Account Number | [2] Factor or Reference | [3] Budget Amounts 9/30/17 | [4] Pro Forma Adjustments | [5] Pro Forma Tax Expense 9/30/17 |
|--------|----------------------|-------------------------|------------------------------|---------------------------------|--------------------------------|--|
| 1 | PURTA Taxes | 408.1 | | \$ 513 | \$ - | \$ 513 |
| 2 | Capital Stock | 408.1 | | 316 | (316) | - |
| 3 | PA & Local Use taxes | 408.1 | | 177 | - | 177 |
| 4 | Social Security | 408.1 | D-32 | 2,679 | 148 | 2,827 |
| 5 | FUTA | 408.1 | D-32 | 55 | 3 | 58 |
| 6 | SUTA | 408.1 | D-32 | 485 | 27 | 512 |
| 7 | PUC Assessment | 408.1 | | 1,663 | - | 1,663 |
| 8 | Total | | | <u>\$ 5,888</u> | <u>\$ (138)</u> | <u>\$ 5,750</u> |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
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(\$ in Thousands)

Schedule D-32
Witness: A. P. Kelly
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Adjustment - Payroll Taxes

| Line # | Description | [1] Account Number | [2] Test Year 9/30/17 Present Rates | [3] Pro Forma Adjustments | [4] Increase in Payroll Taxes |
|--------|---|-------------------------|--|-----------------------------------|--|
| 1 | Total Payroll Charged to Expense | | <u>\$ 35,248</u> | <u>\$ 1,941</u> | |
| 2 | FICA Expense | | <u>2,679</u> | | |
| 3 | FICA Expense - Percent | L 2 / L 1 | <u>7.60%</u> | <u>7.60%</u> | |
| 4 | Pro Forma FICA Expense on Pro Forma S&W | [4] L 1 * L 3 | | | \$ 148 |
| 5 | FUTA Expense | | <u>55</u> | | |
| 6 | FUTA Expense - Percent | L 5 / L 1 | <u>0.15%</u> | <u>0.15%</u> | |
| 7 | Pro Forma FUTA Expense on Pro Forma S&W | [4] L 1 * L 6 | | | 3 |
| 8 | SUTA Expense | | <u>485</u> | | |
| 9 | SUTA Expense - Percent | L 8 / L 1 | <u>1.38%</u> | <u>1.38%</u> | |
| 10 | Pro Forma SUTA Expense on Pro Forma S&W | [4] L 1 * L 9 | | | 27 |
| 11 | Pro Forma Adjustment | Sum L 4 to L 10 | | | <u>\$ 178</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule D-33
Witness: N. McKinney
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| Line # | Description | [1] | [2] | [3] | [4] | [5] |
|--------------------------------------|--|------------------------|-------------------|--------------------------------------|------------------|---------------------------------------|
| | | Factor Or Reference | Element Or Amount | Pro Forma Test Year At Present Rates | Revenue Increase | Pro Forma Test Year At Proposed Rates |
| Income Tax Calculation | | | | | | |
| [3] + [4] | | | | | | |
| 1 | Revenue | | | \$ 334,670 | \$ 58,564 | \$ 393,234 |
| 2 | Operating Expenses | | | (278,933) | (977) | (279,910) |
| 3 | OIBIT | L 1 + L 2 | | 55,737 | 57,587 | 113,324 |
| Interest Expense | | | | | | |
| 4 | Rate Base | Sch A-1 | 923,707 | | | |
| 5 | Weighted Cost of Debt | Sch B-7 | 0.02170 | | | |
| 6 | Synchronized Interest Expense | L 4 * L 5 | | (20,044) | - | (20,044) |
| 7 | Base Taxable Income | L 3 + L 6 | | 35,693 | 57,587 | 93,280 |
| 8 | Total Tax Depreciation | Pg 2 | \$ 65,325 | | | |
| 9 | Pro Forma Book Depreciation | Pg 2 | 43,621 | | | |
| 10 | State Tax Depreciation (Over) Under Book | L 9 - L 8 | | (21,704) | | (21,704) |
| 11 | Other | | | | | |
| 12 | State Taxable Income | Sum L 7 to L 11 | | \$ 13,989 | \$ 57,587 | \$ 71,576 |
| 13 | State Income Tax | L 12 * Rate { 2 } | 9.99% | \$ (1,398) | \$ (5,753) | \$ (7,150) |
| 14 | Total Tax Depreciation | Pg 2 | \$ 134,261 | | | |
| 15 | Pro Forma Book Depreciation | Pg 2 | 43,621 | | | |
| 16 | Federal Tax Deducts (Over) Under Book | L 14 - L 13 | | (90,640) | - | (90,640) |
| 17 | Other | | | | | |
| 18 | Federal Taxable Income | L 7 + sum L 13 to L 17 | | (56,344) | 51,834 | (4,510) |
| 19 | Federal Income Tax Expense | L 18 * Rate { 2 } | 35.00% | 19,720 | (18,142) | 1,579 |
| 20 | Total Tax Expense before Deferred Income Tax | L 13 + L 19 | | 18,322 | (23,895) | (5,572) |
| Deferred Federal Income Taxes | | | | | | |
| 21 | Total Straight Line Tax Depreciation | Pg 2 | \$ 38,831 | | | |
| 22 | Total Tax Depreciation | Pg 2 | 128,735 | | | |
| 23 | Federal Tax Deducts (Over) Under Book | L 22 - L 21 | | 89,904 | - | 89,904 |
| 24 | Deferred Federal Taxable Income | L 23 | | \$ 89,904 | \$ - | \$ 89,904 |
| 25 | Federal Income Tax Expense | L 24 * Rate { 2 } | Blended Rate | (32,260) | - | (32,260) |
| Deferred State Income Taxes | | | | | | |
| 26 | Repairs | | | (791) | | (791) |
| 27 | CIAC | | | 449 | | 449 |
| 28 | State Deferred Income Tax Expense | | | (342) | - | (342) |
| 29 | Net Income Tax Expense | L 20 + L 25 + L 28 | | (14,280) | (23,895) | (38,174) |
| Other Tax Adjustments | | | | | | |
| 30 | ITC | | | 318 | | 318 |
| 31 | Combined Income Tax Expense | L 29 + L 30 | | \$ (13,962) | \$ (23,895) | \$ (37,856) |
| 32 | Federal Income Tax Expense | L 19 + L 25 + L 30 | | | | \$ (30,364) |
| 33 | State Income Tax Expense | L 13 + L 28 | | | | (7,492) |
| 34 | Total Income Tax Expense | L 32 + L 33 | | | | \$ (37,856) |

UGI Utilities, Inc. - Gas Division
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Schedule D-34
 Witness: N. McKinney
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| Line # | Description | [1] Amount | [2] Amount | [3] Total |
|--|---|-----------------|------------------|-------------------------|
| <u>Accelerated Tax Depreciation</u> | | | | |
| 1 | Gas Plant | | \$ 113,291 | |
| 2 | Cost of Removal | | 5,526 | |
| 3 | Repairs Tax Deduction | | 22,541 | |
| 4 | Other Tax Basis Adjustments | | <u>(7,097)</u> | |
| 5 | Total Federal Accelerated Tax Depreciation | | | <u>\$ 134,261</u> |
| 6 | Adjustment for PA Tax Depreciation - Bonus Decoupling | | <u>(68,936)</u> | |
| 7 | Total State Accelerated Tax Depreciation | | | <u><u>\$65,325</u></u> |
| <u>Straight Line Tax Depreciation</u> | | | | |
| 8 | Gas Plant | | <u>\$ 38,831</u> | |
| 9 | Total Tax Depreciation | | | <u><u>\$ 38,831</u></u> |
| <u>Book Depreciation</u> | | | | |
| 10 | Pro Forma Book Depreciation | | \$ 38,831 | |
| 11 | Net Salvage Amortization | | 4,996 | |
| 12 | Depreciation Charged to Clearing Accounts | (637) | | |
| 13 | Estimated Percent of Clearing Charged to CWIP | <u>32%</u> | | |
| 14 | Depreciation Charged for CWIP | | (206) | |
| 15 | Book Depreciation for Tax Calculation | | | <u><u>\$ 43,621</u></u> |

UGI Exhibit A (Fully Projected Future)

UGI Utilities, Inc. - Gas Division
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Schedule D-35
Witness: A. P. Kelly
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Gross Revenue Conversion Factor

| Line # | Description | Reference Or Factor | Tax Rate | Factor |
|---|--|---------------------------|----------|-------------------|
| | | [1] | [2] | [3] |
| <u>GROSS REVENUE CONVERSION FACTOR</u> | | | | |
| 1 | GROSS REVENUE FACTOR | | | 1.000000 |
| 2 | UNCOLLECTIBLE EXPENSES | | | <u>(0.016690)</u> |
| 3 | NET REVENUES | Sum L 1 to L 3 | | 0.983310 |
| 4 | STATE INCOME TAXES | [3] L 4 * Rate [2] | 9.9900% | <u>(0.098233)</u> |
| 5 | FACTOR AFTER STATE TAXES | L 4 + L 5 | | 0.885077 |
| 6 | FEDERAL INCOME TAXES | [3] L 6 * Rate [2] | 35.00% | <u>(0.309777)</u> |
| 7 | NET OPERATING INCOME FACTOR | L 6 + L 7 | | <u>0.575300</u> |
| 8 | GROSS REVENUE CONVERSION FACTOR | 1 / L 8 | | <u>1.738224</u> |
| 9 | Combined Income Tax Factor On Gross Revenues | - L 5 - L 7 | | <u>40.801%</u> |

INCOME TAX FACTOR

| | | | | |
|----|--|-------------------------|---------|-------------------|
| 10 | GROSS REVENUE FACTOR | | | 1.000000 |
| 11 | STATE INCOME TAXES | [3] L 11 * Rate [2] | 9.9900% | <u>(0.099900)</u> |
| 12 | FACTOR AFTER STATE TAXES | L 11 + L 12 | | 0.900100 |
| 13 | FEDERAL INCOME TAXES | [3] L 13 * Rate [2] | 35.00% | <u>(0.315035)</u> |
| 14 | NET OPERATING INCOME FACTOR | L 13 + L 14 | | 0.585065 |
| 15 | GROSS REVENUE CONVERSION FACTOR | 1 / L 15 | | <u>1.709212</u> |
| 16 | Combined Income Tax Factor On Taxable Income | - L 12 - L 14 | | <u>41.494%</u> |

UGI GAS EXHIBIT A – FUTURE

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| C-8 | <u>Materials & Supplies</u> | A. P. Kelly |
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| D-13 | <u>Adjustment - UNITE Expenses</u> | A. P. Kelly |
| D-14 | <u>SCHEDULE NOT USED</u> | N/A |
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| D-18 | <u>SCHEDULE NOT USED</u> | N/A |
| D-19 | <u>SCHEDULE NOT USED</u> | N/A |
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Schedule **A-1**
Witness: **A. P. Kelly**
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Summary of Measure of Value and Revenue Increase

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] |
|--|--|------------------|---------|----------|---------------|-----------|----------------|
| | | Function | Section | Schedule | Present Rates | Increase | Proposed Rates |
| RATE BASE | | | | | | | |
| 1 | Utility Plant | | C-2 | | \$ 1,492,227 | | \$ 1,492,227 |
| 2 | Accumulated Depreciation | | C-3 | | (434,541) | | (434,541) |
| 3 | Net Plant in service | | | | 1,057,686 | - | 1,057,686 |
| 4 | Working Capital | | C-4 | | 17,624 | | 17,624 |
| 5 | Gas Inventory | | C-5 | | 21,730 | | 21,730 |
| 6 | Accumulated Deferred Income Taxes | | C-6 | | (274,594) | | (274,594) |
| 7 | Customer Deposits | | C-7 | | (14,517) | | (14,517) |
| 8 | Materials & Supplies | | C-8 | | 4,212 | | 4,212 |
| 9 | TOTAL RATE BASE | Sum L 3 to L 8 | | | \$ 812,141 | \$ - | \$ 812,141 |
| OPERATING REVENUES AND EXPENSES | | | | | | | |
| <u>Operating Revenues</u> | | | | | | | |
| 10 | Base Customer Charges | | D-5 | | \$ 212,430 | \$ 30,746 | \$ 243,176 |
| 11 | Gas Cost Revenue | | D-5 | | 114,488 | | 114,488 |
| 12 | Other Operating Revenues | | D-5 | | 4,596 | | 4,596 |
| 13 | Total Revenues | Sum L 10 to L 12 | | | 331,514 | 30,746 | 362,260 |
| 14 | Operating Expenses | | D | | (259,545) | (513) | (260,058) |
| 15 | OIBIT | L 13 + L 14 | | | 71,969 | 30,233 | 102,202 |
| 16 | Pro Forma Income Tax at Present Rates | | D-33 | | (21,518) | | |
| 17 | Pro Forma Income Tax on Revenue Increase | | D-33 | | | (12,544) | (34,063) |
| 18 | NET OPERATING INCOME | Sum L 15 to L 17 | | | \$ 50,450 | \$ 17,689 | \$ 68,139 |
| 19 | RATE OF RETURN | L 18 / L 9 | | | 6.2120% | | 8.390% |
| REVENUE INCREASE REQUIRED | | | | | | | |
| 20 | Rate of Return at Present Rates | L 19, Col 4 | | | 6.2120% | | |
| 21 | Rate of Return Required | | B-7 | | 8.3900% | | |
| 22 | Change in ROR | L 21 - L 20 | | | 2.17798% | | |
| 23 | Change in Operating Income | L 22 * L 9 | | | \$ 17,688 | | |
| 24 | Gross Revenue Conversion Factor | | D-35 | | 1.738224 | | |
| 25 | Change in Revenues | L 23 * L 24 | | | \$ 30,746 | | |
| 26 | Percent Increase -- Delivery Revenues | L 25 / L 10, C 4 | | | | 14.47% | |
| 27 | Percent Increase -- Total Revenues | L 25 / L 13, C 4 | | | | 9.27% | |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
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(\$ in Thousands)

Schedule
Witness:
Page 1

B-1
A. P. Kelly
of 2

Balance Sheet

[1]

| Line No | Description/(Account No) | Budget TYE 9-30-16 |
|---------|--|-----------------------|
| | UTILITY PLANT (101 - 106, 108) | |
| 1 | Gas Utility Plant | \$ 1,599,413 |
| 2 | Other Utility Plant | - |
| 3 | Total Plant In Service | <u>1,599,413</u> |
| 4 | Construction Work In Progress (107) | 60,546 |
| 5 | Total Utility Plant | <u>1,659,959</u> |
| 6 | Accumulated Provision for Depreciation - Gas (108) | (473,576) |
| 7 | Utility Acquisition Adjustment (114) | - |
| 8 | Accumulated Provision for Depreciation - Other (119) | - |
| 9 | Net Utility Plant | <u>1,186,383</u> |
| | OTHER PROPERTY INVESTMENTS | |
| 10 | Non-utility Property (121) | - |
| 11 | Accumulated Depreciation on NUP (122) | - |
| 12 | Investment in Associated & Subsidiary Companies (123.1) | - |
| 13 | Other Investments (124) | - |
| 14 | Total Other Property and Investments | <u>-</u> |
| | CURRENT AND ACCRUED ASSETS | |
| 15 | Cash & Other Temporary Investments(131-136) | 2,843 |
| 16 | Unbilled Revenues | - |
| 17 | Customer Accounts Receivable (142) | 26,503 |
| 18 | Other Accounts Receivable (143) | 901 |
| 19 | Accum Provision for Uncollectible (144) | (2,819) |
| 20 | Receivables from Associated Companies (145) | - |
| 21 | Accounts Receivable Assoc. Comp. (146) | (45) |
| 22 | Plant Materials & Operating Supplies (154) | 4,637 |
| 23 | Stores Expense - Undistributed (163) | (377) |
| 24 | Gas Stored - Current (164.1) | 27,013 |
| 25 | Liquefied Natural Gas stored (164.2) | - |
| 26 | Prepayments (165) | 3,968 |
| 27 | Accrued Utility Revenues (173) | 6,591 |
| 28 | Miscellaneous Current & Accrued Assets (174) | 230 |
| 29 | Derivative Instrument Assets (175) | 432 |
| 30 | Total Current and Accrued Assets | <u>69,878</u> |
| | DEFERRED DEBITS | |
| 31 | Unamortized Debt Expense (181) | 1,038 |
| 32 | Other Regulatory Assets (182.3) | 298,717 |
| 33 | Other Preliminary Survey & Investigation Charges (183.2) | 908 |
| 34 | Clearing Accounts ((184) | (377) |
| 35 | Miscellaneous Deferred Debits (186) | 3,418 |
| 36 | Deferred Losses from Disposition of Utility Plant (187) | 1,027 |
| 37 | Unamortized Loss on Reacquired Debt (189) | - |
| 38 | Accumulated Deferred Income Taxes (190) | 23,489 |
| 39 | O/U Collected Gas (191.4, 191.41) | - |
| 40 | Total Deferred Debits | <u>328,219</u> |
| 41 | TOTAL ASSETS AND OTHER DEBITS | <u>\$ 1,584,480</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
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(\$ in Thousands)

Schedule **B-1**
Witness: **A. P. Kelly**
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Balance Sheet

[1]

| Line No | Description/(Account No) | Budget TYE 9-30-16 |
|--|--|-----------------------|
| PROPRIETARY CAPITAL | | |
| 42 | Common Stock Issued (201) | \$ 51,878 |
| 43 | Preferred Stock Issued (204) | - |
| 44 | Miscellaneous Paid-in-Capital (211) | 406,270 |
| 45 | Capital Stock Expense (214) | - |
| 46 | Retained Earnings (215, 215.2, 216) | 259,120 |
| 47 | Accum Other Comprehensive Income (219) | <u>(12,499)</u> |
| 48 | Total Proprietary Capital | 704,769 |
| LONG TERM DEBT | | |
| 49 | Bonds (221) | - |
| 50 | Advances from Associated Companies (223) | - |
| 51 | Other Long-Term Debt (224) | 325,755 |
| 52 | Unamortized Premium on LTD (225) | - |
| 53 | Unamortized Discount on LTD (226) | - |
| 54 | Total Long-term Debt | <u>325,755</u> |
| OTHER NON-CURRENT LIABILITIES | | |
| 55 | Obligations under Capital Leases (227) | - |
| 56 | Accum. Prov for Injuries & Damages (228.2) | 523 |
| 57 | Accum. Prov for Pensions & Benefits (228.3) | 70,723 |
| 58 | Accum. Miscellaneous Operating Prov (228.4) | 3,309 |
| 59 | Asset Retirement Obligation | <u>61</u> |
| 60 | Total Non-Current Liabilities | 74,616 |
| CURRENT & ACCRUED LIABILITIES | | |
| 61 | Notes Payable (231) | 59,100 |
| 62 | Accounts Payable (232) | 38,168 |
| 63 | Notes Payable to Assoc. Companies (233) | - |
| 64 | Accounts Payable to Assoc. Cos (234) | 9,178 |
| 65 | Customer Deposits (235) | 12,862 |
| 66 | Taxes Accrued (236) | (3,710) |
| 67 | Interest Accrued (237) | 5,590 |
| 68 | Dividends Payable (237) | - |
| 69 | Accrued Interest on Other Liabilities (237) | - |
| 70 | Tax Collections Payable (241) | 128 |
| 71 | Misc Current & Accrued Liabilities (242) | 25,530 |
| 72 | Derivative Instrument Liabilities (244) | 1,640 |
| 73 | Other Regulatory Liabilities (245) | <u>5,109</u> |
| 74 | Total Current & Accrued Liabilities | 153,595 |
| OTHER DEFERRED CREDITS | | |
| 75 | Customer Advances for Construction (252) | - |
| 76 | Other Deferred Credits (253) | 15,569 |
| 77 | Other Regulatory Liabilities (254) | 20,635 |
| 78 | Deferred ITC (255) | 3,178 |
| 79 | Accumulated Deferred Income Taxes (282) | 291,164 |
| 80 | Accumulated Deferred Income Taxes (283) | <u>(4,800)</u> |
| 81 | Total Other Deferred Credits | 325,745 |
| 82 | TOTAL LIABILITIES & OTHER CREDITS | \$ 1,584,480 |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule **B-2**
Witness: **A. P. Kelly**
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Statement of Net Utility Operating Income

| Line No | Description | [1] Acct No | [2] Budget TYE 9-30-16 | [3] Reference |
|---------------------------------|--|------------------|--------------------------------|--------------------|
| Total Operating Revenues | | | | |
| 1 | Total Sales Revenues | | \$ 388,625 | B-3 |
| 2 | Other Operating Revenues | | <u>7,737</u> | B-3 |
| 3 | Total Revenues | | <u>396,362</u> | |
| Total Operating Expenses | | | | |
| 4 | Operation & Maintenance Expenses | | 247,158 | B-4 |
| 5 | Depreciation Expense | | 34,697 | |
| 6 | Taxes Other Than Income Taxes | | <u>5,717</u> | B-5 |
| 7 | Total Operating Expenses | | <u>287,572</u> | |
| 8 | Operating Income Before Income Taxes (OIBIT) | | 108,790 | |
| Income Taxes: | | | | |
| 9 | State | | 3,226 | B-5 |
| 10 | Federal | | <u>33,955</u> | B-5 |
| 11 | Total Income Taxes | | <u>37,181</u> | |
| 12 | Net Utility Operating Income | | <u>\$ 71,609</u> | |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule B-3
Witness: A. P. Kelly
Page 1 of 1

Statement of Operating Revenues

[1]

| Line No | Description | Budget TYE 9-30-16 |
|---------------------------------|--------------------------------------|---------------------------|
| Gas Operating Revenues | | |
| 1 | Residential (R/RT) (480) | \$ 208,867 |
| 2 | Comm & Ind (N/NT) (481) | 109,423 |
| 3 | Comm & Ind (DS) (489) | 18,987 |
| 4 | Lg Transport/Other (489) | 30,045 |
| 5 | Interruptible (489) | <u>21,303</u> |
| 6 | Sub-Total Gas Sales | 388,625 |
| Other Operating Revenues | | |
| 7 | Forfeited Discounts (487) | 3,112 |
| 8 | Miscellaneous Service Revenues (488) | 3,823 |
| 9 | Off System Revenue (495.9) | - |
| 10 | Rent from Gas Properties (493) | - |
| 11 | Other Revenues (495) | <u>802</u> |
| 12 | Sub-Total Other Operating Revenues | 7,737 |
| 13 | Total Operating Revenues | <u>\$ 396,362</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
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(\$ in Thousands)

Schedule B-4
Witness: A. P. Kelly
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Operation and Maintenance Expenses

[1]

| Line No | Description | Account No | Budget TYE 9-30-16 |
|--|--|------------|--------------------|
| Gas Raw Materials | | | |
| 1 | Liquefied Petroleum Gas Expenses | 717 | \$ 1 |
| 2 | Liquefied Petroleum Gas Expenses | 728 | - |
| 3 | Miscellaneous Production Expenses | 735 | 65 |
| 4 | Total Gas Raw Materials Expenses | | <u>66</u> |
| Production and Gathering - Operations | | | |
| 5 | Operating Supervision and Engineering | 750 | - |
| 6 | Production Maps and Records | 751 | - |
| 7 | Gas Wells Expenses | 752 | - |
| 8 | Field Lines Expenses | 753 | - |
| 9 | Gas Well Royalties | 758 | - |
| 10 | Other Expenses | 759 | - |
| 11 | Total Production & Gathering Operation Expenses | | <u>-</u> |
| Production and Gathering - Maintenance | | | |
| 12 | Maintenance of Producing Gas Wells | 763 | - |
| 13 | Maintenance of Field Lines | 764 | - |
| 14 | Maintenance of Field Measuring and Reg. Station Equip. | 766 | - |
| 15 | Gas Supply Operation Expenses | | <u>-</u> |
| Other Gas Supply Expense - Operations | | | |
| 16 | Natural Gas City Gate Purchases | 804.0 | 193,571 |
| 17 | Other Gas Purchases | 805.0 | 775 |
| 18 | Purchases Gas Cost Adjustments | 805.1 | (46,825) |
| 19 | Gas Withdrawn from Storage-Debit | 808.1 | 26,281 |
| 20 | Purchased Gas Expenses | 807.0 | - |
| 21 | Gas Used for Other Utility Operations-Credit | 812.0 | (669) |
| 22 | Gas Delivered to Storage-Credit | 808.2 | (30,117) |
| 23 | Other Gas Supply Expenses | 813.0 | 1,801 |
| 24 | Gas Supply Operation Expenses | | <u>144,817</u> |
| Underground Storage Expense - Operation | | | |
| 25 | Operation Supervision and Engineering | 814 | - |
| 26 | Maps and Records | 815 | - |
| 27 | Wells Expenses | 816 | - |
| 28 | Lines Expenses | 817 | - |
| 29 | Measuring and Regulating Station Expenses | 820 | - |
| 30 | Purification Expenses | 821 | - |
| 31 | Gas Losses | 823 | - |
| 32 | Other Expenses | 824 | - |
| 33 | Total Underground Storage Expenses | | <u>-</u> |
| Underground Storage Expense - Maintenance | | | |
| 34 | Maintenance Supervision and Engineering | 830 | - |
| 35 | Maintenance of Structures and Improvements | 831 | - |
| 36 | Maintenance of Reservoirs and Wells | 832 | - |
| 37 | Maintenance of Lines | 833 | - |
| 38 | Maintenance of Measuring & Regulating Station Equip. | 835 | - |
| 39 | Total Underground Maintenance Expenses | | <u>-</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
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(\$ in Thousands)

Schedule **B-4**
Witness: **A. P. Kelly**
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Operation and Maintenance Expenses

[1]

| Line No | Description | Account No | Budget TYE 9-30-16 |
|---|--|------------|--------------------|
| Transmission Expense - Operations | | | |
| 40 | Operating Supervision and Engineering | 850 | - |
| 41 | System Control and Load Dispatching | 851 | - |
| 42 | Communication System Expenses | 852 | - |
| 43 | Mains Expenses | 856 | - |
| 44 | Measuring and Regulating Station Expenses | 857 | - |
| 45 | Other Expenses | 859 | - |
| 46 | Total Transmission Operation Expenses | | <u>-</u> |
| Transmission Expense - Maintenance | | | |
| 47 | Maintenance Supervision and Engineering | 861 | - |
| 48 | Maintenance of Structures and Improvements | 862 | - |
| 49 | Maintenance of Mains | 863 | - |
| 50 | Maintenance of Measuring and Regulating Station Equip. | 865 | - |
| 51 | Maintenance of Communication Equipment | 866 | - |
| 52 | Total Transmission Maintenance Expenses | | <u>-</u> |
| Distribution Expense - Operations | | | |
| 53 | Operation Supervision and Engineering | 870 | 2,315 |
| 54 | Distribution Load Dispatching | 871 | 535 |
| 55 | Compressor Station Fuel and Power (Major Only) | 873 | 1 |
| 56 | Mains and Services Expenses | 874 | 9,977 |
| 57 | Measuring and Regulating Station Expenses-General | 875 | 413 |
| 58 | Measuring and Regulating Station Expenses-Industrial | 876 | 406 |
| 59 | Measuring and Regulating Station Expenses-City Gate | 877 | 339 |
| 60 | Meter and House Regulator Expenses | 878 | 1,895 |
| 61 | Customer Installations Expenses | 879 | 1,239 |
| 62 | Other Expenses | 880 | 2,965 |
| 63 | Rents | 881 | 68 |
| 64 | Total Distribution Operation Expenses | | <u>20,153</u> |
| Distribution Expense - Maintenance | | | |
| 65 | Maintenance Supervision and Engineering | 885 | 758 |
| 66 | Maintenance of Structures and Improvements | 886 | 3 |
| 67 | Maintenance of Mains | 887 | 11,555 |
| 68 | Maintenance of Measuring & Reg. Station Equip.-Genl. | 889 | 163 |
| 69 | Maintenance of Measuring & Reg. Station Equip.-Indtrl. | 890 | 236 |
| 70 | Maintenance of Measuring & Reg. Station Equip.-City G | 891 | 425 |
| 71 | Maintenance of Services | 892 | 1,595 |
| 72 | Maintenance of Meters & House Regulators | 893 | 599 |
| 73 | Maintenance of Other Equipment | 894 | 100 |
| 74 | Maintenance of Other Equipment | 895 | (173) |
| 75 | Total Distribution Maintenance Expenses | | <u>15,261</u> |
| Customer Accounts Expense - Operations | | | |
| 76 | Supervision | 901 | 409 |
| 77 | Meter Reading Expenses | 902 | 907 |
| 78 | Customer Records & Collection Expenses | 903 | 8,109 |
| 79 | Uncollectable Accounts | 904 | 4,569 |
| 80 | Miscellaneous Customer Accounts Expenses | 905 | 353 |
| 81 | Total Administrative & General | | <u>14,347</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule B-4
Witness: A. P. Kelly
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Operation and Maintenance Expenses

[1]

| Line No | Description | Account No | Budget TYE 9-30-16 |
|---|---|------------|--------------------|
| Customer Service & Information Expense | | | |
| 83 | Supervision | 907 | 159 |
| 84 | Customer Assistance Expenses | 908 | 928 |
| 85 | Informational & Instructional Advertising Expenses | 909 | 697 |
| 86 | Miscellaneous Customer Service & Informational Exp. | 910 | 114 |
| 87 | Total Cust. Service & Inform. Operations Exp | | <u>1,898</u> |
| 88 | Description | | |
| Sales Expense | | | |
| 89 | Supervision | 911 | - |
| 90 | Demonstrating and Selling Expenses | 912 | 684 |
| 91 | Advertising Expenses | 913 | 109 |
| 92 | Miscellaneous Sales Expenses | 916 | 103 |
| 93 | Total Operation Sales Expenses | | <u>896</u> |
| Administrative & General - Operations | | | |
| 94 | Administrative and General Salaries | 920.0 | 8,903 |
| 95 | Office Supplies and Expenses | 921.0 | 9,211 |
| 96 | Outside Service Employed | 923.0 | 9,287 |
| 97 | Property Insurance | 924.0 | 110 |
| 98 | Injuries and Damages | 925.0 | 4,061 |
| 99 | Employee Pensions and Benefits | 926.0 | 14,000 |
| 100 | Regulatory Commission Expenses | 928.0 | - |
| 101 | General Advertising Expenses | 929.0 | 668 |
| 102 | Miscellaneous General Expenses | 930.1 | 1,785 |
| 103 | Rents | 930.2 | 273 |
| 104 | Total A & G Operation Expenses | | <u>48,298</u> |
| Administrative & General - Maintenance | | | |
| 105 | Maintenance of General Plant | 932 | 1,410 |
| 106 | Maintenance of General Plant | 935 | 12 |
| 107 | Total A & G Maintenance Expenses | | <u>1,422</u> |
| 108 | TOTAL OPERATION & MAINTENANCE EXPENSE | | <u>\$ 247,158</u> |
| 109 | Total Gas Operation Expenses | | 230,475 |
| 110 | Total Gas Maintenance Expense | | <u>16,683</u> |
| 111 | TOTAL OPERATION & MAINTENANCE EXPENSE | | <u>\$ 247,158</u> |

UGI Utilities, Inc. - Gas Division
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 (\$ in Thousands)

Schedule B-5
 Witness: A. P. Kelly
 Page 1 of 1

Detail of Taxes

[1]

| Line No | Description | Reference | Budget TYE 9-30-16 |
|--------------------------------------|-------------------------------------|------------------|---------------------------|
| Taxes Other Than Income Taxes | | | |
| Non-revenue related: | | | |
| 1 | Pennsylvania - PURTA | | \$ 498 |
| 2 | Capital Stock | | 307 |
| 3 | PA and Local Use taxes | | 172 |
| 4 | Miscellaneous Taxes | | 1,615 |
| 5 | Subtotal | | <u>2,592</u> |
| Payroll Taxes | | | |
| 6 | FICA | | 2,601 |
| 7 | SUTA | | 471 |
| 8 | FUTA | | 53 |
| 9 | Subtotal | | <u>3,125</u> |
| 10 | Total Taxes Other Than Income Taxes | | <u>\$ 5,717</u> |
| Income Taxes | | | |
| 11 | State | | \$ 3,226 |
| 12 | Federal | | 33,955 |
| 13 | Total Income Taxes | | <u>\$ 37,181</u> |

Composite Cost of Debt

| Line No | Description | [1] | [2] | [3] | [4] |
|-------------------------------|-----------------------|--------------------|------------------|-------------------------|---|
| | | Amount Outstanding | Percent to Total | Effective Interest Rate | Average Weighted Cost Rate [2] * [3] |
| Medium Term Notes | | | | | |
| 1 | 6.169%, Due 2017 | \$ 20,000 | 2.96% | 6.29% | 0.19% |
| 2 | 7.250%, Due 2017 | 20,000 | 2.96% | 7.32% | 0.22% |
| 3 | 5.670%, Due 2018 | 20,000 | 2.96% | 5.75% | 0.17% |
| 4 | 6.500%, Due 2033 | 20,000 | 2.96% | 6.56% | 0.19% |
| 5 | 6.133%, Due 2034 | 20,000 | 2.96% | 6.19% | 0.18% |
| Senior Unsecured Notes | | | | | |
| 6 | 6.206%, Due 2036 | 100,000 | 14.82% | 6.32% | 0.94% |
| 7 | 4.980%, Due 2044 | 175,000 | 25.93% | 5.00% | 1.30% |
| 8 | 3.781%, Due 2026 | 100,000 | 14.82% | 3.85% | 0.57% |
| 9 | 4.705%, Due 2046 | 200,000 | 29.63% | 4.74% | 1.40% |
| 10 | Total Long-Term Debt | 675,000 | 100.00% | | 5.16% |
| 11 | Total Long-Term Debt | \$ 675,000 | 91.95% | 5.16% | 4.74% |
| 12 | Total Short-Term Debt | 59,100 | 8.05% | 2.58% | 0.21% |
| 13 | TOTAL | \$ 734,100 | 100.00% | | |
| 14 | Weighted Cost of Debt | | | | 4.95% |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule B-7
Witness: P. R. Moul
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Rate of Return

| | | [1] | [2] | [3] | [4] |
|----------------|--------------------|-----------------------------|----------------------|----------------------------|-----------------|
| <u>Line No</u> | <u>Description</u> | <u>Capitalization Ratio</u> | <u>Embedded Cost</u> | <u>Statement Reference</u> | <u>Return-%</u> |
| 1 | Long-Term Debt | 39.61% | 5.16% | B-6 | 2.04% |
| 2 | Short-Term Debt | 3.47% | 2.58% | B-6 | 0.09% |
| 3 | Common Equity | <u>56.92%</u> | 11.00% | | <u>6.26%</u> |
| 4 | Total | <u>100.00%</u> | | | <u>8.39%</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-1
Witness: A. P. Kelly
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Measure of Value

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] |
|-------------------------|-----------------------------------|----------|----------|------------|---------------|-------------|----------------|
| | | Function | Schedule | # of Pages | Present Rates | Adjustments | Proposed Rates |
| MEASURE OF VALUE | | | | | | | |
| 1 | Utility Plant | | C-2 | 9 | \$ 1,492,227 | | \$ 1,492,227 |
| 2 | Accumulated Depreciation | | C-3 | 11 | (434,541) | | (434,541) |
| 3 | Net Plant in service | | | | 1,057,686 | - | 1,057,686 |
| 4 | Working Capital | | C-4 | 9 | 17,624 | | 17,624 |
| 5 | Gas Inventory | | C-5 | 1 | 21,730 | | 21,730 |
| 6 | Accumulated Deferred Income Taxes | | C-6 | 1 | (274,594) | | (274,594) |
| 7 | Customer Deposits | | C-7 | 1 | (14,517) | | (14,517) |
| 8 | Materials & Supplies | | C-8 | 1 | 4,212 | | 4,212 |
| 9 | TOTAL MEASURE OF VALUE | | | | \$ 812,141 | \$ - | \$ 812,141 |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-2
Witness: A. P. Kelly
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Pro Forma Gas Plant in Service

[1]

[2]

| Line No | Description | Account No | Pro Forma FTY 9-30-16 |
|---|---|------------|--------------------------|
| INTANGIBLE PLANT | | | |
| 1 | Organization | 301 | \$ 21 |
| 2 | Franchise & Consent | 302 | 28 |
| 3 | Miscellaneous Intangible Plant | 303 | - |
| 4 | TOTAL INTANGIBLE | | <u>49</u> |
| NATURAL GAS PRODUCTION & GATHERING | | | |
| 5 | Producing Lands | 325 | - |
| 6 | Producing Leaseholds | 325 | - |
| 7 | Rights of Way | 325 | - |
| 8 | Other Land Rights | 326 | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - |
| 10 | Other Structures | 329 | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - |
| 13 | Field Lines | 332 | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - |
| 15 | Drilling & Cleaning Equipment | 335 | - |
| 16 | Other Equipment | 337 | - |
| 17 | TOTAL PRODUCTION & GATHERING | | <u>-</u> |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | |
| 18 | Land & Land Rights | 304 | 382 |
| 19 | Production Plant-Manufactured Gas Plants | 305 | (435) |
| 20 | Land | 350 | - |
| 21 | Rights of Way | 350 | 435 |
| 22 | Structures & Improvements | 351 | - |
| 23 | Wells | 352 | - |
| 24 | Lines | 353 | - |
| 25 | Compressor Station Equipment | 354 | - |
| 26 | Measuring & Regulating Equipment | 355 | - |
| 27 | Purification Equipment | 356 | - |
| 28 | Other Equipment | 357 | - |
| 29 | TOTAL STORAGE & PROCESSING | | <u>382</u> |

UGI Utilities, Inc. - Gas Division
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(\$ In Thousands)

Schedule C-2
Witness: A. P. Kelly
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Pro Forma Gas Plant in Service

| Line No | Description | [1] Account No | [2] Pro Forma FTY 9-30-16 |
|---------------------------|--|---------------------|-----------------------------------|
| TRANSMISSION PLANT | | | |
| 30 | Land & Land Rights | 365.1 | \$ - |
| 31 | Rights of Way | 365.2 | - |
| 32 | Structures & Improvements | 366 | - |
| 33 | Mains | 367 | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - |
| 35 | Communication Equipment | 370 | - |
| 36 | Other Equipment | 371 | - |
| 37 | TOTAL TRANSMISSION | | - |
| DISTRIBUTION PLANT | | | |
| 38 | Land & Land Rights | 374 | 2,273 |
| 39 | Structures & Improvements | 375 | 2,186 |
| 40 | Mains | 376 | 691,327 |
| 41 | Measuring & Regulating Station Equipment | 378 | 31,327 |
| 42 | Measuring & Regulating Station Equipment | 379 | 4,497 |
| 43 | Services | 380 | 551,462 |
| 44 | Meters | 381 | 56,953 |
| 45 | Meter Installations | 382 | 62,553 |
| 46 | House Regulators | 383 | 6,544 |
| 47 | House Regulatory Installations | 384 | 10,496 |
| 48 | Industrial Measuring & Regulating Station Equipmer | 385 | 5,719 |
| 49 | Other Property | 386 | 1,310 |
| 50 | Other Equipment | 387 | 3,535 |
| 51 | TOTAL DISTRIBUTION | | 1,430,182 |
| GENERAL PLANT | | | |
| 52 | Land & Land Rights | 389 | 1,493 |
| 53 | Structures & Improvements | 390 | 29,188 |
| 54 | Office Furniture & Equipment | 391 | 18,743 |
| 55 | Transportation Equipment | 392 | 495 |
| 56 | Stores Equipment | 393 | - |
| 57 | Tools & Garage Equipment | 394 | 9,037 |
| 58 | Laboratory Equipment | 395 | - |
| 59 | Power Operated Equipment | 396 | 1,371 |
| 60 | Communication Equipment | 397 | 563 |
| 61 | Miscellaneous Equipment | 398 | 724 |
| 62 | Other Tangible Property | 399 | - |
| 63 | TOTAL GENERAL | | 61,614 |
| 64 | Total Plant | | \$ 1,492,227 |

UGI Utilities, Inc. - Gas Division
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Future Period - 12 Months Ended September 30, 2016
(\$ in Thousands)

Schedule C-2
Witness: A. P. Kelly
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Pro Forma Plant Adjustment Summary

| Line # | Description | [1] Factor Or Reference | [2] Test Year 9/30/16 Budget | [3] Adjustments | [4] Test Year As Adjusted Budget |
|--------|--|------------------------------------|---|----------------------|---|
| 1 | INTANGIBLE PLANT | Sch C-2, Pg 4 | \$ 167 | \$ (118) | \$ 49 |
| 2 | NATURAL GAS PRODUCTION & GATHERING | Sch C-2, Pg 4 | - | - | - |
| 3 | NATURAL GAS STORAGE & PROCESSING PLANT | Sch C-2, Pg 4 | (53) | 435 | 382 |
| 4 | TRANSMISSION PLANT | Sch C-2, Page 5 | - | - | - |
| 5 | DISTRIBUTION PLANT | Sch C-2, Page 5 | 1,453,228 | (23,046) | 1,430,182 |
| 6 | GENERAL PLANT | Sch C-2, Page 5 | 91,748 | (30,134) | 61,614 |
| 7 | OTHER PLANT | | - | - | - |
| 8 | SUB-TOTAL PLANT-IN-SERVICE | Sum (L 1 to L 7) | 1,545,090 | (52,863) | 1,492,227 |
| 9 | COMPLETED CONSTRUCTION NOT CLASSIFIED | G/L a/c # 106 | - | - | - |
| 10 | PLANT-IN-SERVICE | L 8 + L 9 | 1,545,090 | (52,863) | 1,492,227 |
| 11 | CONSTRUCTION WORK-IN-PROGRESS | G/L a/c # 107 | - | - | - |
| 12 | GAS STORED - NON CURRENT | a/c 117.2 | - | - | - |
| 13 | TOTAL UTILITY PLANT | Sum (L 10 to L 12) | <u>\$ 1,545,090</u> | <u>\$ (52,863)</u> | <u>\$ 1,492,227</u> |

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
 Future Period - 12 Months Ended September 30, 2016
 (\$ in Thousands)

Schedule C-2
 Witness: A. P. Kelly
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Pro Forma Year End Plant Balances

| Line # | Description | Account Number | [1] | [2] | [3] | [4] | [5] |
|---|---|----------------|------------------------------------|-------------|----------------------|------------|-------|
| | | | Test Year Ended September 30, 2016 | | | | |
| | | | 9/30/2015 | Amount | Pro Forma Adjustment | Balance | |
| INTANGIBLE PLANT | | | | | | | |
| 1 | Organization | 301 | \$ 19 | \$ 139 | \$ (118) | \$ 21 | |
| 2 | Franchise & Consent | 302 | 28 | 28 | - | 28 | |
| 3 | Miscellaneous Intangible Plant | 303 | - | - | - | - | |
| 4 | TOTAL INTANGIBLE | | <u>47</u> | <u>167</u> | <u>(118)</u> | <u>49</u> | |
| NATURAL GAS PRODUCTION & GATHERING | | | | | | | |
| 5 | Producing Lands | 325.1 | - | - | - | - | |
| 6 | Producing Leaseholds | 325.2 | - | - | - | - | |
| 7 | Rights of Way | 325.4 | - | - | - | - | |
| 8 | Other Land Rights | 325.5 | - | - | - | - | |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | - | - | - | |
| 10 | Other Structures | 329 | - | - | - | - | |
| 11 | Producing Gas Wells-Well Construction | 330 | - | - | - | - | |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | - | - | - | |
| 13 | Field Lines | 332 | - | - | - | - | |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | - | - | - | |
| 15 | Drilling & Cleaning Equipment | 335 | - | - | - | - | |
| 16 | Other Equipment | 337 | - | - | - | - | |
| 17 | TOTAL PRODUCTION & GATHERING | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | | | | | |
| 18 | Land & Land Rights | 304 | 382 | 382 | - | 382 | |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - | (435) | - | (435) | |
| 20 | Land | 350.1 | - | - | - | - | |
| 21 | Rights of Way | 350.2 | - | - | 435 | 435 | |
| 22 | Structures & Improvements | 351 | - | - | - | - | |
| 23 | Wells | 352 | - | - | - | - | |
| 24 | Lines | 353 | - | - | - | - | |
| 25 | Compressor Station Equipment | 354 | - | - | - | - | |
| 26 | Measuring & Regulating Equipment | 355 | - | - | - | - | |
| 27 | Purification Equipment | 356 | - | - | - | - | |
| 28 | Other Equipment | 357 | - | - | - | - | |
| 29 | TOTAL STORAGE & PROCESSING | | <u>382</u> | <u>(53)</u> | <u>435</u> | <u>382</u> | |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2016
(\$ in Thousands)

Schedule C-2
Witness: A. P. Kelly
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Pro Forma Year End Plant Balances

| Line # | Description | Account Number | [1] | [2] | [3] | [4] | [5] |
|---|---|----------------|---------------------|---------------------|----------------------|---------------------|----------|
| | | | 9/30/2015 | Amount | Pro Forma Adjustment | Balance | |
| Test Year Ended September 30, 2016 | | | | | | | |
| TRANSMISSION PLANT | | | | | | | |
| 30 | Land & Land Rights | 365.1 | - | - | - | - | - |
| 31 | Rights of Way | 365.2 | - | - | - | - | - |
| 32 | Structures & Improvements | 366 | - | - | - | - | - |
| 33 | Mains | 367 | - | - | - | - | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - | - | - | - | - |
| 35 | Communication Equipment | 370 | - | - | - | - | - |
| 36 | Other Equipment | 371 | - | - | - | - | - |
| 37 | TOTAL TRANSMISSION | | - | - | - | - | - |
| DISTRIBUTION PLANT | | | | | | | |
| 38 | Land & Land Rights | 374 | 2,273 | 2,272 | 1 | 2,273 | |
| 39 | Structures & Improvements | 375 | 2,186 | 2,082 | 104 | 2,186 | |
| 40 | Mains | 376 | 631,707 | 704,342 | (13,015) | 691,327 | |
| 41 | Measuring & Regulating Station Equipment | 378 | 26,985 | 32,045 | (718) | 31,327 | |
| 42 | Measuring & Regulating Station Equipment | 379 | 4,184 | 4,569 | (72) | 4,497 | |
| 43 | Services | 380 | 507,887 | 557,391 | (5,929) | 551,462 | |
| 44 | Meters | 381 | 54,219 | 58,885 | (1,932) | 56,953 | |
| 45 | Meter Installations | 382 | 59,764 | 63,584 | (1,031) | 62,553 | |
| 46 | House Regulators | 383 | 5,636 | 5,498 | 1,046 | 6,544 | |
| 47 | House Regulatory Installations | 384 | 9,807 | 10,599 | (103) | 10,496 | |
| 48 | Industrial Measuring & Regulating Station Equipment | 385 | 5,250 | 7,034 | (1,315) | 5,719 | |
| 49 | Other Property | 386 | 1,310 | 1,309 | 1 | 1,310 | |
| 50 | Other Equipment | 387 | 3,392 | 3,618 | (83) | 3,535 | |
| 51 | TOTAL DISTRIBUTION | | 1,314,600 | 1,453,228 | (23,046) | 1,430,182 | |
| GENERAL PLANT | | | | | | | |
| 52 | Land & Land Rights | 389 | 1,493 | 1,431 | 62 | 1,493 | |
| 53 | Structures & Improvements | 390 | 27,275 | 32,297 | (3,109) | 29,188 | |
| 54 | Office Furniture & Equipment | 391 | 21,190 | 46,740 | (27,997) | 18,743 | |
| 55 | Transportation Equipment | 392 | 95 | 570 | (75) | 495 | |
| 56 | Stores Equipment | 393 | - | - | - | - | |
| 57 | Tools & Garage Equipment | 394 | 8,044 | 8,049 | 988 | 9,037 | |
| 58 | Laboratory Equipment | 395 | - | - | - | - | |
| 59 | Power Operated Equipment | 396 | 1,371 | 1,385 | (14) | 1,371 | |
| 60 | Communication Equipment | 397 | 563 | 563 | - | 563 | |
| 61 | Miscellaneous Equipment | 398 | 640 | 692 | 32 | 724 | |
| 62 | Other Tangible Property | 399 | - | 21 | (21) | - | |
| 63 | TOTAL GENERAL | | 60,671 | 91,748 | (30,134) | 61,614 | |
| 64 | Total Plant | | \$ 1,375,700 | \$ 1,545,090 | \$ (52,863) | \$ 1,492,227 | |

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
 Future Period - 12 Months Ended September 30, 2016
 (\$ in Thousands)

Schedule C-2
 Witness: A. P. Kelly
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Additions to Plant

| Line # | Description | Account Number | [1] | [2] | [3] |
|---|---|----------------|--------------------------|-------|-------|
| | | | Year ended September 30, | | |
| | | | 2015 | 2016 | |
| Plant Additions | | | | | |
| INTANGIBLE PLANT | | | | | |
| 1 | Organization | 301 | - | - | |
| 2 | Franchise & Consent | 302 | - | - | |
| 3 | Miscellaneous Intangible Plant | 303 | - | - | |
| 4 | TOTAL INTANGIBLE | | - | - | |
| NATURAL GAS PRODUCTION & GATHERING | | | | | |
| 5 | Producing Lands | 325.1 | - | - | |
| 6 | Producing Leaseholds | 325.2 | - | - | |
| 7 | Rights of Way | 325.4 | - | - | |
| 8 | Other Land Rights | 325.5 | - | - | |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | - | |
| 10 | Other Structures | 329 | - | - | |
| 11 | Producing Gas Wells-Well Construction | 330 | - | - | |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | - | |
| 13 | Field Lines | 332 | - | - | |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | - | |
| 15 | Drilling & Cleaning Equipment | 335 | - | - | |
| 16 | Other Equipment | 337 | - | - | |
| 17 | TOTAL PRODUCTION & GATHERING | | - | - | |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | | | |
| 18 | Land & Land Rights | 304 | - | - | |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - | - | |
| 20 | Land | 350.1 | - | - | |
| 21 | Rights of Way | 350.2 | - | - | |
| 22 | Structures & Improvements | 351 | - | - | |
| 23 | Wells | 352 | - | - | |
| 24 | Lines | 353 | - | - | |
| 25 | Compressor Station Equipment | 354 | - | - | |
| 26 | Measuring & Regulating Equipment | 355 | - | - | |
| 27 | Purification Equipment | 356 | - | - | |
| 28 | Other Equipment | 357 | - | - | |
| 29 | TOTAL STORAGE & PROCESSING | | - | - | |

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
 Future Period - 12 Months Ended September 30, 2016
 (\$ in Thousands)

Schedule C-2
 Witness: A. P. Kelly
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Additions to Plant

| Line # | Description | Account Number | [1] | [2] | [3] |
|---------------------------|---|----------------|--------------------------|-------------------|----------|
| | | | Year ended September 30, | | |
| | | | 2015 | 2016 | |
| TRANSMISSION PLANT | | | | | |
| 30 | Land & Land Rights | 365.1 | - | - | - |
| 31 | Rights of Way | 365.2 | - | - | - |
| 32 | Structures & Improvements | 366 | - | - | - |
| 33 | Mains | 367 | - | - | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - | - | - |
| 35 | Communication Equipment | 370 | - | - | - |
| 36 | Other Equipment | 371 | - | - | - |
| 37 | TOTAL TRANSMISSION | | <u>-</u> | <u>-</u> | <u>-</u> |
| DISTRIBUTION PLANT | | | | | |
| 38 | Land & Land Rights | 374 | 136 | - | - |
| 39 | Structures & Improvements | 375 | 6 | - | - |
| 40 | Mains | 376 | 44,604 | 65,662 | |
| 41 | Measuring & Regulating Station Equipment | 378 | 2,189 | 5,336 | |
| 42 | Measuring & Regulating Station Equipment | 379 | - | 385 | |
| 43 | Services | 380 | 43,578 | 50,156 | |
| 44 | Meters | 381 | 3,874 | 3,500 | |
| 45 | Meter installations | 382 | 2,709 | 3,210 | |
| 46 | House Regulators | 383 | - | 1,045 | |
| 47 | House Regulatory Installations | 384 | 457 | 793 | |
| 48 | Industrial Measuring & Regulating Station Equipment | 385 | 96 | 576 | |
| 49 | Other Property | 386 | 2 | - | |
| 50 | Other Equipment | 387 | - | 296 | |
| 51 | TOTAL DISTRIBUTION | | <u>97,651</u> | <u>130,959</u> | |
| GENERAL PLANT | | | | | |
| 52 | Land & Land Rights | 389 | - | - | - |
| 53 | Structures & Improvements | 390 | 2,570 | 2,126 | |
| 54 | Office Furniture & Equipment | 391 | 3,045 | 3,409 | |
| 55 | Transportation Equipment | 392 | - | 400 | |
| 56 | Stores Equipment | 393 | - | - | |
| 57 | Tools & Garage Equipment | 394 | 1,784 | 1,104 | |
| 58 | Laboratory Equipment | 395 | - | - | |
| 59 | Power Operated Equipment | 396 | - | - | |
| 60 | Communication Equipment | 397 | - | - | |
| 61 | Miscellaneous Equipment | 398 | 55 | 138 | |
| 62 | Other Tangible Property | 399 | - | - | |
| 62 | TOTAL GENERAL | | <u>7,454</u> | <u>7,177</u> | |
| 63 | Total Plant | | <u>\$ 105,105</u> | <u>\$ 138,136</u> | |

Retirements

| Line # | Description | Account Number | [1] | [2] | [3] |
|--|---|----------------|--------------------------|----------|-------|
| | | | Year ended September 30, | | |
| | | | 2015 | 2016 | |
| <u>INTANGIBLE PLANT</u> | | | | | |
| 1 | Organization | 301 | - | - | |
| 2 | Franchise & Consent | 302 | - | - | |
| 3 | Miscellaneous Intangible Plant | 303 | - | - | |
| 4 | TOTAL INTANGIBLE | | <u>-</u> | <u>-</u> | |
| <u>NATURAL GAS PRODUCTION & GATHERING</u> | | | | | |
| 5 | Producing Lands | 325.1 | - | - | |
| 6 | Producing Leaseholds | 325.2 | - | - | |
| 7 | Rights of Way | 325.4 | - | - | |
| 8 | Other Land Rights | 325.5 | - | - | |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | - | |
| 10 | Other Structures | 329 | - | - | |
| 11 | Producing Gas Wells-Well Construction | 330 | - | - | |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | - | |
| 13 | Field Lines | 332 | - | - | |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | - | |
| 15 | Drilling & Cleaning Equipment | 335 | - | - | |
| 16 | Other Equipment | 337 | - | - | |
| 17 | TOTAL PRODUCTION & GATHERING | | <u>-</u> | <u>-</u> | |
| <u>NATURAL GAS STORAGE & PROCESSING PLANT</u> | | | | | |
| 18 | Land & Land Rights | 304 | - | - | |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - | - | |
| 20 | Land | 350.1 | - | - | |
| 21 | Rights of Way | 350.2 | - | - | |
| 22 | Structures & Improvements | 351 | - | - | |
| 23 | Wells | 352 | - | - | |
| 24 | Lines | 353 | - | - | |
| 25 | Compressor Station Equipment | 354 | - | - | |
| 26 | Measuring & Regulating Equipment | 355 | - | - | |
| 27 | Purification Equipment | 356 | - | - | |
| 28 | Other Equipment | 357 | - | - | |
| 29 | TOTAL STORAGE & PROCESSING | | <u>-</u> | <u>-</u> | |

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
 Future Period - 12 Months Ended September 30, 2016
 (\$ in Thousands)

Schedule C-2
 Witness: A. P. Kelly
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Retirements

| Line # | Description | Account Number | [1] | [2] | [3] |
|---------------------------|---|----------------|--------------------------|-----------|-------|
| | | | Year ended September 30, | | |
| | | | 2015 | 2016 | |
| TRANSMISSION PLANT | | | | | |
| 30 | Land & Land Rights | 365.1 | - | - | |
| 31 | Rights of Way | 365.2 | - | - | |
| 32 | Structures & Improvements | 366 | - | - | |
| 33 | Mains | 367 | - | - | |
| 34 | Measuring & Regulating Station Equipment | 369 | - | - | |
| 35 | Communication Equipment | 370 | - | - | |
| 36 | Other Equipment | 371 | - | - | |
| 37 | TOTAL TRANSMISSION | | - | - | |
| DISTRIBUTION PLANT | | | | | |
| 38 | Land & Land Rights | 374 | - | - | |
| 39 | Structures & Improvements | 375 | - | - | |
| 40 | Mains | 376 | 1,965 | 6,042 | |
| 41 | Measuring & Regulating Station Equipment | 378 | 136 | 994 | |
| 42 | Measuring & Regulating Station Equipment | 379 | - | 72 | |
| 43 | Services | 380 | 6,048 | 6,580 | |
| 44 | Meters | 381 | 840 | 765 | |
| 45 | Meter Installations | 382 | - | 421 | |
| 46 | House Regulators | 383 | - | 137 | |
| 47 | House Regulatory Installations | 384 | - | 104 | |
| 48 | Industrial Measuring & Regulating Station Equipment | 385 | - | 107 | |
| 49 | Other Property | 386 | - | - | |
| 50 | Other Equipment | 387 | - | 154 | |
| 51 | TOTAL DISTRIBUTION | | 8,989 | 15,376 | |
| GENERAL PLANT | | | | | |
| 52 | Land & Land Rights | 388 | - | - | |
| 53 | Structures & Improvements | 390 | 1,449 | 213 | |
| 54 | Office Furniture & Equipment | 391 | 2,116 | 5,856 | |
| 55 | Transportation Equipment | 392 | 14 | - | |
| 56 | Stores Equipment | 393 | - | - | |
| 57 | Tools & Garage Equipment | 394 | 163 | 112 | |
| 58 | Laboratory Equipment | 395 | - | - | |
| 59 | Power Operated Equipment | 396 | 14 | - | |
| 60 | Communication Equipment | 397 | - | - | |
| 61 | Miscellaneous Equipment | 398 | 2 | 53 | |
| 62 | Other Tangible Property | 399 | - | - | |
| 63 | TOTAL GENERAL | | 3,758 | 6,234 | |
| 64 | Total Plant | | \$ 12,747 | \$ 21,610 | |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule
Witness:
Page

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A. P. Kelly
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Accumulated Provision for Depreciation

| Line No | Description | [1] Account No | [2] Pro Forma FTY 9-30-16 |
|---|---|---------------------|-----------------------------------|
| INTANGIBLE PLANT | | | |
| 1 | Organization | 301 | \$ - |
| 2 | Franchise & Consent | 302 | - |
| 3 | Miscellaneous Intangible Plant | 303 | - |
| 4 | TOTAL INTANGIBLE | | - |
| NATURAL GAS PRODUCTION & GATHERING | | | |
| 5 | Producing Lands | 325 | - |
| 6 | Producing Leaseholds | 325 | - |
| 7 | Rights of Way | 325 | - |
| 8 | Other Land Rights | 326 | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - |
| 10 | Other Structures | 329 | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - |
| 13 | Field Lines | 332 | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - |
| 15 | Drilling & Cleaning Equipment | 335 | - |
| 16 | Other Equipment | 337 | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | |
| 18 | Land & Land Rights | 304 | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | (613) |
| 20 | Land | 350 | - |
| 21 | Rights of Way | 350 | - |
| 22 | Structures & Improvements | 351 | - |
| 23 | Wells | 352 | - |
| 24 | Lines | 353 | - |
| 25 | Compressor Station Equipment | 354 | - |
| 26 | Measuring & Regulating Equipment | 355 | - |
| 27 | Purification Equipment | 356 | - |
| 28 | Other Equipment | 357 | - |
| 29 | TOTAL STORAGE & PROCESSING | | (613) |

UGI Utilities, Inc. - Gas Division
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(\$ In Thousands)

Schedule C-3
Witness: A. P. Kelly
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Accumulated Depreciation by FERC Account

| Line # | Description | [1] | [2] | [3] | [4] | [5] |
|---|---|----------------|-------------------------------|------------------------------------|----------------------|---------|
| | | Account Number | Year Ended September 30, 2015 | Test Year Ended September 30, 2016 | | |
| | | | | Amount | Pro Forma Adjustment | Balance |
| INTANGIBLE PLANT | | | | | | |
| 1 | Organization | 301 | - | - | | \$ - |
| 2 | Franchise & Consent | 302 | - | - | | - |
| 3 | Miscellaneous Intangible Plant | 303 | - | - | | - |
| 4 | TOTAL INTANGIBLE | | - | - | - | - |
| NATURAL GAS PRODUCTION & GATHERING | | | | | | |
| 5 | Producing Lands | 325.1 | - | - | | - |
| 6 | Producing Leaseholds | 325.2 | - | - | | - |
| 7 | Rights of Way | 325.4 | - | - | | - |
| 8 | Other Land Rights | 325.5 | - | - | | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | - | | - |
| 10 | Other Structures | 329 | - | - | | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | - | | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | - | | - |
| 13 | Field Lines | 332 | - | - | | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | - | | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | - | | - |
| 16 | Other Equipment | 337 | - | - | | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - | - | - | - |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | | | | |
| 18 | Land & Land Rights | 304 | - | - | - | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | (276) | (568) | (45) | (613) |
| 20 | Land | 350.1 | - | - | - | - |
| 21 | Rights of Way | 350.2 | - | - | - | - |
| 22 | Structures & Improvements | 351 | - | - | - | - |
| 23 | Wells | 352 | - | - | - | - |
| 24 | Lines | 353 | - | - | - | - |
| 25 | Compressor Station Equipment | 354 | - | - | - | - |
| 26 | Measuring & Regulating Equipment | 355 | - | - | - | - |
| 27 | Purification Equipment | 356 | - | - | - | - |
| 28 | Other Equipment | 357 | - | - | - | - |
| 29 | TOTAL STORAGE & PROCESSING | | (276) | (568) | (45) | (613) |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2016
(\$ in Thousands)

Schedule C-3
Witness: A. P. Kelly
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Accumulated Depreciation by FERC Account

| Line # | Description | Account Number | 0 | [1] | [2] | [3] | [4] | [5] |
|------------------------------------|--|----------------|-------------------|-------------------|----------------------|-------------------|----------|----------|
| | | | | | | | | |
| Test Year Ended September 30, 2016 | | | | | | | | |
| | | | 2015 | Amount | Pro Forma Adjustment | Balance | | |
| TRANSMISSION PLANT | | | | | | | | |
| 30 | Land & Land Rights | 365.1 | - | - | - | - | - | - |
| 31 | Rights of Way | 365.2 | - | - | - | - | - | - |
| 32 | Structures & improvements | 366 | - | - | - | - | - | - |
| 33 | Mains | 367 | - | - | - | - | - | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - | - | - | - | - | - |
| 35 | Communication Equipment | 370 | - | (59) | 59 | - | - | - |
| 36 | Other Equipment | 371 | - | - | - | - | - | - |
| 37 | TOTAL TRANSMISSION | | - | (59) | 59 | - | - | - |
| DISTRIBUTION PLANT | | | | | | | | |
| 38 | Land & Land Rights | 374 | - | - | - | - | - | - |
| 39 | Structures & Improvements | 375 | 1,389 | 1,417 | 1 | 1,418 | | |
| 40 | Mains | 376 | 183,210 | 205,092 | (18,134) | 186,958 | | |
| 41 | Measuring & Regulating Station Equipment | 378 | 6,598 | 7,498 | (1,442) | 6,056 | | |
| 42 | Measuring & Regulating Station Equipment | 379 | 3,166 | 3,221 | (104) | 3,117 | | |
| 43 | Services | 380 | 146,122 | 158,796 | (7,050) | 151,746 | | |
| 44 | Meters | 381 | 21,095 | 23,066 | (870) | 22,196 | | |
| 45 | Meter Installations | 382 | 21,543 | 22,935 | (665) | 22,270 | | |
| 46 | House Regulators | 383 | 1,269 | 1,489 | (18) | 1,471 | | |
| 47 | House Regulatory Installations | 384 | 4,073 | 4,285 | (160) | 4,125 | | |
| 48 | Industrial Measuring & Regulating Station Equipmen | 385 | 3,705 | 3,641 | (15) | 3,626 | | |
| 49 | Other Property | 386 | 692 | 717 | (1) | 716 | | |
| 50 | Other Equipment | 387 | 2,591 | 2,621 | (199) | 2,422 | | |
| 51 | TOTAL DISTRIBUTION | | 395,453 | 434,778 | (28,657) | 406,121 | | |
| GENERAL PLANT | | | | | | | | |
| 52 | Land & Land Rights | 389 | - | - | - | - | | |
| 53 | Structures & Improvements | 390 | 13,750 | 14,269 | 87 | 14,356 | | |
| 54 | Office Furniture & Equipment | 391 | 14,060 | 16,329 | (6,724) | 9,605 | | |
| 55 | Transportation Equipment | 392 | 89 | 97 | (7) | 90 | | |
| 56 | Stores Equipment | 393 | - | - | - | - | | |
| 57 | Tools & Garage Equipment | 394 | 2,686 | 2,668 | 331 | 2,999 | | |
| 58 | Laboratory Equipment | 395 | - | - | - | - | | |
| 59 | Power Operated Equipment | 396 | 1,287 | 1,305 | (3) | 1,302 | | |
| 60 | Communication Equipment | 397 | 361 | 420 | - | 420 | | |
| 61 | Miscellaneous Equipment | 398 | 250 | 314 | (53) | 261 | | |
| 62 | Other Tangible Property | 399 | 0 | - | - | - | | |
| 63 | TOTAL GENERAL | | 32,483 | 35,402 | (6,369) | 29,033 | | |
| 64 | Total Plant | | \$ 427,660 | \$ 469,553 | \$ (35,012) | \$ 434,541 | | |

UGI Utilities, Inc. - Gas Division
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Cost of Removal

| Line # | Description | Account Number | [1] | [2] | [3] |
|--|---|----------------|--------------------------|-------|-------|
| | | | Year Ended September 30, | | |
| | | | 2015 | 2016 | |
| <u>INTANGIBLE PLANT</u> | | | | | |
| 1 | Organization | 301 | \$ - | | \$ - |
| 2 | Franchise & Consent | 302 | - | | - |
| 3 | Miscellaneous Intangible Plant | 303 | - | | - |
| 4 | TOTAL INTANGIBLE | | - | | - |
| <u>NATURAL GAS PRODUCTION & GATHERING</u> | | | | | |
| 5 | Producing Lands | 325.1 | - | | - |
| 6 | Producing Leaseholds | 325.2 | - | | - |
| 7 | Rights of Way | 325.4 | - | | - |
| 8 | Other Land Rights | 325.5 | - | | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | | - |
| 10 | Other Structures | 329 | - | | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | | - |
| 13 | Field Lines | 332 | - | | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | | - |
| 16 | Other Equipment | 337 | - | | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - | | - |
| <u>NATURAL GAS STORAGE & PROCESSING PLANT</u> | | | | | |
| 18 | Land & Land Rights | 304 | - | | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | 206 | | 553 |
| 20 | Land | 350.1 | - | | - |
| 21 | Rights of Way | 350.2 | - | | - |
| 22 | Structures & Improvements | 351 | - | | - |
| 23 | Wells | 352 | - | | - |
| 24 | Lines | 353 | - | | - |
| 25 | Compressor Station Equipment | 354 | - | | - |
| 26 | Measuring & Regulating Equipment | 355 | - | | - |
| 27 | Purification Equipment | 356 | - | | - |
| 28 | Other Equipment | 357 | - | | - |
| 29 | TOTAL STORAGE & PROCESSING | | 206 | | 553 |

UGI Utilities, Inc. - Gas Division
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Cost of Removal

| Line # | Description | Account Number | [1] | [2] | [3] |
|---------------------------|--|----------------|--------------------------|----------|-------|
| | | | Year Ended September 30, | | |
| | | | 2015 | 2016 | |
| TRANSMISSION PLANT | | | | | |
| 30 | Land & Land Rights | 365.1 | - | - | |
| 31 | Rights of Way | 365.2 | - | - | |
| 32 | Structures & Improvements | 366 | - | - | |
| 33 | Mains | 367 | - | - | |
| 34 | Measuring & Regulating Station Equipment | 369 | - | - | |
| 35 | Communication Equipment | 370 | - | - | |
| 36 | Other Equipment | 371 | - | - | |
| 37 | TOTAL TRANSMISSION | | - | - | |
| DISTRIBUTION PLANT | | | | | |
| 38 | Land & Land Rights | 374 | - | - | |
| 39 | Structures & Improvements | 375 | - | - | |
| 40 | Mains | 376 | 292 | 1,067 | |
| 41 | Measuring & Regulating Station Equipment | 378 | 125 | 548 | |
| 42 | Measuring & Regulating Station Equipment | 379 | - | 40 | |
| 43 | Services | 380 | 4,359 | 3,549 | |
| 44 | Meters | 381 | - | 4 | |
| 45 | Meter Installations | 382 | 6 | 227 | |
| 46 | House Regulators | 383 | 793 | 74 | |
| 47 | House Regulatory Installations | 384 | 5 | 56 | |
| 48 | Industrial Measuring & Regulating Station Equipmen | 385 | - | 59 | |
| 49 | Other Property | 386 | 3 | - | |
| 50 | Other Equipment | 387 | - | 72 | |
| 51 | TOTAL DISTRIBUTION | | 5,583 | 5,696 | |
| GENERAL PLANT | | | | | |
| 52 | Land & Land Rights | 389 | - | - | |
| 53 | Structures & Improvements | 390 | 244 | 22 | |
| 54 | Office Furniture & Equipment | 391 | - | - | |
| 55 | Transportation Equipment | 392 | - | - | |
| 56 | Stores Equipment | 393 | - | - | |
| 57 | Tools & Garage Equipment | 394 | - | - | |
| 58 | Laboratory Equipment | 395 | - | - | |
| 59 | Power Operated Equipment | 396 | - | - | |
| 60 | Communication Equipment | 397 | - | - | |
| 61 | Miscellaneous Equipment | 398 | - | - | |
| 62 | Other Tangible Property | 399 | - | - | |
| 63 | TOTAL GENERAL | | 244 | 22 | |
| 64 | Total Plant | | \$ 6,033 | \$ 6,271 | |

Negative Net Salvage Amortization

| Line # | Description | Account Number | [1] | [2] | [3] |
|---|---|----------------|--------------------------|-------|-------|
| | | | Year Ended September 30, | | |
| | | | 2015 | 2016 | |
| INTANGIBLE PLANT | | | | | |
| 1 | Organization | 301 | \$ - | \$ - | |
| 2 | Franchise & Consent | 302 | - | - | |
| 3 | Miscellaneous Intangible Plant | 303 | - | - | |
| 4 | TOTAL INTANGIBLE | | - | - | |
| NATURAL GAS PRODUCTION & GATHERING | | | | | |
| 5 | Producing Lands | 325.1 | - | - | |
| 6 | Producing Leaseholds | 325.2 | - | - | |
| 7 | Rights of Way | 325.4 | - | - | |
| 8 | Other Land Rights | 325.5 | - | - | |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | - | |
| 10 | Other Structures | 329 | - | - | |
| 11 | Producing Gas Wells-Well Construction | 330 | - | - | |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | - | |
| 13 | Field Lines | 332 | - | - | |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | - | |
| 15 | Drilling & Cleaning Equipment | 335 | - | - | |
| 16 | Other Equipment | 337 | - | - | |
| 17 | TOTAL PRODUCTION & GATHERING | | - | - | |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | | | |
| 18 | Land & Land Rights | 304 | - | - | |
| 19 | Production Plant-Manufactured Gas Plants | 305 | 216 | 296 | |
| 20 | Land | 350.1 | - | - | |
| 21 | Rights of Way | 350.2 | - | - | |
| 22 | Structures & Improvements | 351 | - | - | |
| 23 | Wells | 352 | - | - | |
| 24 | Lines | 353 | - | - | |
| 25 | Compressor Station Equipment | 354 | - | - | |
| 26 | Measuring & Regulating Equipment | 355 | - | - | |
| 27 | Purification Equipment | 356 | - | - | |
| 28 | Other Equipment | 357 | - | - | |
| 29 | TOTAL STORAGE & PROCESSING | | 216 | 296 | |

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Negative Net Salvage Amortization

| Line # | Description | Account Number | [1] | [2] | [3] |
|---------------------------|--|----------------|--------------------------|-----------------|-------|
| | | | Year Ended September 30, | | |
| | | | 2015 | 2016 | |
| TRANSMISSION PLANT | | | | | |
| 30 | Land & Land Rights | 365.1 | - | - | |
| 31 | Rights of Way | 365.2 | - | - | |
| 32 | Structures & Improvements | 366 | - | - | |
| 33 | Mains | 367 | - | - | |
| 34 | Measuring & Regulating Station Equipment | 369 | - | - | |
| 35 | Communication Equipment | 370 | - | - | |
| 36 | Other Equipment | 371 | - | - | |
| 37 | TOTAL TRANSMISSION | | <u>-</u> | <u>-</u> | |
| DISTRIBUTION PLANT | | | | | |
| 38 | Land & Land Rights | 374 | - | - | |
| 39 | Structures & Improvements | 375 | - | - | |
| 40 | Mains | 376 | 347 | 517 | |
| 41 | Measuring & Regulating Station Equipment | 378 | 64 | 140 | |
| 42 | Measuring & Regulating Station Equipment | 379 | - | 6 | |
| 43 | Services | 380 | 2,561 | 3,005 | |
| 44 | Meters | 381 | 1 | 1 | |
| 45 | Meter Installations | 382 | 11 | 54 | |
| 46 | House Regulators | 383 | 228 | 186 | |
| 47 | House Regulatory Installations | 384 | 7 | 17 | |
| 48 | Industrial Measuring & Regulating Station Equipmen | 385 | - | 9 | |
| 49 | Other Property | 386 | 1 | 1 | |
| 50 | Other Equipment | 387 | 1 | 14 | |
| 51 | TOTAL DISTRIBUTION | | <u>3,221</u> | <u>3,950</u> | |
| GENERAL PLANT | | | | | |
| 52 | Land & Land Rights | 389 | - | - | |
| 53 | Structures & Improvements | 390 | 79 | 84 | |
| 54 | Office Furniture & Equipment | 391 | (11) | - | |
| 55 | Transportation Equipment | 392 | (3) | (3) | |
| 56 | Stores Equipment | 393 | - | - | |
| 57 | Tools & Garage Equipment | 394 | (3) | (3) | |
| 58 | Laboratory Equipment | 395 | - | - | |
| 59 | Power Operated Equipment | 396 | - | - | |
| 60 | Communication Equipment | 397 | - | - | |
| 61 | Miscellaneous Equipment | 398 | - | - | |
| 62 | Other Tangible Property | 399 | - | - | |
| 63 | TOTAL GENERAL | | <u>62</u> | <u>78</u> | |
| 64 | Total Plant | | <u>\$ 3,499</u> | <u>\$ 4,324</u> | |

UGI Utilities, Inc. - Gas Division
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Salvage

| Line # | Description | Account Number | [1] | [2] | [3] |
|---|---|----------------|--------------------------|-------|----------|
| | | | Year Ended September 30, | | |
| | | | 2015 | 2016 | |
| INTANGIBLE PLANT | | | | | |
| 1 | Organization | 301 | \$ - | | \$ - |
| 2 | Franchise & Consent | 302 | - | | - |
| 3 | Miscellaneous Intangible Plant | 303 | - | | - |
| 4 | TOTAL INTANGIBLE | | <u>-</u> | | <u>-</u> |
| NATURAL GAS PRODUCTION & GATHERING | | | | | |
| 5 | Producing Lands | 325.1 | - | | - |
| 6 | Producing Leaseholds | 325.2 | - | | - |
| 7 | Rights of Way | 325.4 | - | | - |
| 8 | Other Land Rights | 325.5 | - | | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | | - |
| 10 | Other Structures | 329 | - | | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | | - |
| 13 | Field Lines | 332 | - | | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | | - |
| 16 | Other Equipment | 337 | - | | - |
| 17 | TOTAL PRODUCTION & GATHERING | | <u>-</u> | | <u>-</u> |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | | | |
| 18 | Land & Land Rights | 304 | - | | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - | | - |
| 20 | Land | 350.1 | - | | - |
| 21 | Rights of Way | 350.2 | - | | - |
| 22 | Structures & Improvements | 351 | - | | - |
| 23 | Wells | 352 | - | | - |
| 24 | Lines | 353 | - | | - |
| 25 | Compressor Station Equipment | 354 | - | | - |
| 26 | Measuring & Regulating Equipment | 355 | - | | - |
| 27 | Purification Equipment | 356 | - | | - |
| 28 | Other Equipment | 357 | - | | - |
| 29 | TOTAL STORAGE & PROCESSING | | <u>-</u> | | <u>-</u> |

UGI Utilities, Inc. - Gas Division
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Salvage

| Line # | Description | Account Number | [1] | [2] | [3] |
|---------------------------|--|----------------|--------------------------|-----------------|-------|
| | | | Year Ended September 30, | | |
| | | | 2015 | 2016 | |
| TRANSMISSION PLANT | | | | | |
| 30 | Land & Land Rights | 365.1 | - | - | |
| 31 | Rights of Way | 365.2 | - | - | |
| 32 | Structures & Improvements | 366 | - | - | |
| 33 | Mains | 367 | - | - | |
| 34 | Measuring & Regulating Station Equipment | 369 | - | - | |
| 35 | Communication Equipment | 370 | - | - | |
| 36 | Other Equipment | 371 | - | - | |
| 37 | TOTAL TRANSMISSION | | <u>-</u> | <u>-</u> | |
| DISTRIBUTION PLANT | | | | | |
| 38 | Land & Land Rights | 374 | - | - | |
| 39 | Structures & Improvements | 375 | - | - | |
| 40 | Mains | 376 | - | - | |
| 41 | Measuring & Regulating Station Equipment | 378 | (31) | (127) | |
| 42 | Measuring & Regulating Station Equipment | 379 | - | (9) | |
| 43 | Services | 380 | - | (4) | |
| 44 | Meters | 381 | - | (2) | |
| 45 | Meter Installations | 382 | - | - | |
| 46 | House Regulators | 383 | - | - | |
| 47 | House Regulatory Installations | 384 | - | - | |
| 48 | Industrial Measuring & Regulating Station Equipmen | 385 | - | (14) | |
| 49 | Other Property | 386 | - | - | |
| 50 | Other Equipment | 387 | - | - | |
| 51 | TOTAL DISTRIBUTION | | <u>(31)</u> | <u>(156)</u> | |
| GENERAL PLANT | | | | | |
| 52 | Land & Land Rights | 389 | - | - | |
| 53 | Structures & Improvements | 390 | - | - | |
| 54 | Office Furniture & Equipment | 391 | - | - | |
| 55 | Transportation Equipment | 392 | (3) | - | |
| 56 | Stores Equipment | 393 | - | - | |
| 57 | Tools & Garage Equipment | 394 | - | - | |
| 58 | Laboratory Equipment | 395 | - | - | |
| 59 | Power Operated Equipment | 396 | - | - | |
| 60 | Communication Equipment | 397 | - | - | |
| 61 | Miscellaneous Equipment | 398 | - | - | |
| 62 | TOTAL GENERAL | | <u>(3)</u> | <u>-</u> | |
| 63 | Total Plant | | <u>\$ (34)</u> | <u>\$ (156)</u> | |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-4
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Working Capital

| Line No | Description | [1] | [2] |
|---------|---|-----------------------|-------------|
| | | Future FTY 9-30-16 | Reference |
| 1 | Working Capital for O & M Expense | \$ 14,651 | C-4, Page 2 |
| 2 | Interest Payments | (1,645) | C-4, Page 7 |
| 3 | Tax Payment Lag Calculations | 2,057 | C-4, Page 8 |
| 4 | Prepaid Expenses | 2,562 | C-4, Page 9 |
| 5 | Total Cash Working Capital Requirements | <u>\$ 17,624</u> | |

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(\$ in Thousands)

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Summary of Working Capital

| Line # | Description | [1] Reference | [2] Test Year Expenses | [3] Factor | [4] Number of (Lead) / Lag Days [2] * [3] | [5] Totals |
|---|-----------------------------------|--------------------|-----------------------------|-----------------|---|------------------|
| <u>WORKING CAPITAL REQUIREMENT</u> | | | | | | |
| 1 | REVENUE LAG DAYS | Page 3 | | | | 55.07 |
| 2 | EXPENSE LAG DAYS | Page 4 | | | | |
| 3 | Payroll | Sch D-7 | \$ 34,967 | 12.00 | \$ 419,604 | |
| 4 | Purchased Gas Costs | Sch D-6 | 114,488 | 36.71 | 4,203,038 | |
| 5 | Other Expenses | L 19 - L 2 to L 4 | 62,813 | 27.44 | 1,723,589 | |
| 6 | Total | Sum (L 3 to L 5) | <u>\$ 212,268</u> | | <u>\$ 6,346,230</u> | |
| 7 | O & M Expense Lag Days | L6, C 4 / C 2 | | | | 29.90 |
| 8 | Net (Lead) Lag Days | L 1 - L 7 | | | | 25.17 |
| 9 | Operating Expenses Per Day | L 6, C 2 / 365 | | | | <u>\$ 582</u> |
| 10 | Working Capital for O & M Expense | L 8 * L 9 | | | | \$ 14,651 |
| 11 | Interest Payments | Page 7 | | | | (1,645) |
| 12 | Tax Payment Lag Calculations | Page 8 | | | | 2,057 |
| 13 | Prepaid Expenses | Page 9 | | | | 2,562 |
| 14 | Total Working Capital Requirement | Sum (L 10 to L 13) | | | | <u>\$ 17,624</u> |
| 15 | Pro Forma O & M Expense | | \$ 216,876 | | | |
| Less: | | | | | | |
| 16 | Uncollectible Expense | | 4,608 | | | |
| 17 | Other | | | | | |
| 18 | Sub-Total | L 16 + L 17 | <u>4,608</u> | | | |
| 19 | Pro Forma Cash O&M Expense | L 17 - L 22 | <u>\$ 212,268</u> | | | |

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Revenue Lag

| Line No. | Description | [1] Reference Or Factor | [2] Accounts Receivable Balance End of Month | [3] Total Monthly Sales Page 2 | [4] A/R Turnover [3] / [2] | [5] Days Lag 365 / [4] |
|----------|--|------------------------------------|--|--|---|-------------------------------------|
| 1 | Annual Number of Days | | | | | <u>365</u> |
| 2 | September, 2014 | | \$ 22,117 | | | |
| 3 | October | | 17,354 | 17,346 | | |
| 4 | November | | 28,542 | 32,455 | | |
| 5 | December, 2014 | | 49,287 | 59,627 | | |
| 6 | January, 2015 | | 68,226 | 70,976 | | |
| 7 | February | | 85,929 | 78,256 | | |
| 8 | March | | 88,021 | 75,588 | | |
| 9 | April | | 68,453 | 40,619 | | |
| 10 | May | | 50,741 | 19,096 | | |
| 11 | June | | 40,641 | 15,208 | | |
| 12 | July | | 33,163 | 14,587 | | |
| 13 | August | | 24,462 | 12,816 | | |
| 14 | September, 2015 | | 19,021 | 13,473 | | |
| 15 | Total | Sum L 2 to L 14 | <u>\$595,957</u> | | | |
| 16 | Number of Months | <u>13</u> | | | | |
| 17 | Average Acct Rec Balance | L 15 / L 16 | <u>\$45,843</u> | | | |
| 18 | Total Sales for Year | Sum L 2 to L 14 | | <u>\$ 450,047</u> | | |
| 19 | Acct Rec Turnover Ratio | L 18 / L 17 | | | <u>9.82</u> | |
| 20 | Collection Lag Day Factor | L 1 / L 19 | | | | 37.17 |
| 21 | Billing Calculation and mailing days lag | | | | | 2.69 |
| 22 | Billing Lag (Average Period) | | 365 | / | 12 | / |
| | | | | | 2 | = |
| | | | | | | <u>15.21</u> |
| 23 | Total Revenue Lag Days | Sum L 20 to L 22 | | | | <u>55.07</u> |

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Summary of Expense Lag Calculations

| Line No. | Description | [1] Reference Or Factor | [2] Amount | [3] (Lead) / Lag Days | [4] Weighted Dollar Value [2] * [3] | [5] (Lead) / Lag Days [4] / [2] |
|--|----------------------------|------------------------------------|-------------------|-------------------------------|---|--|
| <u>PAYROLL</u> | | | | | | |
| 1 | Union Payrolls | Bi-Weekly | \$ 68,244 | 12.00 | | |
| 2 | Exempt & Non-Exempt | Bi-Weekly | 21,189 | 12.00 | | |
| 3 | Weighted for Union | L1, C2 * C3 | | | \$ 818,928 | |
| 4 | Weighted for Other | L2, C2 * C3 | | | <u>254,268</u> | |
| 5 | Payroll Lag | L 3 + L 4 | <u>\$ 89,433</u> | | <u>\$ 1,073,196</u> | |
| 6 | Payroll Lag Days | C 4 / C 2 | | | | <u>12.00</u> |
| <u>PURCHASE GAS COSTS</u> | | | | | | |
| 7 | Payment Lag | Page 6 | <u>\$ 190,060</u> | | <u>\$ 6,977,416</u> | |
| 8 | Gas Cost Lag Days | C 4 / C 2 | | | | <u>36.71</u> |
| <u>OTHER O & M EXPENSES</u> | | | | | | |
| 9 | JANUARY 2015 | Page 5 | 6,906 | | 210,713 | |
| 10 | MARCH 2015 | Page 5 | 6,408 | | 169,762 | |
| 11 | JUNE 2015 | Page 5 | 6,388 | | 157,958 | |
| 12 | SEPTEMBER 2015 | Page 5 | 7,281 | | 201,991 | |
| 13 | TOTAL | | <u>26,983</u> | | <u>740,424</u> | |
| 14 | Other O&M Expense Lag Days | C 4 / C 2 | | | | <u>27.44</u> |

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Summary of O&M Expense Lag Calculations

| Line # | Description | [1] Number of CDs | [2] Cash Disbursements | [3] Dollar-Days | [4] Expense Lag-Days [3] / [2] |
|--------------------------------------|--|------------------------|-----------------------------|----------------------|--|
| <u>JANUARY 2015</u> | | | | | |
| 1 | Total Disbursements for Month | <u>4,387</u> | <u>\$ 33,924</u> | | |
| 2 | Total Disbursements for Expenses | <u>2,109</u> | <u>\$ 6,906</u> | <u>\$ 210,713</u> | <u>30.51</u> |
| <u>MARCH 2015</u> | | | | | |
| 3 | Total Disbursements for Month | <u>4,034</u> | <u>\$ 34,788</u> | | |
| 4 | Total Disbursements for Expenses | <u>2,217</u> | <u>\$ 6,408</u> | <u>\$ 169,762</u> | <u>26.49</u> |
| <u>JUNE 2015</u> | | | | | |
| 5 | Total Disbursements for Month | <u>4,819</u> | <u>\$ 23,077</u> | | |
| 6 | Total Disbursements for Expenses | <u>2,427</u> | <u>\$ 6,388</u> | <u>\$ 157,958</u> | <u>24.73</u> |
| <u>SEPTEMBER 2015</u> | | | | | |
| 7 | Total Disbursements for Month | <u>5,081</u> | <u>\$ 27,877</u> | | |
| 8 | Total Disbursements for Expenses | <u>2,335</u> | <u>\$ 7,281</u> | <u>\$ 201,991</u> | <u>27.74</u> |
| <u>TOTAL FOUR TEST MONTHS</u> | | | | | |
| 9 | Total Test Month Expense Disbursement (L 2 + L 4 + L 6 + L 8) | <u>9088</u> | <u>\$ 26,983</u> | <u>\$ 740,424</u> | <u>27.44</u> |

UGI Utilities, Inc. - Gas Division
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Schedule C-4
Witness: A. P. Kelly
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Purchase Gas Cost Payment Lag Summary

| Line # | Description | [1] Number of Invoices | [2] Amount of Invoice | [3] Dollar Days | [4] Total Payment Lag-Days |
|--------|-----------------------|-----------------------------|----------------------------|----------------------|---------------------------------|
| 1 | October 2014 | 23 | \$ 11,771 | \$ 449,126 | 38.16 |
| 2 | November | 19 | 8,977 | 353,889 | 39.42 |
| 3 | December | 31 | 23,296 | 766,156 | 32.89 |
| 4 | January 2015 | 26 | 21,084 | 678,725 | 32.19 |
| 5 | February | 30 | 29,534 | 1,088,896 | 36.87 |
| 6 | March | 38 | 34,867 | 1,311,988 | 37.63 |
| 7 | April | 28 | 15,666 | 640,892 | 40.91 |
| 8 | May | 29 | 11,328 | 434,701 | 38.37 |
| 9 | June | 19 | 7,835 | 279,096 | 35.62 |
| 10 | July | 20 | 8,163 | 306,544 | 37.55 |
| 11 | August | 22 | 8,403 | 315,182 | 37.51 |
| 12 | September 2015 | 20 | <u>9,136</u> | <u>352,220</u> | 36.55 |
| 13 | Total | Sum (L 1 to L 11) | <u>\$ 190,060</u> | <u>\$ 6,977,416</u> | |
| 14 | Purchase Gas Lag Days | C 3 / C 2 | | | <u>36.71</u> |

UGI Utilities, Inc. - Gas Division
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Interest Payments

| Line No. | Description | [1] Reference Or Factor | [2] # of Days | [3] # of Days | [4] Total |
|----------|---|------------------------------------|-----------------------|-----------------------|-------------------|
| 1 | Measures of Value at September 30, 2016 | Sch C-1 | | | \$ 812,141 |
| 2 | Long-term Debt Ratio | Sch B-6 | | | 39.61% |
| 3 | Embedded Cost of Long-term Debt | Sch B-6 | | | 5.16% |
| 4 | Pro forma Interest Expense | L 1 * L 2 * L 3 | | | <u>\$ 16,599</u> |
| 5 | Daily Amount | L 4 / L 5 [2] | 365 | | \$ 45 |
| 6 | Days to mid-point of interest payments | | | 91.25 | |
| 7 | Less: Revenue Lag Days | Page 3 | | 55.07 | |
| 8 | Interest Payment lag days | L 7 - L 6 | | | (36.2) |
| 9 | Total Interest for Working Capital | L 5 * L 8 | | | <u>\$ (1,645)</u> |

UGI Utilities, Inc. - Gas Division
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Schedule C-4
 Witness: A. P. Kelly
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Tax Lag Day Calculations

| Line # | Description | [1] Payment Dates | [2] Mid-Point of Service Period | [3] Lead (Lag) Payment Days [1] - [2] | [4] Payment Amount | [5] Weighted Lead (Lag) Dollars [3] * [4] | [6] Payment Lead (Lag) Days [5] / [4] | [7] Revenue (Lag) Days | [8] Net Payment Lead (Lag) Days [6] - [7] | [9] Total Dollar Days | [10] Working Capital Amount |
|--------|---------------------------------------|------------------------|--------------------------------------|---|-------------------------|---|---|-----------------------------|---|----------------------------|----------------------------------|
| 1 | FEDERAL INCOME TAX | | | | <u>\$ 27,266</u> | | | | | | 365 |
| 2 | First Payment | 01/05/16 | 04/01/16 | 87.00 | \$ 6,817 | 593,037 | | | | | |
| 3 | Second Payment | 03/15/16 | 04/01/16 | 17.00 | 6,817 | 115,881 | | | | | |
| 4 | Third Payment | 06/15/16 | 04/01/16 | (75.00) | 6,817 | (511,239) | | | | | |
| 5 | Fourth Payment | 09/15/16 | 04/01/16 | (167.00) | 6,817 | (1,138,358) | | | | | |
| 6 | Total | | | | <u>\$ 27,266</u> | <u>\$ (940,679)</u> | <u>(34.50)</u> | <u>(55.07)</u> | <u>20.57</u> | <u>\$ 560,863</u> | \$ 1,537 |
| 7 | STATE INCOME TAX | | | | <u>\$ 6,797</u> | | | | | | |
| 8 | First Payment | 12/15/15 | 04/01/16 | 108.00 | \$ 1,699 | 183,513 | | | | | |
| 9 | Second Payment | 03/15/16 | 04/01/16 | 17.00 | 1,699 | 28,886 | | | | | |
| 10 | Third Payment | 06/15/16 | 04/01/16 | (75.00) | 1,699 | (127,440) | | | | | |
| 11 | Fourth Payment | 09/15/16 | 04/01/16 | (167.00) | 1,699 | (283,766) | | | | | |
| 12 | Total | | | | <u>\$ 6,797</u> | <u>(198,806)</u> | <u>(29.25)</u> | <u>(55.07)</u> | <u>25.82</u> | <u>\$ 175,493</u> | \$ 481 |
| 13 | PA CAPITAL STOCK TAX | | | | <u>\$ 307</u> | | | | | | |
| 14 | First Payment | 12/15/15 | 04/01/16 | 108.00 | \$ 77 | 8,289 | | | | | |
| 15 | Second Payment | 03/15/16 | 04/01/16 | 17.00 | 77 | 1,305 | | | | | |
| 16 | Third Payment | 06/15/16 | 04/01/16 | (75.00) | 77 | (5,756) | | | | | |
| 17 | Fourth Payment | 09/15/16 | 04/01/16 | (167.00) | 77 | (12,817) | | | | | |
| 18 | Total | | | | <u>\$ 307</u> | <u>(8,980)</u> | <u>(29.25)</u> | <u>(55.07)</u> | <u>25.82</u> | <u>\$ 7,927</u> | \$ 22 |
| 19 | PA PROPERTY TAX | | | | <u>\$ 172</u> | | | | | | |
| 20 | First Payment | 03/31/16 | 04/01/16 | 1.00 | \$ 86 | 86 | | | | | |
| 21 | Second Payment | 09/30/16 | 04/01/16 | (182.00) | 86 | (15,652) | | | | | |
| 22 | Total | | | | <u>\$ 172</u> | <u>(15,566)</u> | <u>(90.50)</u> | <u>(55.07)</u> | <u>(35.43)</u> | <u>\$ (8,094)</u> | \$ (17) |
| 23 | PURTA | | | | <u>\$ 498</u> | | | | | | |
| 24 | Payment | 05/01/16 | 04/01/16 | (30.00) | \$ 498 | (14,940) | (30.00) | (55.07) | 25.07 | \$ 12,485 | \$ 34 |
| 25 | Total Working Capital For Other Taxes | | | | | | | | | | <u>\$ 2,057</u> |

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
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Schedule C-4
 Witness: A. P. Kelly
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Prepaid Expenses

| | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] | [9] |
|--------|------------------|-----------|-----------|----------------|----------------|---------------|---------|---------|------------------------|
| Line # | Description | TOTAL | Insurance | PUC Assessment | Property Taxes | Subscriptions | Postage | Rent | Maintenance & Services |
| 1 | September, 2014 | 3,964 | \$ 1,188 | \$ 1,398 | \$ 118 | \$ 18 | \$ 2 | \$ - | \$ 1,240 |
| 2 | October | 3,674 | 1,050 | 1,242 | 104 | 52 | 12 | - | 1,214 |
| 3 | November | 3,283 | 912 | 1,087 | 90 | 26 | 15 | - | 1,153 |
| 4 | December, 2014 | 2,927 | 796 | 932 | 77 | - | 13 | - | 1,109 |
| 5 | January, 2015 | 2,701 | 654 | 776 | 80 | 98 | 12 | - | 1,081 |
| 6 | February | 2,323 | 512 | 621 | 88 | 72 | 14 | 15 | 1,001 |
| 7 | March | 1,898 | 370 | 466 | 78 | 46 | 13 | 15 | 910 |
| 8 | April | 1,838 | 229 | 311 | 76 | 82 | 38 | 15 | 1,087 |
| 9 | May | 1,591 | 347 | 155 | 62 | 56 | 10 | 15 | 946 |
| 10 | June | 1,635 | 233 | - | 48 | 30 | 15 | 15 | 1,294 |
| 11 | July | 1,801 | 391 | (155) | 158 | 67 | 7 | 15 | 1,318 |
| 12 | August | 1,475 | 243 | (311) | 147 | 41 | 12 | 15 | 1,328 |
| 13 | September, 2015 | 4,199 | 1,340 | 1,365 | 132 | 15 | 6 | 15 | 1,326 |
| 14 | TOTAL | \$ 33,309 | \$ 8,265 | \$ 7,887 | \$ 1,258 | \$ 603 | \$ 169 | \$ 120 | \$ 15,007 |
| 15 | Percent to Gas | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| 16 | Amount to Gas | | \$ 8,265 | \$ 7,887 | \$ 1,258 | \$ 603 | \$ 169 | \$ 120 | \$ 15,007 |
| 17 | Monthly Average | 13 | \$ 636 | \$ 607 | \$ 97 | \$ 46 | \$ 13 | \$ 9 | \$ 1,154 |
| 18 | Rate Case Amount | | \$ 2,562 | | | | | | |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-5
Witness: A. P. Kelly
Page 1 of 1

| Gas Inventory | | | | | |
|----------------------|-------------------------|---------------------|--------------------|-------------|------------------------|
| | | [1] | [2] | [3] | [4] |
| Line # | Description | Factor Or Reference | Stored Underground | Other | Total [2] + [3] |
| 1 | September, 2014 | | \$ 40,011 | | \$ 40,011 |
| 2 | October | | 46,144 | | 46,144 |
| 3 | November | | 43,472 | | 43,472 |
| 4 | December, 2014 | | 34,589 | | 34,589 |
| 5 | January, 2015 | | 21,572 | | 21,572 |
| 6 | February | | 8,661 | | 8,661 |
| 7 | March | | 3,147 | | 3,147 |
| 8 | April | | 6,238 | | 6,238 |
| 9 | May | | 8,778 | | 8,778 |
| 10 | June | | 11,650 | | 11,650 |
| 11 | July | | 15,314 | | 15,314 |
| 12 | August | | 19,540 | | 19,540 |
| 13 | September, 2015 | | 23,368 | | 23,368 |
| 14 | Total | Sum (L 1 to L 13) | <u>\$ 282,484</u> | <u>\$ -</u> | <u>\$ 282,484</u> |
| 15 | Number of Months | | <u>13</u> | <u>13</u> | <u>13</u> |
| 16 | Average Monthly Balance | L 14 / L 15 | <u>\$ 21,730</u> | <u>\$ -</u> | <u>\$ 21,730</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-6
Witness: N. M. McKinney
Page 1 of 1

Accumulated Deferred Income Taxes

| Line # | Description | Factor Or Reference | [1] | [2] | [3] |
|--------|---|---------------------|---------|---------------|-------------------|
| | | | Percent | Amount | Total |
| 1 | <u>Accumulated Deferred Income Tax</u> | | | | |
| 2 | Gas Utility Plant - a/c # 282 | | | \$ 234,585 | |
| 3 | Sub-total | | | | \$ 234,585 |
| 4 | ADIT on CIAC | | | (16,232) | |
| 5 | ADIT for Repairs Tax Deduction | | | <u>47,418</u> | |
| 6 | Sub-total | | | | <u>31,186</u> |
| 7 | Federal ADIT | | | | 265,771 |
| 8 | State ADIT for Repairs Deduction | | | | <u>8,823</u> |
| 9 | Balance At September 30, 2016 | | | | <u>\$ 274,594</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2016
(\$ in Thousands)

Schedule C-7
Witness: A. P. Kelly
Page 1 of 1

Customer Deposits

[1]

| <u>Line #</u> | <u>Description</u> | <u>Factor Or Reference</u> | <u>Balance At End Of Month</u> |
|-------------------|--------------------|------------------------------------|--|
| 1 | September, 2015 | | <u>\$ 14,517</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-8
Witness: A. P. Kelly
 Page 1 of 1

Materials & Supplies

| Line # | Description | Factor Or Reference | [1] Materials & Supplies | [2] Undistributed Stores Expense | [3] Total |
|-----------|-----------------|---------------------------|-------------------------------------|---|-----------------|
| 1 | September, 2015 | | \$ 4,212 | \$ - | <u>\$ 4,212</u> |

UGI Utilities, Inc. - Gas Division
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Future Period - 12 Months Ended September 30, 2016
(\$ in Thousands)

Schedule D-1
Witness: A. P. Kelly
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Summary of Revenue and Expenses
Pro Forma with Proposed Revenue Increase

| Line # | Description | Factor Or Reference | [1] | [2] | [3] |
|---------------------------|--|---------------------|------------------|-----------------------------------|-------------------|
| | | | At Present Rates | Pro Forma Test Year Rate Increase | At Proposed Rates |
| OPERATING REVENUES | | | | | |
| 1 | Customer & Distribution Revenue | | \$ 211,842 | \$ - | \$ 211,842 |
| 2 | Gas Supply & Cost Adjustment Revenue | | 115,076 | - | 115,076 |
| 3 | Other Revenues | | 4,596 | - | 4,596 |
| 4 | Revenue Increase | | | 30,746 | 30,746 |
| 5 | Total operating revenues | | <u>331,514</u> | <u>30,746</u> | <u>362,260</u> |
| OPERATING EXPENSES | | | | | |
| 6 | Manufactured Gas | | 67 | - | 67 |
| 7 | Gas Supply Production | | 114,488 | - | 114,488 |
| 8 | Distribution | | 35,087 | - | 35,087 |
| 9 | Customer Accounts | | 14,004 | - | 14,004 |
| 10 | Uncollectible Expense | 1.669% | 4,608 | 513 | 5,121 |
| 11 | Customer Information & Services | | 1,908 | - | 1,908 |
| 12 | Sales | | 902 | - | 902 |
| 13 | Administrative & General | | 45,812 | - | 45,812 |
| 14 | Depreciation & Amortization | | 36,875 | - | 36,875 |
| 15 | Taxes other than income taxes | | 5,794 | - | 5,794 |
| 16 | Total operating expenses | | <u>259,545</u> | <u>513</u> | <u>260,058</u> |
| 17 | Net operating income Before Income Tax | | 71,969 | 30,233 | 102,202 |
| Income Taxes | | | | | |
| 18 | Pro Forma Income Tax At Present Rates | | 21,518 | | 21,518 |
| 19 | Pro Forma Income Tax on Revenue Increase | | | 12,544 | 12,544 |
| 20 | Net Income (loss) | | <u>\$ 50,450</u> | <u>\$ 17,689</u> | <u>\$ 68,139</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2016
(\$ in Thousands)

Schedule D-2
Witness: A. P. Kelly
Page 1 of 1

Summary of Pro Forma Revenue and Expense
Adjustments with Proposed Revenue Increase

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] |
|---------------------------|---------------------------------|---------------------|------------------------------|---|--|-------------------|--|
| | | Factor Or Reference | Budget For Year End 09/30/16 | Adjustments Sch D-3 Increase (Decrease) | Pro Forma Adjusted For Test Year 9/30/16 | Proposed Increase | Pro Forma Test Year With Proposed Increase |
| | | | Test Year At Present Rates | | | | |
| | | | | | [2] + [3] | | [4] + [5] |
| OPERATING REVENUES | | | | | | | |
| 1 | Residential (R/RT) | 480 | \$ 208,867 | \$ (20,202) | \$ 188,665 | \$ - | \$ 188,665 |
| 2 | Comm & Ind (N/NT) | 481 | 109,423 | (17,046) | 92,377 | - | 92,377 |
| 3 | Comm & Ind (DS) | 489 | 18,987 | (6,217) | 12,770 | - | 12,770 |
| 4 | Lg Transport/Other | 489 | 30,045 | (1,839) | 28,206 | - | 28,206 |
| 5 | Interruptible | 489 | 21,303 | (16,403) | 4,900 | - | 4,900 |
| 6 | Forfeited Discounts | | 3,112 | - | 3,112 | - | 3,112 |
| 7 | Miscellaneous Service Revenues | | 3,823 | (3,306) | 517 | - | 517 |
| 8 | Rent from Gas Properties | | - | 165 | 165 | - | 165 |
| 9 | Other Revenues | | 802 | - | 802 | - | 802 |
| 10 | Rate Increase | | | | | 30,746 | 30,746 |
| 11 | Total operating revenues | Sum L 1 to L 16 | <u>396,362</u> | <u>(64,848)</u> | <u>331,514</u> | <u>30,746</u> | <u>362,260</u> |
| OPERATING EXPENSES | | | | | | | |
| 12 | Gas Production | | 66 | 1 | 67 | - | 67 |
| 13 | Gas Supply Production | | 144,817 | (30,329) | 114,488 | - | 114,488 |
| 14 | Distribution | | 35,414 | (327) | 35,087 | - | 35,087 |
| 15 | Customer Accounts | | 9,778 | 4,226 | 14,004 | - | 14,004 |
| 16 | Uncollectible Expense | 1.669% | 4,569 | 39 | 4,608 | 513 | 5,121 |
| 17 | Customer Information & Services | | 1,898 | 10 | 1,908 | - | 1,908 |
| 18 | Sales | | 896 | 6 | 902 | - | 902 |
| 19 | Administrative & General | | 49,720 | (3,908) | 45,812 | - | 45,812 |
| 20 | Depreciation & Amortization | | 34,697 | 2,178 | 36,875 | - | 36,875 |
| 21 | Taxes other than income taxes | | 5,717 | 77 | 5,794 | - | 5,794 |
| 22 | Total operating expenses | Sum L 18 to L 32 | <u>287,572</u> | <u>(28,027)</u> | <u>259,545</u> | <u>513</u> | <u>260,058</u> |
| 23 | Net Operating Income - BIT | L 17 - L 33 | 108,790 | (36,821) | 71,969 | 30,233 | 102,202 |

UGI Utilities, Inc. - Gas Division
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 (\$ in Thousands)

Schedule D-3
 Witness A. P. Kelly
 Page 1 of 2

Summary of Pro Forma Adjustments

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] | [9] | [10] | [11] | [12] | [13] | [14] |
|--|---|---------------------------|---------------------|--------------------|--------------------|----------------------|-----------------|---------------------------------|-----------------|------------------|-----------------------------|------------------------|---------------------|-----------------------|-------------------|
| | | As Budgeted And Allocated | Company Use Gas D-4 | Revenue D-5 | Gas Costs D-6 | Salaries & Wages D-7 | Adjustments D-8 | Headcount Additions & Other D-9 | Rate Case D-10 | Adjustments D-11 | Uncollectibles Expense D-12 | Benefits Expenses D-13 | UNITE Expenses D-13 | Sub-Total Adjustments | Total Proforma |
| OPERATING REVENUES | | | | | | | | | | | | | | | |
| Customer & Distribution Revenue | | | | | | | | | | | | | | | |
| 1 | Residential (R/RT) | 480 | \$ 111,144 | \$ (5,230) | | | | | | | | | | \$ (5,230) | \$ 105,914 |
| 2 | Comm & Ind (N/NT) | 481 | 68,588 | (6,518) | | | | | | | | | | (6,518) | 60,052 |
| 3 | Comm & Ind (DS) | 489 | 15,230 | (2,460) | | | | | | | | | | (2,460) | 12,770 |
| 4 | Lg Transport/Other | 489 | 29,831 | (1,725) | | | | | | | | | | (1,725) | 28,206 |
| 5 | Interruptible | 489 | 19,878 | (14,778) | | | | | | | | | | (14,778) | 4,900 |
| Revenue for Cost of Gas | | | | | | | | | | | | | | | |
| 6 | Residential (R/RT) | 480 | 97,723 | (14,972) | | | | | | | | | | (14,972) | 82,751 |
| 7 | Comm & Ind (N/NT) | 481 | 42,855 | (10,530) | | | | | | | | | | (10,530) | 32,325 |
| 8 | Comm & Ind (DS) | 489 | 3,757 | (3,757) | | | | | | | | | | (3,757) | - |
| 9 | Lg Transport/Other | 489 | 114 | (114) | | | | | | | | | | (114) | - |
| 10 | Interruptible | 489 | 1,625 | (1,625) | | | | | | | | | | (1,625) | - |
| 11 | Forfeited Discounts | 487 | 3,112 | - | | | | | | | | | | - | 3,112 |
| 12 | Miscellaneous Service Revenues | 488 | 3,823 | (3,308) | | | | | | | | | | (3,308) | 517 |
| 13 | Rent from Gas Properties | 493 | - | 165 | | | | | | | | | | 165 | 165 |
| 14 | Other Revenues | 495 | 802 | - | | | | | | | | | | - | 802 |
| 15 | Rate Increase | | | | | | | | | | | | | | |
| 16 | Total operating revenues | | \$ 398,362 | \$ (84,848) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (64,848) | \$ 331,514 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | |
| 17 | Gas Production | | \$ 66 | | | \$ 1 | | | | | | | | \$ 1 | \$ 67 |
| 18 | Gas Supply Production | | 144,817 | | (30,998) | | | | | | | | | (30,329) | 114,488 |
| 19 | Distribution | | 35,414 | (504) | | 177 | | | | | | | | (327) | 35,087 |
| 20 | Customer Accounts | | 9,778 | | | 60 | | | | | | | | 60 | 9,838 |
| 21 | Uncollectible Expense | | 4,569 | | | | | | | 39 | | | | 39 | 4,608 |
| 22 | Customer Information & Services | | 1,898 | | | 10 | | | | | | | | 10 | 1,908 |
| 23 | Sales | | 896 | | | 6 | | | | | | | | 6 | 902 |
| 24 | Administrative & General | | 49,720 | (165) | | 110 | | 827 | 628 | | (3,032) | (1,020) | | (2,652) | 47,068 |
| 25 | Depreciation & Amortization | | 34,897 | | | | | | | | | | | | 34,897 |
| 26 | Taxes other than income taxes | | 5,717 | | | | | | | | | | | | 5,717 |
| 27 | Total operating expenses | | \$ 287,572 | \$ - | \$ (30,998) | \$ 364 | \$ - | \$ 827 | \$ 628 | \$ 39 | \$ (3,032) | \$ (1,020) | \$ - | \$ (33,192) | \$ 254,380 |
| 28 | Net operating income Before Income Tax | | \$ 108,790 | \$ - | \$ (64,848) | \$ 30,998 | \$ (364) | \$ (827) | \$ (628) | \$ (39) | \$ 3,032 | \$ 1,020 | \$ - | \$ (31,656) | \$ 77,134 |

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
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 (\$ in Thousands)

Summary of Pro Forma Adjustments

| Line # | Description | [1] From Page 1 Sub-total | [2] | [3] | [4] Lobbying & I&D Reserve | [5] Universal Service | [6] Adjustments | | | [9] Adjustments | | [10] Depreciation D-21 | [11] Taxes Other Than Income D-31 | [12] | [13] TOTAL Adjusted |
|--------------------------------|--|------------------------------|------------|------|-------------------------------|--------------------------|-----------------|------|------|-----------------|--|---------------------------|--------------------------------------|------|------------------------|
| | | | | | | | [7] | [8] | [9] | [10] | | | | | |
| OPERATING REVENUES | | | | | | | | | | | | | | | |
| 29 | Customer & Distribution Revenue | | | D-14 | D-15 | D-16 | D-17 | D-18 | D-19 | | | | | | |
| 30 | Residential (R/RT) | 480 | \$ 105,914 | | | | | | | | | | | | \$ 105,914 |
| 31 | Comm & Ind (N/NT) | 481 | 80,052 | | | | | | | | | | | | 80,052 |
| 32 | Comm & Ind (DS) | 489 | 12,770 | | | | | | | | | | | | 12,770 |
| 33 | Lg Transport/Other | 489 | 28,206 | | | | | | | | | | | | 28,206 |
| 34 | Interruption | 489 | 4,900 | | | | | | | | | | | | 4,900 |
| Revenue for Cost of Gas | | | | | | | | | | | | | | | |
| 35 | Residential (R/RT) | 480 | 82,751 | | | | | | | | | | | | 82,751 |
| 36 | Comm & Ind (N/NT) | 481 | 32,325 | | | | | | | | | | | | 32,325 |
| 37 | Comm & Ind (DS) | 489 | - | | | | | | | | | | | | - |
| 38 | Lg Transport/Other | 489 | - | | | | | | | | | | | | - |
| 39 | Interruption | 489 | - | | | | | | | | | | | | - |
| 40 | Forfeited Discounts | 487 | 3,112 | | | | | | | | | | | | 3,112 |
| 41 | Miscellaneous Service Revenues | 488 | 517 | | | | | | | | | | | | 517 |
| 42 | Rent from Gas Properties | 493 | 165 | | | | | | | | | | | | 165 |
| 43 | Other Revenues | 495 | 802 | | | | | | | | | | | | 802 |
| 44 | Rate Increase | | - | | | | | | | | | | | | - |
| 45 | Total operating revenues | | 331,514 | | | | | | | | | | | | 331,514 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | |
| 46 | Gas Production | | 67 | | | | | | | | | | | | 67 |
| 47 | Gas Supply Production | | 114,488 | | | | | | | | | | | | 114,488 |
| 48 | Distribution | | 35,087 | | | | | | | | | | | | 35,087 |
| 49 | Customer Accounts | | 9,838 | | | 4,166 | | | | | | | | | 14,004 |
| 50 | Uncollectible Expense | | 4,608 | | | | | | | | | | | | 4,608 |
| 51 | Customer Information & Services | | 1,908 | | | | | | | | | | | | 1,908 |
| 52 | Sales | | 902 | | | | | | | | | | | | 902 |
| 53 | Administrative & General | | 47,068 | | (1,256) | | | | | | | | | | 45,812 |
| 54 | Depreciation & Amortization | | 34,697 | | | | | | | 2,178 | | | | | 36,875 |
| 55 | Taxes other than income taxes | | 5,717 | | | | | | | | | 77 | | | 5,794 |
| 56 | Total operating expenses | | 254,380 | | (1,256) | 4,166 | | | | 2,178 | | 77 | | | 259,545 |
| 57 | Net operating income before income tax | | 77,134 | | 1,256 | (4,166) | | | | (2,178) | | (77) | | | 71,969 |

UGI Utilities, Inc. - Gas Division
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Schedule D-4
 Witness: A. P. Kelly
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Company Use of Fuel

| Line # | Description | [1] Reference | [2] Amount | [3] Total |
|--------|----------------------------|--------------------|-----------------|----------------|
| 1 | Remove Company Use of Fuel | a/c 880.001 | \$ (396) | |
| 2 | Remove Company Use of Fuel | a/c 880.001 | (108) | |
| 3 | Remove Company Use of Fuel | a/c 930.201 | (165) | |
| 4 | | | | <u>(669)</u> |

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Schedule D-5
Witness: D. E. Lahoff
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Adjustment - Revenue Adjustments

[1] [2] [3] [4] [5] [6]

PRO FORMA ADJUSTMENTS

| Line # | Description | Reference Or Account Number | 2016 Budget | Rev Adj Annualization D-5A | Other Adjustments D-5B | Total Proforma Adjustments | Proforma Adjusted At Present Rates |
|--|--------------------------------|-----------------------------|-------------------|-------------------------------|---------------------------|----------------------------|------------------------------------|
| Customer & Distribution Revenue | | | | | | | |
| 1 | Residential (R/RT) | 480 | \$ 111,144 | (5,230) | | \$ (5,230) | \$ 105,914 |
| 2 | Comm & Ind (N/NT) | 481 | 66,568 | (6,516) | | (6,516) | 60,052 |
| 3 | Comm & Ind (DS) | 489 | 15,230 | (2,460) | | (2,460) | 12,770 |
| 4 | Lg Transport/Other | 489 | 29,931 | (1,725) | | (1,725) | 28,206 |
| 5 | Interruptible | 489 | 19,678 | (14,778) | | (14,778) | 4,900 |
| 6 | Cust Chg & Distrib Revenue | | 242,551 | (30,709) | - | (30,709) | 211,842 |
| Revenue for Cost of Gas | | | | | | | |
| 7 | Residential (R/RT) | 480 | 97,723 | (14,972) | | (14,972) | 82,751 |
| 8 | Comm & Ind (N/NT) | 481 | 42,855 | (10,530) | | (10,530) | 32,325 |
| 9 | Comm & Ind (DS) | 489 | 3,757 | (3,757) | | (3,757) | - |
| 10 | Lg Transport/Other | 489 | 114 | (114) | | (114) | - |
| 11 | Interruptible | 489 | 1,625 | (1,625) | | (1,625) | - |
| 12 | Revenue for Cost of Gas | | 146,074 | (30,998) | - | (30,998) | 115,076 |
| 13 | Total Customer Revenue | | 388,625 | (61,707) | - | (61,707) | 326,918 |
| 14 | Forfeited Discounts | 487 | 3,112 | | | - | 3,112 |
| 15 | Miscellaneous Service Revenues | 488 | 3,823 | | (3,306) | (3,306) | 517 |
| 16 | Rent from Gas Properties | 489 | - | | 165 | 165 | 165 |
| 17 | Other Revenues | 495 | 802 | | | - | 802 |
| 18 | TOTAL REVENUES | | <u>\$ 396,362</u> | <u>\$ (61,707)</u> | <u>\$ (3,141)</u> | <u>\$ (64,848)</u> | <u>\$ 331,514</u> |

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Schedule D-5A
Witness: D. E. Lahoff
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Adjustment - Test Year Revenue Changes

| Line # | Description | [1] Factor Or Reference | [2] Budgeted Jurisdictional | [3] Revised Jurisdictional | [4] Adjustment [3] - [2] | [5] Total Adjustment |
|---|--------------------|------------------------------|----------------------------------|---------------------------------|--------------------------------------|---------------------------|
| <u>TOTAL REVENUE</u> | | | | | | |
| 1 | Residential (R/RT) | | 208,867 | 188,665 | (20,202) | |
| 2 | Comm & Ind (N/NT) | | 109,423 | 92,377 | (17,046) | |
| 3 | Comm & Ind (DS) | | 18,987 | 12,770 | (6,217) | |
| 4 | Lg Transport/Other | | 30,045 | 28,206 | (1,839) | |
| 5 | Interruptible | | 21,303 | 4,900 | (16,403) | |
| 6 | Total | | <u>388,625</u> | <u>326,918</u> | <u>(61,707)</u> | <u>\$ (61,707)</u> |
| <u>COST OF COMMODITY</u> | | | | | | |
| 7 | Residential (R/RT) | | 97,723 | 82,751 | (14,972) | |
| 8 | Comm & Ind (N/NT) | | 42,855 | 32,325 | (10,530) | |
| 9 | Comm & Ind (DS) | | 3,757 | - | (3,757) | |
| 10 | Lg Transport/Other | | 114 | - | (114) | |
| 11 | Interruptible | | 1,625 | - | (1,625) | |
| 12 | Total | | <u>146,074</u> | <u>115,076</u> | <u>(30,998)</u> | <u>\$ (30,998)</u> |
| <u>NET CUSTOMER & DISTRIBUTION</u> | | | | | | |
| 13 | Residential (R/RT) | | 111,144 | 105,914 | (5,230) | |
| 14 | Comm & Ind (N/NT) | | 66,568 | 60,052 | (6,516) | |
| 15 | Comm & Ind (DS) | | 15,230 | 12,770 | (2,460) | |
| 16 | Lg Transport/Other | | 29,931 | 28,206 | (1,725) | |
| 17 | Interruptible | | 19,678 | 4,900 | (14,778) | |
| 18 | Total | | <u>242,551</u> | <u>211,842</u> | <u>(30,709)</u> | <u>\$ (30,709)</u> |

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Schedule D-5B
 Witness: D. E. Lahoff
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Adjustment - Other Revenue Items

| Line # | Description | [1] Factor Or Reference | [2] Adjustment | [3] | [4] Total | [5] |
|--------|---------------------------------|------------------------------|---------------------|-------|-------------------|-------|
| 1 | Miscellaneous Service Revenues | | \$ (3,306) | | | |
| 2 | Rent from Gas Property | | <u>165</u> | | | |
| 2 | Adjust Other Operating Revenues | | | | <u>\$ (3,141)</u> | |

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Schedule D-6
Witness: D. E. Lahoff
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Adjustment - Gas Costs

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] |
|--------|------------------------|-----------------------------|--------------------|-----------------------|---------------|--------------------------------|-----------------------------------|
| | | Reference Or Account Number | Budgeted Gas Costs | PRO FORMA ADJUSTMENTS | | | Pro Forma Gas Costs At Pres Rates |
| | | | | D-5 Gas Costs | Co Use | Gas Cost Pro Forma Adjustments | |
| 1 | Budgeted Gas Costs | | \$ 144,817 | | | \$ - | \$ 144,817 |
| 2 | Residential (R/RT) | | | (14,972) | | (14,972) | (14,972) |
| 3 | Comm & Ind (N/NT) | | | (10,530) | | (10,530) | (10,530) |
| 4 | Comm & Ind (DS) | | | (3,757) | | (3,757) | (3,757) |
| 5 | Lg Transport/Other | | | (114) | | (114) | (114) |
| 6 | Interruptible | | | (1,625) | | (1,625) | (1,625) |
| 7 | Company Use of Fuel | | | | 669 | 669 | 669 |
| 8 | Total Gas Costs | | <u>\$ 144,817</u> | <u>\$ (30,998)</u> | <u>\$ 669</u> | <u>\$ (30,329)</u> | <u>\$ 114,488</u> |

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Schedule D-7
Witness: A. P. Kelly
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Adjustment - Salaries & Wages

| Line # | Description | [1] Account Number | [2] Budgeted Year 09/30/16 | [3] Adjustment | [4] Payroll As Distributed | [5] Annualization Adjustment | [6] Total Pro Forma Payroll |
|---------------------------|--|-------------------------|------------------------------------|---------------------|------------------------------------|--------------------------------------|-------------------------------------|
| <u>OPERATIONS</u> | | | | | | | |
| 1 | Total Natural Gas Production Expenses | | \$ 65 | \$ - | 65 | \$ 1 | \$ 66 |
| 2 | Total Underground Storage Expenses | | - | - | - | - | - |
| 3 | Total Transmission Operation Expenses | | - | - | - | - | - |
| 4 | Total Distribution Operation Expenses | | 10,736 | 827 | 11,563 | 113 | 11,676 |
| 5 | Customer Account Operations Expenses | | 5,618 | - | 5,618 | 60 | 5,678 |
| 6 | Total Cust. Service & Inform. Operations Exp | | 989 | - | 989 | 10 | 999 |
| 7 | Total Operation Sales Expenses | | 525 | - | 525 | 6 | 531 |
| 8 | Total A & G Operation Expenses | | 10,154 | (346) | 9,808 | 110 | 9,918 |
| 9 | Total Operations | Sum L 1 to L 8 | <u>28,087</u> | <u>481</u> | <u>28,568</u> | <u>300</u> | <u>28,868</u> |
| <u>MAINTENANCE</u> | | | | | | | |
| 10 | Total Underground Maintenance Expenses | | - | - | - | - | - |
| 11 | Storage Maintenance Expenses | | - | - | - | - | - |
| 12 | Total Transmission Maintenance Expenses | | - | - | - | - | - |
| 13 | Total Distribution Maintenance Expenses | | 6,035 | - | 6,035 | 64 | 6,099 |
| 14 | Maintenance of General Plant | | - | - | - | - | - |
| 15 | Total Maintenance | Sum L 10 to L 14 | <u>6,035</u> | <u>-</u> | <u>6,035</u> | <u>64</u> | <u>6,099</u> |
| 16 | Total Payroll to Expense | L 9 + L 15 | <u>\$ 34,122</u> | <u>481</u> | <u>34,603</u> | <u>\$ 364</u> | <u>\$ 34,967</u> |

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Adjustment - Salaries & Wages

| Line # | Description | [1] Reference Or Function | [2] Union Increase At 4-1 | [3] Union Increase At 6-1 | [4] Non- Exempt | [5] Exempt | [6] Pro Forma Total Payroll |
|--|--|--------------------------------------|---------------------------------------|---------------------------------------|-----------------------------|---------------------|--|
| 1 | Budgeted Payroll For TY 9-30-16 | | \$ 10,088 | \$ 2,845 | \$ 5,690 | \$ 15,499 | <u>\$ 34,122</u> |
| <u>Annualize for Wage Increase to 9-30-16</u> | | | | | | | |
| 2 | Percent Increase | | 2.75% | 3.00% | 3.23% | 2.94% | |
| 3 | Union Increase At 4-1 Annualization Factor | 4/1/16 | 50% | | | | |
| 4 | Union Increase At 6-1 Annualization Factor | 6/1/16 | | 67% | | | |
| 5 | Non-Exempt Annualization Factor | 4/1/16 | | | 50% | | |
| 6 | Exempt Annualization Factor | 12/1/15 | | | | 17% | |
| 7 | Increase for wage rate changes | L 1 * L 2 * Ls 3 to 6 | <u>139</u> | <u>57</u> | <u>92</u> | <u>76</u> | \$ 364 |
| 8 | Annualized Salaries & Wages at 9-30-16 Rates | L 1 + L 7 | \$ 10,227 | \$ 2,902 | \$ 5,782 | \$ 15,575 | |
| 9 | Pro Forma Adjustment to S&W | L 8 | | | | | <u>\$ 364</u> |
| 10 | Annualization Factor | L 9 / L 1 | | | | | <u>1.066%</u> |
| | | 0 | | | | | |

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 Witness: A. P. Kelly
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Adjustment - Headcount Additions and Other Adjustments

| | | [1] | [2] | [3] | [4] |
|--------|--|-----------|----------------|--------|--------|
| Line # | Description | Reference | # of Employees | Amount | Total |
| 1 | Adjust salaries and wages for new supervisors | | 9 | \$ 657 | |
| 2 | Adjust salaries and wages for field wage increases | | | 170 | |
| 3 | Total | | | | \$ 827 |

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Schedule D-10
 Witness: A. P. Kelly
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Adjustment - Rate Case Expense

| Line # | Description | [1] Reference | [2] Amount | { 3 } Sub-Total | [4] Total |
|--|---|--------------------|-----------------|--------------------|----------------|
| <u>Rate Case Expenditures</u> | | | | | |
| 1 | External Consultants | | 293 | | |
| 2 | External Legal | | 900 | | |
| 3 | Total Recorded at 9-30-15 | | 62 | | |
| 4 | Sub-Total | L 1 to L 3 | _____ | 1,256 | |
| <u>TOTAL EXPENDITURES FOR RATE FILING</u> | | | | | |
| 5 | TOTAL COSTS | L 4 | | | \$ 1,256 |
| 6 | Normalized over 2 years (Line 5 / 2) | | 2 | | \$ 628 |
| 7 | Rate Case Expense included in Budget | | | | 0 |
| 8 | Pro Forma Adjustment | L 6 - L 7 | | | \$ 628 |

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Schedule D-11
 Witness: A. P. Kelly
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Adjustment - Uncollectibles

| Line # | Description | [1] Reference Or Factor | [2] Write-Off Amounts | [3] Tariff Revenue | [4] Percent [2]/[3] | [5] Total [2]/[3] |
|--------|--|----------------------------------|-----------------------------|--------------------------|---------------------------|-------------------------|
| 1 | 2013 | | <u>\$ 4,800</u> | <u>\$ 341,141</u> | <u>1.41%</u> | |
| 2 | 2014 | | <u>\$ 6,580</u> | <u>\$ 388,333</u> | <u>1.69%</u> | |
| 3 | 2015 | | <u>\$ 7,203</u> | <u>\$ 383,750</u> | <u>1.88%</u> | |
| 4 | Three Year Average Sum (Line 1 to Line 3) / 3 | <u>3</u> | <u>\$ 6,194</u> | <u>\$ 371,075</u> | | <u>1.669%</u> |
| 5 | <u>2016 Budget</u> | | | | \$ 5,469 | |
| | Pro Forma Adjustment | | | | | |
| 6 | Test Year Revenue Adjustment | <u>1.669%</u> | | <u>\$ 330,030</u> | | |
| 7 | Pro Forma at Present Rate Revenue | [1] * [3] | | | <u>5,508</u> | |
| 8 | Total for Test Year | L 9 + L 7 | | | | <u>\$ 39</u> |

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Schedule D-12
 Witness: A. P. Kelly
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Adjustment - Benefits Expenses

| Line # | Description | [1] | [2] | [3] |
|--|--|----------------|--------------|-------------------|
| | | | | Amount |
| <u>OPEB Adjustments</u> | | | | |
| 1 | Budgeted OPEB Expense | | \$ (2,374) | |
| 2 | Total OPEB Adjustment | | | <u>\$ (2,374)</u> |
| <u>Pension Expense Adjustment</u> | | | | |
| 3 | Total budgeted pension expense | | \$ 4,339 | |
| 4 | Total cash contributions per revised estimate | 9,869 | | |
| 5 | Estimated Cash Contributions attributable to UGI Gas | 5,078 | | |
| 6 | Less: estimated capitalized portion (28%) | <u>(1,397)</u> | | |
| 7 | Pension cash contributions per updated estimates | | <u>3,681</u> | |
| 8 | Pro Forma Adjustment | | | <u>\$ (658)</u> |

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Schedule D-13
 Witness: A. P. Kelly
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Adjustment - UNITE Expenses

| Line # | Description | [1] Reference | [2] Amount | [3] Total |
|---|-----------------------------------|--------------------|-----------------|-------------------|
| Remove UNITE project expenses that will be capitalized | | | | |
| 1 | Administrative & General Salaries | 920 | \$ (346) | |
| 2 | Employee Benefits & Pension | 926 | (104) | |
| 3 | Outside Services Employed | 923 | (459) | |
| 4 | Miscellaneous General Expenses | 930.2 | <u>(111)</u> | |
| | | | | <u>\$ (1,020)</u> |

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Schedule D-15
Witness: A. P. Kelly
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Adjustment - Injuries & Damages & Membership Dues

| Line # | Description | [1] Sub-Total | [2] Total |
|--|--|--------------------|-------------------|
| Injuries & Damages Adjustment | | | |
| 1 | 2013 Injuries & Damages Expense | \$ 2,446 | |
| 2 | 2014 Injuries & Damages Expense | 3,382 | |
| 3 | 2015 Injuries & Damages Expense | <u>2,635</u> | |
| 4 | Three year average of injuries and damages expenses | 2,821 | |
| 5 | Budgeted injuries and damages expenses | \$ 4,061 | |
| 6 | Pro Forma Adjustment | | <u>\$ (1,240)</u> |
| Membership Dues Adjustment | | | |
| 7 | Budgeted American Gas Association membership dues attributable to lobbying | \$ (12) | |
| 8 | Budgeted Energy Association of Pennsylvania membership dues attributable to lobbying | <u>(4)</u> | |
| 9 | Pro Forma Adjustment | | <u>\$ (16)</u> |

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Schedule D-16
 Witness: R. R. Stoyko
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Adjustment - Universal Service

| Line # | Description | [1] Reference | [2] Amount |
|---|--|--------------------|-----------------|
| <u>Increase for Pro Forma TY Universal Service Expense</u> | | | |
| 1 | Customer Assistance Plan Credit | | \$ 3,462 |
| 2 | Administration Costs | | 340 |
| 3 | LIURP | | 1,100 |
| 4 | C.A.R.E.S. Program | | 7 |
| 5 | Customer Assistance Plan Pre-program Arrearage | | 1,031 |
| 6 | TOTAL | | <u>\$ 5,940</u> |
| 7 | Budget | | \$ 1,774 |
| 8 | Total Adjustment | | <u>\$ 4,166</u> |

UGI Utilities, Inc. - Gas Division
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Adjustment - Depreciation expense

| Line # | Description | [1] Account Number | [2] Budgeted 9/30/16 Depreciation Expense | [3] Adjustment To Annualize At New Depr Study Rates | [4] Depreciation on CWIP Plant Adjustment | [5] Pro Forma Test Year Depreciation |
|---|---|-----------------------|---|---|---|---|
| INTANGIBLE PLANT | | | | | | |
| 1 | Organization | 301 | \$ - | \$ - | \$ - | \$ - |
| 2 | Franchise & Consent | 302 | - | - | - | - |
| 3 | Miscellaneous Intangible Plant | 303 | - | - | - | - |
| 4 | TOTAL INTANGIBLE | 0 | - | - | - | - |
| NATURAL GAS PRODUCTION & GATHERING | | | | | | |
| 5 | Producing Lands | 325.1 | - | - | - | - |
| 6 | Producing Leaseholds | 325.2 | - | - | - | - |
| 7 | Rights of Way | 325.4 | - | - | - | - |
| 8 | Other Land Rights | 325.5 | - | - | - | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | - | - | - |
| 10 | Other Structures | 329 | - | - | - | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | - | - | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | - | - | - |
| 13 | Field Lines | 332 | - | - | - | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | - | - | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | - | - | - |
| 16 | Other Equipment | 337 | - | - | - | - |
| 17 | TOTAL PRODUCTION & GATHERING | 0 | - | - | - | - |
| NATURAL GAS STORAGE & PROCESSING PLANT | | | | | | |
| 18 | Land & Land Rights | 304 | - | - | - | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | (292) | 292 | - | - |
| 20 | Land | 350.1 | - | - | - | - |
| 21 | Rights of Way | 350.2 | - | - | - | - |
| 22 | Structures & Improvements | 351 | - | - | - | - |
| 23 | Wells | 352 | - | - | - | - |
| 24 | Lines | 353 | - | - | - | - |
| 25 | Compressor Station Equipment | 354 | - | - | - | - |
| 26 | Measuring & Regulating Equipment | 355 | - | - | - | - |
| 27 | Purification Equipment | 356 | - | - | - | - |
| 28 | Other Equipment | 357 | - | - | - | - |
| 29 | TOTAL STORAGE & PROCESSING | 0 | (292) | 292 | - | - |

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Schedule D-21
 Witness: J.F. Weidmayer
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Adjustment - Depreciation expense

| Line # | Description | Account Number | [1] | [2] | [3] | [4] | [5] |
|---------------------------|---|----------------|--------|--|---|--------------------------------|--|
| | | | | Budgeted 9/30/16 Depreciation Expense | Adjustment To Annualize At New Depre Study Rates | on CWIP Plant Adjustment | Pro Forma Test Year Depreciation |
| TRANSMISSION PLANT | | | | | | | |
| 30 | Land & Land Rights | 365.1 | - | - | - | - | - |
| 31 | Rights of Way | 365.2 | - | - | - | - | - |
| 32 | Structures & Improvements | 366 | - | - | - | - | - |
| 33 | Mains | 367 | - | - | - | - | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - | - | - | - | - |
| 35 | Communication Equipment | 370 | (59) | 59 | - | - | - |
| 36 | Other Equipment | 371 | - | - | - | - | - |
| 37 | TOTAL TRANSMISSION | 0 | | <u>(59)</u> | <u>59</u> | <u>-</u> | <u>-</u> |
| DISTRIBUTION PLANT | | | | | | | |
| 38 | Land & Land Rights | 374 | - | - | - | - | - |
| 39 | Structures & Improvements | 375 | 28 | - | - | - | 28 |
| 40 | Mains | 376 | 10,730 | 464 | - | - | 11,194 |
| 41 | Measuring & Regulating Station Equipment | 378 | 900 | 1 | - | - | 901 |
| 42 | Measuring & Regulating Station Equipment | 379 | 55 | 10 | - | - | 65 |
| 43 | Services | 380 | 12,674 | 1,211 | - | - | 13,885 |
| 44 | Meters | 381 | 1,971 | (58) | - | - | 1,913 |
| 45 | Meter Installations | 382 | 1,392 | 22 | - | - | 1,414 |
| 46 | House Regulators | 383 | 220 | (26) | - | - | 194 |
| 47 | House Regulatory Installations | 384 | 212 | 10 | - | - | 222 |
| 48 | Industrial Measuring & Regulating Station Equipment | 385 | (64) | 157 | - | - | 93 |
| 49 | Other Property | 386 | 25 | (2) | - | - | 23 |
| 50 | Other Equipment | 387 | 30 | 40 | - | - | 70 |
| 51 | TOTAL DISTRIBUTION | 0 | | <u>28,173</u> | <u>1,829</u> | <u>-</u> | <u>30,002</u> |
| GENERAL PLANT | | | | | | | |
| 52 | Land & Land Rights | 389 | - | - | - | - | - |
| 53 | Structures & Improvements | 390 | 519 | 351 | - | - | 870 |
| 54 | Office Furniture & Equipment | 391 | 2,269 | (665) | - | - | 1,604 |
| 55 | Transportation Equipment | 392 | 8 | 37 | - | - | 45 |
| 56 | Stores Equipment | 393 | - | - | - | - | - |
| 57 | Tools & Garage Equipment | 394 | (18) | 470 | - | - | 452 |
| 58 | Laboratory Equipment | 395 | - | - | - | - | - |
| 59 | Power Operated Equipment | 396 | 18 | (5) | - | - | 13 |
| 60 | Communication Equipment | 397 | 59 | (3) | - | - | 56 |
| 61 | Miscellaneous Equipment | 398 | 64 | 9 | - | - | 73 |
| 62 | Other Tangible Property | 399 | - | - | - | - | - |
| 63 | TOTAL GENERAL | 0 | | <u>2,919</u> | <u>194</u> | <u>-</u> | <u>3,113</u> |
| 64 | TOTAL DEPRECIATION | 0 | | <u>\$ 30,741</u> | <u>\$ 2,374</u> | <u>\$ -</u> | <u>\$ 33,115</u> |
| 65 | CHARGED TO CLEARING ACCOUNTS | | | <u>(67)</u> | | | <u>(566)</u> |
| 66 | NET SALVAGE AMORTIZATION | | | <u>4,023</u> | | | <u>4,326</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

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Witness: A. P. Kelly
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Adjustment - Taxes Other Than Income Taxes

| Line # | Description | [1] Factor or Reference | [2] Account Number | [3] Budget Amounts 9/30/16 | [4] Pro Forma Adjustments | [5] Pro Forma Tax Expense 9/30/16 |
|--------|----------------------|------------------------------------|----------------------------|---------------------------------------|-----------------------------------|--|
| 1 | PURTA Taxes | | 408.1 | \$ 498 | \$ - | \$ 498 |
| 2 | Capital Stock | | 408.104 | 307 | - | 307 |
| 3 | PA & Local Use taxes | | | 172 | | 172 |
| 4 | Social Security | D-32 | 408.3 | 2,601 | 64 | 2,665 |
| 5 | FUTA | D-32 | 408.2 | 53 | 1 | 54 |
| 6 | SUTA | D-32 | 408.4 | 471 | 12 | 483 |
| 7 | PUC Assessment | | 408.1 | 1,615 | - | 1,615 |
| 8 | Total | | | <u>\$ 5,717</u> | <u>\$ 77</u> | <u>\$ 5,794</u> |

UGI Utilities, Inc. - Gas Division
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Adjustment - Payroll Taxes

| Line # | Description | [1] Account Number | [2] Test Year 9/30/17 Present Rates | [3] Pro Forma Adjustments | [4] Increase in Payroll Taxes |
|--------|---|-------------------------|--|-----------------------------------|--|
| 1 | Total Payroll Charged to Expense | | <u>\$ 34,122</u> | <u>\$ 845</u> | |
| 2 | FICA Expense | | <u>2,601</u> | | |
| 3 | FICA Expense - Percent | L 2 / L 1 | <u>7.62%</u> | <u>7.62%</u> | |
| 4 | Pro Forma FICA Expense on Pro Forma S&W | [4] L 1 * L 3 | | | \$ 64 |
| 5 | FUTA Expense | | <u>53</u> | | |
| 6 | FUTA Expense - Percent | L 5 / L 1 | <u>0.16%</u> | <u>0.16%</u> | |
| 7 | Pro Forma FUTA Expense on Pro Forma S&W | [4] L 1 * L 6 | | | 1 |
| 8 | SUTA Expense | | <u>471</u> | | |
| 9 | SUTA Expense - Percent | L 8 / L 1 | <u>1.38%</u> | <u>1.38%</u> | |
| 10 | Pro Forma SUTA Expense on Pro Forma S&W | [4] L 1 * L 9 | | | 12 |
| 11 | Pro Forma Adjustment | Sum L 4 to L 10 | | | <u>\$ 77</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule D-33
Witness: N. M. McKinney
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| | [1] | [2] | [3] | [4] | [5] | |
|--------------------------------------|--|------------------------|-------------------|--------------------------------------|------------------|---------------------------------------|
| Income Tax Calculation | | | | | | |
| Line # | Description | Factor Or Reference | Element Or Amount | Pro Forma Test Year At Present Rates | Revenue Increase | Pro Forma Test Year At Proposed Rates |
| | | | | | | |
| [3] + [4] | | | | | | |
| 1 | Revenue | | | \$ 331,514 | \$ 30,746 | \$ 362,260 |
| 2 | Operating Expenses | | | (259,545) | (513) | (260,058) |
| 3 | QIBIT | L 1 + L 2 | | 71,969 | 30,233 | 102,202 |
| Interest Expense | | | | | | |
| 4 | Rate Base | Sch A-1 | 812,141 | | | |
| 5 | Weighted Cost of Debt | Sch B-7 | 0.02130 | | | |
| 6 | Synchronized Interest Expense | L 4 * L 5 | | (17,299) | - | (17,299) |
| 7 | Base Taxable Income | L 3 + L 6 | | 54,670 | 30,233 | 84,903 |
| 8 | Total Tax Depreciation | Pg 2 | \$ 52,413 | | | |
| 9 | Pro Forma Book Depreciation | Pg 2 | 37,258 | | | |
| 10 | State Tax Depreciation (Over) Under Book | L 9 - L 8 | | (15,155) | | (15,155) |
| 11 | Other | | | | | |
| 12 | State Taxable Income | Sum L 7 to L 11 | | \$ 39,515 | \$ 30,233 | \$ 69,748 |
| 13 | State Income Tax (Expense)/Refund | L 12 * Rate [2] | 9.99% | \$ (3,948) | \$ (3,020) | \$ (6,968) |
| 14 | Total Tax Depreciation | Pg 2 | \$ 106,978 | | | |
| 15 | Pro Forma Book Depreciation | Pg 2 | 37,258 | | | |
| 16 | Federal Tax Deducts (Over) Under Book | L 14 - L 13 | | (69,720) | - | (69,720) |
| 17 | Other | | | | | |
| 18 | Federal Taxable Income | L 7 + sum L 13 to L 17 | | (18,998) | 27,213 | 8,215 |
| 19 | Federal Income Tax (Expense)/Refund | -L 18 * Rate [2] | 35.00% | 6,649 | (9,524) | (2,875) |
| 20 | Total Tax Expense before Deferred Income Tax | L 13 + L 19 | | 2,701 | (12,544) | (9,843) |
| Deferred Federal Income Taxes | | | | | | |
| 21 | Total Straight Line Tax Depreciation | Pg 2 | \$ 33,115 | | | |
| 22 | Total Tax Depreciation | Pg 2 | 100,708 | | | |
| 23 | Federal Tax Deducts (Over) Under Book | L 22 - L 21 | | 67,593 | - | 67,593 |
| 24 | Deferred Federal Taxable Income | L 23 | | \$ 67,593 | \$ - | \$ 67,593 |
| 25 | Federal Income Tax (Expense)/Refund | -L 24 * Rate [2] | Blended Rate | (24,709) | - | (24,709) |
| Deferred State Income Taxes | | | | | | |
| 26 | Repairs | | | (345) | | (345) |
| 27 | CIAC | | | 516 | | 516 |
| 28 | State Deferred Income Tax (Expense)/Refund | | | 171 | - | 171 |
| 29 | Net Income Tax Expense | L 20 + L 25 + L 28 | | (21,836) | (12,544) | (34,381) |
| Other Tax Adjustments | | | | | | |
| 30 | ITC | | | 318 | | 318 |
| 31 | Combined Income Tax Expense | L 29 + L 30 | | \$ (21,518) | \$ (12,544) | \$ (34,063) |
| 32 | Federal Income Tax Expense | L 19 + L 25 + L 27 | | | | \$ (27,266) |
| 33 | State Income Tax Expense | L 13 | | | | (6,797) |
| 34 | Total Income Tax Expense | L 29 + L 30 | | | | \$ (34,063) |

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 Witness: N. M. McKinney
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| Line # | Description | [1] Amount | [2] Amount | [3] Total |
|--|---|-----------------|------------------|-------------------------|
| <u>Accelerated Tax Depreciation</u> | | | | |
| 1 | Gas Plant | | \$ 90,285 | |
| 2 | Cost of Removal | | 6,270 | |
| 3 | Repairs Tax Deduction | | 17,520 | |
| 4 | Other Tax Basis Adjustments | | <u>(7,097)</u> | |
| 5 | Total Federal Accelerated Tax Depreciation | | | <u>106,978</u> |
| 6 | Adjustment for PA Tax Depreciation - Bonus Decoupling | | (54,565) | |
| 7 | Total State Accelerated Tax Depreciation | | | <u><u>\$ 52,413</u></u> |
| <u>Straight Line Tax Depreciation</u> | | | | |
| 8 | Gas Plant | | <u>\$ 33,115</u> | |
| 9 | Total Tax Depreciation | | | <u><u>\$ 33,115</u></u> |
| <u>Book Depreciation</u> | | | | |
| 10 | Pro Forma Book Depreciation | | \$ 33,115 | |
| 11 | Net Salvage Amortization | | 4,326 | |
| 12 | Depreciation Charged to Clearing Accounts | (566) | | |
| 13 | Estimated Percent of Clearing Charged to CWIP | <u>32%</u> | | |
| 14 | Depreciation Charged to CWIP | | (183) | |
| 15 | Book Depreciation for Tax Calculation | | | <u><u>\$ 37,258</u></u> |

UGI Exhibit A (Future)

UGI Utilities, Inc. - Gas Division
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Future Period - 12 Months Ended September 30, 2016
(\$ in Thousands)

Schedule D-35
 Witness: A. P. Kelly
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Gross Revenue Conversion Factor

| Line # | Description | [1] Reference Or Factor | [2] Tax Rate | [3] Factor |
|---|--|------------------------------------|-------------------|-------------------|
| <u>GROSS REVENUE CONVERSION FACTOR</u> | | | | |
| 1 | GROSS REVENUE FACTOR | | | 1.000000 |
| 2 | UNCOLLECTIBLE EXPENSES | | | <u>(0.016690)</u> |
| 3 | NET REVENUES | | | 0.983310 |
| 4 | STATE INCOME TAXES | | 9.9900% | <u>(0.098233)</u> |
| 5 | FACTOR AFTER STATE TAXES | | | 0.885077 |
| 6 | FEDERAL INCOME TAXES | | 35.00% | <u>(0.309777)</u> |
| 7 | NET OPERATING INCOME FACTOR | | | <u>0.575300</u> |
| 8 | GROSS REVENUE CONVERSION FACTOR | | | <u>1.738224</u> |
| 9 | Combined Income Tax Factor On Gross Revenues | | | <u>40.801%</u> |
| <u>INCOME TAX FACTOR</u> | | | | |
| 10 | GROSS REVENUE FACTOR | | | 1.000000 |
| 11 | STATE INCOME TAXES | | 9.9900% | <u>(0.099900)</u> |
| 12 | FACTOR AFTER STATE TAXES | | | 0.900100 |
| 13 | FEDERAL INCOME TAXES | | 35.00% | <u>(0.315035)</u> |
| 14 | NET OPERATING INCOME FACTOR | | | 0.585065 |
| 15 | GROSS REVENUE CONVERSION FACTOR | | | <u>1.709212</u> |
| 16 | Combined Income Tax Factor On Taxable Income | | | <u>41.494%</u> |

UGI GAS EXHIBIT A – HISTORIC

Historic Year - 12 Months Ended September 30, 2015
 (\$ in Thousands)
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| D-8 | <u>SCHEDULE NOT USED</u> | N/A |
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| D-12 | <u>Adjustment - Right of Way Expense</u> | A. P. Kelly |
| D-13 | <u>Adjustment - UNITE Project</u> | A. P. Kelly |
| D-14 | <u>SCHEDULE NOT USED</u> | N/A |
| D-15 | <u>SCHEDULE NOT USED</u> | N/A |
| D-16 | <u>SCHEDULE NOT USED</u> | N/A |
| D-17 | <u>SCHEDULE NOT USED</u> | N/A |
| D-18 | <u>SCHEDULE NOT USED</u> | N/A |
| D-19 | <u>SCHEDULE NOT USED</u> | N/A |
| D-21 | <u>Adjustment - Depreciation expense</u> | J.F. Weidmayer |
| D-31 | <u>Adjustment - Taxes Other Than Income Taxes</u> | N. M. McKinney |
| D-32 | <u>Adjustment - Payroll Taxes</u> | A. P. Kelly |
| D-33 | <u>Income Tax Calculation</u> | N. M. McKinney |
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UGI Utilities, Inc. - Gas Division
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 (\$ in Thousands)

Schedule A-1
 Witness: A. P. Kelly
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Summary of Measure of Value and Revenue Increase

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] |
|--|--|------------------|---------|----------|---|-----------|----------------|
| | | Function | Section | Schedule | Pro Forma Test Year Ended September 30, 2015 At Present Rates | Increase | Proposed Rates |
| RATE BASE | | | | | | | |
| 1 | Utility Plant | | C-2 | | \$ 1,375,700 | | \$ 1,375,700 |
| 2 | Accumulated Depreciation | | C-3 | | (427,660) | | (427,660) |
| 3 | Net Plant in service | L 1 + L 2 | | | 948,040 | - | 948,040 |
| 4 | Working Capital | | C-4 | | 18,074 | | 18,074 |
| 5 | Gas Inventory | | C-5 | | 21,730 | | 21,730 |
| 6 | Accumulated Deferred Income Taxes | | C-6 | | (241,772) | | (241,772) |
| 7 | Customer Deposits | | C-7 | | (14,517) | | (14,517) |
| 8 | Materials & Supplies | | C-8 | | 4,212 | | 4,212 |
| 9 | TOTAL RATE BASE | Sum L 3 to L 8 | | | \$ 735,767 | \$ - | \$ 735,767 |
| OPERATING REVENUES AND EXPENSES | | | | | | | |
| <u>Operating Revenues</u> | | | | | | | |
| 10 | Base Customer Charges | | D-5 | | \$ 208,467 | \$ 15,903 | \$ 224,370 |
| 11 | Gas Cost Revenue | | D-5 | | 135,023 | | 135,023 |
| 12 | Other Operating Revenues | | D-5 | | 7,151 | | 7,151 |
| 13 | Total Revenues | Sum L 10 to L 12 | | | 350,641 | 15,903 | 366,544 |
| 14 | Operating Expenses | | D | | (274,575) | (265) | (274,840) |
| 15 | OIBIT | L 13 + L 14 | | | 76,066 | 15,638 | 91,704 |
| 16 | Pro Forma Income Tax at Present Rates | | D-33 | | (21,644) | | |
| 17 | Pro Forma Income Tax on Revenue Increase | | D-33 | | | (6,488) | (28,132) |
| 18 | NET OPERATING INCOME | Sum L 15 to L 17 | | | \$ 54,422 | \$ 9,149 | \$ 63,571 |
| 19 | RATE OF RETURN | L 18 / L 9 | | | 7.3966% | | 8.640% |
| REVENUE INCREASE REQUIRED | | | | | | | |
| 20 | Rate of Return at Present Rates | L 19, Col 4 | | | 7.3966% | | |
| 21 | Rate of Return Required | | B-7 | | 8.6400% | | |
| 22 | Change in ROR | L 21 - L 20 | | | 1.24341% | | |
| 23 | Change in Operating Income | L 22 * L 9 | | | \$ 9,149 | | |
| 24 | Gross Revenue Conversion Factor | | D-35 | | 1.738224 | | |
| 25 | Change in Revenues | L 23 * L 24 | | | \$ 15,903 | | |
| 26 | Percent Increase -- Delivery Revenues | L 25 / L 10, C 4 | | | | 7.63% | |
| 27 | Percent Increase -- Total Revenues | L 25 / L 13, C 4 | | | | 4.54% | |

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(\$ In Thousands)

Schedule
Witness: B-1
Page 1 of 2
A. P. Kelly

Balance Sheet

[1]

| Line No | Description/(Account No) | Actual HY 9-30-15 |
|---------------------------------------|--|----------------------------|
| UTILITY PLANT (101 - 106, 108) | | |
| 1 | Gas Utility Plant | \$ 1,398,576 |
| 2 | Other Utility Plant | - |
| 3 | Total Plant In Service | <u>1,398,576</u> |
| 4 | Construction Work In Progress (107) | 21,168 |
| 5 | Acquisition Adjustment (114) | - |
| 6 | Total Utility Plant | <u>1,419,744</u> |
| 7 | Accumulated Provision for Depreciation - Gas (108) | (418,857) |
| 8 | Accumulated Provision for Depreciation - Other (119) | (23,943) |
| 9 | Net Utility Plant | <u>976,944</u> |
| OTHER PROPERTY INVESTMENTS | | |
| 10 | Non-utility Property (121) | 93 |
| 11 | Accumulated Depreciation on NUP (122) | - |
| 12 | Investment in Associated & Subsidiary Companies (123.1) | - |
| 13 | Other Investments (124) | - |
| 14 | Total Other Property and Investments | <u>93</u> |
| CURRENT AND ACCRUED ASSETS | | |
| 15 | Cash and Other Temporary Investments (131-136) | 2,843 |
| 16 | Notes Receivable (141) | - |
| 17 | Customer Accounts Receivable (142) | 28,262 |
| 18 | Other Accounts Receivable (143) | 7,370 |
| 19 | Accum Provision for Uncollectible (144) | (3,158) |
| 20 | Accounts Receivable Associated Companies (146) | (51) |
| 21 | Plant Materials & Operating Supplies (154) | 4,637 |
| 22 | Gas Stored - Undistributed (163) | (426) |
| 23 | Gas Stored - Current (164.1) | 23,368 |
| 24 | Liquefied Natural Gas Stored (164.2) | - |
| 25 | Prepayments (165) | 4,479 |
| 26 | Accrued Utility Revenues (173) | 4,295 |
| 27 | Miscellaneous Current & Accrued Assets (171, 174, 175) | 748 |
| 28 | Total Current and Accrued Assets | <u>72,367</u> |
| DEFERRED DEBITS | | |
| 29 | Unamortized Debt Expense (181) | 1,171 |
| 30 | Other Regulatory Assets (182.3) | 163,630 |
| 31 | Other Preliminary Survey & Investigation Charges (183.2) | 1,025 |
| 32 | Clearing Accounts (184) | (426) |
| 33 | Miscellaneous Deferred Debits (186) | 3,858 |
| 34 | Deferred Losses from Disposition of Utility Plant (187) | 1,159 |
| 35 | Unamortized Loss on Reacquired Debt (189) | - |
| 36 | Accumulated Deferred Income Taxes (190) | 26,511 |
| 37 | Unrecovered Purchase Gas Costs (191) | - |
| 38 | Total Deferred Debits | <u>196,928</u> |
| 39 | TOTAL ASSETS AND OTHER DEBITS | <u>\$ 1,246,332</u> |

UGI Utilities, Inc. - Gas Division
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Schedule
Witness: B-1
Page 2 of 2
A. P. Kelly

Balance Sheet

[1]

| Line No | Description/(Account No) | Actual HY 9-30-15 |
|--|--|----------------------|
| PROPRIETARY CAPITAL | | |
| 40 | Common Stock Issued (201) | 51,878 |
| 41 | Preferred Stock Issued (204) | - |
| 42 | Premium on Capital Stock (207) | 406,270 |
| 43 | Capital Stock Expense (214) | - |
| 44 | Retained Earnings (215, 215.2, 216) | (99,674) |
| 45 | Unappropriated Retained Earnings (216.1) | - |
| 46 | Accum Other Comprehensive Income (219) | (15,491) |
| 47 | Total Proprietary Capital | 342,983 |
| LONG TERM DEBT | | |
| 48 | Bonds (221) | - |
| 49 | Advances from Associated Companies (223) | - |
| 50 | Other Long-Term Debt (224) | 164,663 |
| 51 | Unamortized Premium on LTD (225) | - |
| 52 | Unamortized Discount on LTD (226) | - |
| 53 | Total Long-term Debt | 164,663 |
| OTHER NON-CURRENT LIABILITIES | | |
| 54 | Obligations under Capital Leases (227) | - |
| 55 | Accum. Prov for Injuries & Damages (228.2) | 590 |
| 56 | Accum. Prov for Pensions & Benefits (228.3) | 79,823 |
| 57 | Accum. Miscellaneous Operating Prov (228.4) | 3,735 |
| 58 | Asset Retirement Obligation (230) | 69 |
| 59 | Total Long-term Debt | 84,217 |
| CURRENT & ACCRUED LIABILITIES | | |
| 60 | Notes Payable (231) | 180,158 |
| 61 | Accounts Payable (232) | 43,079 |
| 62 | Notes Payable to Assoc. Companies (233) | - |
| 63 | Accounts Payable to Assoc. Cos (234) | 10,359 |
| 64 | Customer Deposits (235) | 14,517 |
| 65 | Taxes Accrued (236) | (4,187) |
| 66 | Interest Accrued (237) | 6,309 |
| 67 | Accrued Interest on Other Liabilities (237) | - |
| 68 | Tax Collections Payable (241) | 144 |
| 69 | Misc Current & Accrued Liabilities (242) | 28,815 |
| 70 | Derivative Instrument Liabilities (244) | 1,851 |
| 71 | Oth Reg Liab-Hedges-S/T-Non-Trading (245) | 5,766 |
| 72 | Total Current & Accrued Liabilities | 286,811 |
| OTHER DEFERRED CREDITS | | |
| 73 | Customer Advances for Construction (252) | - |
| 74 | Other Deferred Credits (253) | 17,572 |
| 75 | Other Regulatory Liabilities (254) | 23,290 |
| 76 | Deferred ITC (255) | 3,587 |
| 77 | Accumulated Deferred Income Taxes (282) | 328,627 |
| 78 | Accumulated Deferred Income Taxes (283) | (5,418) |
| 79 | Total Other Deferred Credits | 367,658 |
| 80 | TOTAL LIABILITIES & OTHER CREDITS | \$ 1,246,332 |

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Historic Year - 12 Months Ended September 30, 2015
(\$ In Thousands)

Schedule B-2
Witness: A. P. Kelly
 Page 1 of 1

Statement of Net Utility Operating Income

| Line No | Description | [1] Acct No | [2] Actual HY 9-30-15 | [3] Reference |
|---------------------------------|--|------------------|-------------------------------|--------------------|
| Total Operating Revenues | | | | |
| 1 | Total Sales Revenues | | \$ 448,327 | B-3 |
| 2 | Other Operating Revenues | | 50,473 | B-3 |
| 3 | Total Revenues | | <u>498,800</u> | |
| Total Operating Expenses | | | | |
| 4 | Operation & Maintenance Expenses | | 345,367 | B-4 |
| 5 | Depreciation Expense | | 30,220 | |
| 6 | Amortization Expense | | 1,624 | |
| 7 | Taxes Other Than Income Taxes | | 5,448 | B-5 |
| 8 | Total Operating Expenses | | <u>382,659</u> | |
| 9 | Operating Income Before Income Taxes (OIBIT) | | 116,141 | |
| Income Taxes: | | | | |
| 10 | State | | 3,226 | B-5 |
| 11 | Federal | | 25,949 | B-5 |
| 12 | Total Income Taxes | | <u>29,175</u> | |
| 13 | Net Utility Operating Income | | <u>\$ 86,966</u> | |

UGI Utilities, Inc. - Gas Division
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Schedule
Witness:
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A. P. Kelly
 of 1

Statement of Operating Revenues

[1]

| Line No | Description | Actual HY 9-30-15 |
|---------------------------------|--------------------------------------|------------------------------|
| Gas Operating Revenues | | |
| 1 | Residential (R/RT) (480) | \$ 246,868 |
| 2 | Comm & Ind (N/NT) (481) | 129,424 |
| 3 | Comm & Ind (DS) (489) | 19,978 |
| 4 | Lg Transport/Other (489) | 31,678 |
| 5 | Interruptible (489) | <u>20,379</u> |
| 6 | Sub-Total Gas Operating Revenues | 448,327 |
| Other Operating Revenues | | |
| 7 | Forfeited Discounts (487) | 2,881 |
| 8 | Miscellaneous Service Revenues (488) | 3,517 |
| 9 | Off System Revenue (495.9) | 43,322 |
| 10 | Rent from Gas Properties (493) | 154 |
| 11 | Other Revenues (495) | <u>599</u> |
| 12 | Sub-Total Other Operating Revenues | <u>50,473</u> |
| 13 | Total Operating Revenues | <u><u>\$ 498,800</u></u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Historic Year - 12 Months Ended September 30, 2015
(\$ In Thousands)

Schedule B-4
Witness: A. P. Kelly
Page 1 of 3

Operation and Maintenance Expenses

[1]

| Line No | Description | Account No | Actual HY 9-30-15 |
|--|---|------------|----------------------|
| Gas Raw Materials | | | |
| 1 | Liquefied Petroleum Gas Expenses | 717 | \$ 1 |
| 2 | Miscellaneous Production Expenses | 735 | 69 |
| 3 | Maintenance of Structures and Improvements | 741 | - |
| 4 | Total Gas Raw Materials Expenses | | 70 |
| Production and Gathering - Operations | | | |
| 5 | Operating Supervision and Engineering | 750 | - |
| 6 | Production Maps and Records | 751 | - |
| 7 | Gas Wells Expenses | 752 | - |
| 8 | Field Lines Expenses | 753 | - |
| 9 | Field Measuring and Regulating Station Expenses | 756 | - |
| 10 | Gas Well Royalties | 758 | - |
| 11 | Total Production & Gathering Operation Expenses | | - |
| Production and Gathering - Maintenance | | | |
| 12 | Maintenance of Structures and Improvements | 762 | - |
| 13 | Maintenance of Producing Gas Wells | 763 | - |
| 14 | Maintenance of Field Lines | 764 | - |
| 15 | Maintenance of Field Measuring and Reg. Station Equip. | 766 | - |
| 16 | Gas Supply Operation Expenses | | - |
| Other Gas Supply Expense - Operations | | | |
| 17 | Natural Gas City Gate Purchases | 804.0 | 189,347 |
| 18 | Other Gas Purchases | 805.0 | 701 |
| 19 | Purchases Gas Cost Adjustments | 805.1 | (14,202) |
| 20 | Purchased Gas Expenses | 807.0 | - |
| 21 | Gas Withdrawn from Storage-Debit | 808.1 | 54,471 |
| 22 | Gas Delivered to Storage-Credit | 808.2 | (37,043) |
| 23 | Gas Used for Other Utility Operations-Credit | 812.0 | (431) |
| 24 | Other Gas Supply Expenses | 813.0 | 49,085 |
| 25 | Gas Supply Operation Expenses | | 241,928 |
| Underground Storage Expense - Operation | | | |
| 26 | Operation Supervision and Engineering | 814 | - |
| 27 | Maps and Records | 815 | - |
| 28 | Wells Expenses | 816 | - |
| 29 | Lines Expenses | 817 | - |
| 30 | Compressor Station Expenses | 818 | - |
| 31 | Compressor Station Fuel and Power | 819 | - |
| 30 | <i>Measuring and Regulating Station Expenses</i> | 820 | - |
| 31 | Purification Expenses | 821 | - |
| 32 | Gas Losses | 823 | - |
| 33 | Other Expenses | 824 | - |
| 34 | Total Underground Storage Expenses | | - |
| Underground Storage Expense - Maintenance | | | |
| 35 | Maintenance Supervision and Engineering | 830 | - |
| 36 | Maintenance of Structures and Improvements | 831 | - |
| 37 | Maintenance of Reservoirs and Wells | 832 | - |
| 38 | Maintenance of Lines | 833 | - |
| 39 | <i>Maintenance of Measuring & Regulating Station Equip.</i> | 835 | - |
| 40 | Maintenance of Purification Equipment | 836 | - |
| 41 | Total Underground Maintenance Expenses | | - |

UGI Utilities, Inc. - Gas Division
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Schedule B-4
Witness: A. P. Kelly
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Operation and Maintenance Expenses

[1]

| Line No | Description | Account No | Actual HY 9-30-15 |
|---|--|------------|----------------------|
| Transmission Expense - Operations | | | |
| 42 | Operating Supervision and Engineering | 850 | - |
| 43 | System Control and Load Dispatching | 851 | - |
| 44 | Communication System Expenses | 852 | - |
| 45 | Mains Expenses | 856 | - |
| 46 | Measuring and Regulating Station Expenses | 857 | - |
| 47 | Other Expenses | 859 | - |
| 48 | Total Transmission Operation Expenses | | - |
| Transmission Expense - Maintenance | | | |
| 49 | Maintenance Supervision and Engineering | 861 | - |
| 50 | Maintenance of Structures and Improvements | 862 | - |
| 51 | Maintenance of Mains | 863 | - |
| 52 | Maintenance of Measuring and Regulating Station Equip. | 865 | - |
| 53 | Maintenance of Communication Equipment | 866 | - |
| 54 | Total Transmission Maintenance Expenses | | - |
| Distribution Expense - Operations | | | |
| 55 | Operation Supervision and Engineering | 870 | 2,504 |
| 56 | Distribution Load Dispatching | 871 | 460 |
| 57 | Mains and Services Expenses | 874 | 10,457 |
| 58 | Measuring and Regulating Station Expenses-General | 875 | 541 |
| 59 | Measuring and Regulating Station Expenses-Industrial | 876 | 437 |
| 60 | Measuring and Regulating Station Expenses-City Gate | 877 | 168 |
| 61 | Meter and House Regulator Expenses | 878 | 1,950 |
| 62 | Customer Installations Expenses | 879 | 1,421 |
| 63 | Other Expenses | 880 | 3,120 |
| 64 | Rents | 881 | 71 |
| 65 | Total Distribution Operation Expenses | | 21,129 |
| Distribution Expense - Maintenance | | | |
| 66 | Maintenance Supervision and Engineering | 885 | 775 |
| 67 | Maintenance of Structures and Improvements | 886 | 11 |
| 68 | Maintenance of Mains | 887 | 10,505 |
| 69 | Maintenance of Measuring & Reg. Station Equip.-Genl. | 889 | 243 |
| 70 | Maintenance of Measuring & Reg. Station Equip.-Indtrl. | 890 | 299 |
| 71 | Maintenance of Measuring & Reg. Station Equip.-City G | 891 | 588 |
| 72 | Maintenance of Services | 892 | 1,642 |
| 73 | Maintenance of Meters & House Regulators | 893 | 616 |
| 74 | Maintenance of Other Equipment | 894 | 121 |
| 75 | Construction & Maintenance | 895 | (111) |
| 76 | Total Distribution Maintenance Expenses | | 14,689 |
| Customer Accounts Expense - Operations | | | |
| 78 | Supervision | 901 | 484 |
| 79 | Meter Reading Expenses | 902 | 929 |
| 80 | Customer Records & Collection Expenses | 903 | 8,918 |
| 81 | Uncollectable Accounts | 904 | 7,203 |
| 82 | Miscellaneous Customer Accounts Expenses | 905 | 422 |
| 83 | Total Administrative & General | | 17,956 |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
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(\$ in Thousands)

Schedule B-4
Witness: A. P. Kelly
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Operation and Maintenance Expenses

[1]

| Line No | Description | Account No | Actual HY 9-30-15 |
|---|---|------------|----------------------|
| Customer Service & Information Expense | | | |
| 84 | Supervision | 907 | 126 |
| 85 | Customer Assistance Expenses | 908 | 928 |
| 86 | Informational & Instructional Advertising Expenses | 909 | 534 |
| 87 | Miscellaneous Customer Service & Informational Exp. | 910 | 150 |
| 88 | Total Cust. Service & Inform. Operations Exp | | <u>1,738</u> |
| 89 | <i>Description</i> | | |
| Sales Expense | | | |
| 90 | Supervision | 911 | - |
| 91 | Demonstrating and Selling Expenses | 912 | 718 |
| 92 | Advertising Expenses | 913 | 169 |
| 93 | Miscellaneous Sales Expenses | 916 | 92 |
| 94 | Total Operation Sales Expenses | | <u>979</u> |
| Administrative & General - Operations | | | |
| 95 | Administrative and General Salaries | 920.0 | 9,846 |
| 96 | Office Supplies and Expenses | 921.0 | 8,044 |
| 97 | Outside Service Employed | 923.0 | 10,739 |
| 98 | Property Insurance | 924.0 | 171 |
| 99 | Injuries and Damages | 925.0 | 3,314 |
| 100 | Employee Pensions and Benefits | 926.0 | 9,810 |
| 101 | Regulatory Commission Expenses | 928.0 | - |
| 102 | General Advertising Expenses | 929.0 | 538 |
| 103 | Miscellaneous General Expenses | 930.1 | 2,394 |
| 104 | Rents | 930.2 | 387 |
| 105 | Total A & G Operation Expenses | | <u>45,243</u> |
| Administrative & General - Maintenance | | | |
| 106 | Maintenance of General Plant | 932 | 1,504 |
| 107 | Maintenance of General Plant | 935 | 131 |
| 108 | Total A & G Maintenance Expenses | | <u>1,635</u> |
| 109 | TOTAL OPERATION & MAINTENANCE EXPENSE | | <u>\$ 345,367</u> |
| 110 | Total Gas Operation Expenses | | 329,043 |
| 111 | Total Gas Maintenance Expense | | <u>16,324</u> |
| 112 | TOTAL OPERATION & MAINTENANCE EXPENSE | | <u>\$ 345,367</u> |

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
 Historic Year - 12 Months Ended September 30, 2015
 (\$ In Thousands)

Schedule B-5
 Witness: A. P. Kelly
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Detail of Taxes

[1]

| Line No | Description | Reference | Actual HY 9-30-15 |
|--------------------------------------|-------------------------------------|------------------|--------------------------|
| Taxes Other Than Income Taxes | | | |
| Non-revenue related: | | | |
| 1 | Pennsylvania - PURTA | | 401 |
| 2 | Capital Stock | | (15) |
| 3 | PA and Local Use taxes | | 171 |
| 4 | Miscellaneous Taxes | | <u>84</u> |
| 5 | Subtotal | Sum L 1 to L 4 | 641 |
| Payroll Taxes | | | |
| 6 | FICA | | 2,690 |
| 7 | SUTA | | 243 |
| 8 | FUTA | | 21 |
| 9 | Other | | <u>1,853</u> |
| 10 | Subtotal | Sum L 6 to L 9 | 4,807 |
| 11 | Total Taxes Other Than Income Taxes | L 5 + L 10 | <u>\$ 5,448</u> |
| Income Taxes | | | |
| 12 | State | | \$ 3,226 |
| 13 | Federal | | <u>25,949</u> |
| 14 | Total Income Taxes | L 12 + L 13 | <u>\$ 29,175</u> |

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
 Historic Year - 12 Months Ended September 30, 2015
 (\$ in Thousands)

Schedule B-6
 Witness: P. R. Moul
 Page 1 of 1

Composite Cost of Debt

| Line No | Description | [1] Amount Outstanding | [2] Percent to Total | [3] Effective Interest Rate | [4] Average Weighted Cost Rate [2] * [3] |
|-------------------------------|-----------------------|-----------------------------|---------------------------|----------------------------------|--|
| Medium Term Notes | | | | | |
| 1 | 7.37%, Due 2015 | \$ 22,000 | 3.54% | 7.44% | 0.26% |
| 2 | 7.25%, Due 2017 | 20,000 | 3.22% | 5.72% | 0.18% |
| 3 | 6.50%, Due 2033 | 20,000 | 3.22% | 6.29% | 0.20% |
| 4 | 6.133%, Due 2034 | 20,000 | 3.22% | 7.32% | 0.24% |
| 5 | 5.64%, Due 2015 | 50,000 | 8.04% | 5.72% | 0.46% |
| 6 | 6.169%, Due 2017 | 20,000 | 3.22% | 6.56% | 0.21% |
| 7 | 5.67%, Due 2018 | 20,000 | 3.22% | 6.19% | 0.20% |
| Senior Unsecured Notes | | | | | |
| 8 | 5.753% Due 2016 | 175,000 | 28.14% | 5.82% | 1.64% |
| 9 | 6.206%, Due 2036 | 100,000 | 16.08% | 6.32% | 1.02% |
| 10 | 4.98%, Due 2043 | 175,000 | 28.14% | 5.00% | 1.41% |
| 11 | Total Long-Term Debt | 622,000 | 100.00% | | 5.82% |
| 12 | Total Long-Term Debt | \$ 622,000 | 90.72% | 5.82% | 5.28% |
| 13 | Total Short-Term Debt | 63,617 | 9.28% | 2.58% | 0.24% |
| 14 | TOTAL | \$ 685,617 | 100.00% | | |
| 15 | Weighted Cost of Debt | | | | 5.52% |

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Schedule B-7
Witness: P. R. Moul
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Rate of Return

[1] [2] [3] [4]

| <u>Line No</u> | <u>Description</u> | <u>Capitalization Ratio</u> | <u>Embedded Cost</u> | <u>Statement Reference</u> | <u>Return-%</u> |
|----------------|--------------------|-----------------------------|----------------------|----------------------------|-----------------|
| 1 | Long-Term Debt | 39.12% | 5.82% | B-6 | 2.28% |
| 2 | Short-Term Debt | 4.00% | 2.58% | B-6 | 0.10% |
| 3 | Common Equity | <u>56.88%</u> | 11.00% | | <u>6.26%</u> |
| 4 | Total | <u>100.00%</u> | | | <u>8.64%</u> |

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Schedule C-1
Witness: A. P. Kelly
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Measure of Value

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] |
|-------------------------|-----------------------------------|-----------|----------|------------|-------------------|-------------|-------------------|
| | | Function | Schedule | # of Pages | Present Rates | Adjustments | Proposed Rates |
| MEASURE OF VALUE | | | | | | | |
| 1 | Utility Plant | | C-2 | 11 | \$ 1,375,700 | | \$ 1,375,700 |
| 2 | Accumulated Depreciation | | C-3 | 11 | (427,660) | | (427,660) |
| 3 | Net Plant in service | L 1 + L 2 | | | 948,040 | - | 948,040 |
| 4 | Working Capital | | C-4 | 9 | 18,074 | | 18,074 |
| 5 | Gas Inventory | | C-5 | 1 | 21,730 | | 21,730 |
| 6 | Accumulated Deferred Income Taxes | | C-6 | 1 | (241,772) | | (241,772) |
| 7 | Customer Deposits | | C-7 | 1 | (14,517) | | (14,517) |
| 8 | Materials & Supplies | | C-8 | 1 | 4,212 | | 4,212 |
| 9 | TOTAL MEASURE OF VALUE | | | | <u>\$ 735,767</u> | <u>\$ -</u> | <u>\$ 735,767</u> |

UGI Utilities, Inc. - Gas Division
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Schedule C-2
Witness: A. P. Kelly
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Pro Forma Gas Plant in Service

[1]

[2]

| Line No | Description | Account No | Pro Forma Year 9/30/2015 |
|---|---|------------|--------------------------|
| INTANGIBLE PLANT | | | |
| 1 | Organization | 301 | \$ 19 |
| 2 | Franchise & Consent | 302 | 28 |
| 3 | Miscellaneous Intangible Plant | 303 | - |
| 4 | TOTAL INTANGIBLE | | <u>47</u> |
| NATURAL GAS PRODUCTION & GATHERING | | | |
| 5 | Producing Lands | 325 | - |
| 6 | Producing Leaseholds | 325 | - |
| 7 | Rights of Way | 325 | - |
| 8 | Other Land Rights | 326 | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - |
| 10 | Other Structures | 329 | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - |
| 13 | Field Lines | 332 | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - |
| 15 | Drilling & Cleaning Equipment | 335 | - |
| 16 | Other Equipment | 337 | - |
| 17 | TOTAL PRODUCTION & GATHERING | | <u>-</u> |
| NATURAL GAS STORAGE & PROCESSING | | | |
| 18 | Land & Land Rights | 304 | 382 |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - |
| 20 | Land | 350.1 | - |
| 21 | Rights of Way | 350.2 | - |
| 22 | Structures & Improvements | 351 | - |
| 23 | Wells | 352 | - |
| 24 | Lines | 353 | - |
| 25 | Compressor Station Equipment | 354 | - |
| 26 | Measuring & Regulating Equipment | 355 | - |
| 27 | Purification Equipment | 356 | - |
| 28 | Other Equipment | 357 | - |
| 29 | TOTAL PRODUCTION & PROCESSING | | <u>382</u> |

UGI Utilities, Inc. - Gas Division
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Schedule **C-2**
Witness: **A. P. Kelly**
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Pro Forma Gas Plant in Service

| Line No | Description | Account No | Pro Forma Year 9/30/2015 |
|---------|--|------------|--------------------------|
| | | [1] | [2] |
| | TRANSMISSION PLANT | | |
| 30 | Land & Land Rights | 365.1 | \$ - |
| 31 | Rights of Way | 365.2 | - |
| 32 | Structures & Improvements | 366 | - |
| 33 | Mains | 367 | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - |
| 35 | Communication Equipment | 370 | - |
| 36 | Other Equipment | 371 | - |
| 37 | TOTAL TRANSMISSION | | - |
| | DISTRIBUTION PLANT | | |
| 38 | Land & Land Rights | 374 | 2,273 |
| 39 | Structures & Improvements | 375 | 2,186 |
| 40 | Mains | 376 | 631,707 |
| 41 | Measuring & Regulating Station Equipment | 378 | 26,985 |
| 42 | Measuring & Regulating Station Equipment | 379 | 4,184 |
| 43 | Services | 380 | 507,887 |
| 44 | Meters | 381 | 54,219 |
| 45 | Meter Installations | 382 | 59,764 |
| 46 | House Regulators | 383 | 4,514 |
| 47 | House Regulatory Installations | 384 | 9,807 |
| 48 | Industrial Measuring & Regulating Station Equipmer | 385 | 6,372 |
| 49 | Other Property | 386 | 1,310 |
| 50 | Other Equipment | 387 | 3,392 |
| 51 | TOTAL DISTRIBUTION | | 1,314,600 |
| | GENERAL PLANT | | |
| 52 | Land & Land Rights | 389 | 1,493 |
| 53 | Structures & Improvements | 390 | 27,275 |
| 54 | Office Furniture & Equipment | 391 | 21,190 |
| 55 | Transportation Equipment | 392 | 95 |
| 56 | Stores Equipment | 393 | - |
| 57 | Tools & Garage Equipment | 394 | 8,044 |
| 58 | Laboratory Equipment | 395 | - |
| 59 | Power Operated Equipment | 396 | 1,371 |
| 60 | Communication Equipment | 397 | 563 |
| 61 | Miscellaneous Equipment | 398 | 640 |
| 62 | TOTAL GENERAL | | 60,671 |
| 63 | Total Plant | | \$ 1,375,700 |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-2
Witness: A. P. Kelly
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Pro Forma Plant Adjustment Summary

| Line # | Description | [1] Factor Or Reference | [2] Test Year 9/30/15 | [3] Adjustments | [4] Pro Forma As Adjusted 09/30/15 [2] + [3] |
|--------|---------------------------------------|------------------------------------|-------------------------------|----------------------|--|
| 1 | INTANGIBLE PLANT | Sch C-2, Pg 4 | \$ 47 | \$ - | \$ 47 |
| 2 | NATURAL GAS PRODUCTION & GATHERING | Sch C-2, Pg 4 | - | - | - |
| 3 | NATURAL GAS STORAGE & PROCESSING | Sch C-2, Pg 4 | 382 | - | 382 |
| 4 | TRANSMISSION PLANT | Sch C-2, Page 5 | - | - | - |
| 5 | DISTRIBUTION PLANT | Sch C-2, Page 5 | 1,314,600 | - | 1,314,600 |
| 6 | GENERAL PLANT | Sch C-2, Page 5 | 60,671 | - | 60,671 |
| 7 | OTHER PLANT | | - | - | - |
| 8 | SUB-TOTAL PLANT-IN-SERVICE | Sum (L 1 to L 7) | <u>1,375,700</u> | - | <u>1,375,700</u> |
| 9 | COMPLETED CONSTRUCTION NOT CLASSIFIED | G/L a/c # 106 | - | - | - |
| 10 | PLANT-IN-SERVICE | L 8 + L 9 | <u>1,375,700</u> | - | <u>1,375,700</u> |
| 11 | CONSTRUCTION WORK-IN-PROGRESS | G/L a/c # 107 | - | - | - |
| 12 | OTHER | | - | - | - |
| 13 | TOTAL UTILITY PLANT | Sum (L 10 to L 12) | <u>\$ 1,375,700</u> | <u>\$ -</u> | <u>\$ 1,375,700</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-2
Witness: A. P. Kelly
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Pro Forma Year End Plant Balances

| Line # | Description | [1] Account Number | [2] Amount | [3] Pro Forma Adjustment | [4] Balance [2] + [3] |
|---|---|-------------------------|-----------------|-------------------------------|-----------------------------------|
| INTANGIBLE PLANT | | | | | |
| 1 | Organization | 301 | \$ 19 | \$ - | \$ 19 |
| 2 | Franchise & Consent | 302 | 28 | - | 28 |
| 3 | Miscellaneous Intangible Plant | 303 | - | - | - |
| 4 | TOTAL INTANGIBLE | | 47 | - | 47 |
| NATURAL GAS PRODUCTION & GATHERING | | | | | |
| 5 | Producing Lands | 325.1 | - | - | - |
| 6 | Producing Leaseholds | 325.2 | - | - | - |
| 7 | Rights of Way | 325.4 | - | - | - |
| 8 | Other Land Rights | 325.5 | - | - | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | - | - |
| 10 | Other Structures | 329 | - | - | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | - | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | - | - |
| 13 | Field Lines | 332 | - | - | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | - | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | - | - |
| 16 | Other Equipment | 337 | - | - | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - | - | - |
| NATURAL GAS STORAGE & PROCESSING | | | | | |
| 18 | Land & Land Rights | 304 | 382 | - | 382 |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - | - | - |
| 20 | Land | 350.1 | - | - | - |
| 21 | Rights of Way | 350.2 | - | - | - |
| 22 | Structures & Improvements | 351 | - | - | - |
| 23 | Wells | 352 | - | - | - |
| 24 | Lines | 353 | - | - | - |
| 25 | Compressor Station Equipment | 354 | - | - | - |
| 26 | Measuring & Regulating Equipment | 355 | - | - | - |
| 27 | Purification Equipment | 356 | - | - | - |
| 28 | Other Equipment | 357 | - | - | - |
| 29 | TOTAL PRODUCTION & PROCESSING | | 382 | - | 382 |

UGI Exhibit A (Historic)

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-2
Witness: A. P. Kelly
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Pro Forma Year End Plant Balances

| [1] | [2] | [3] | [4] |
|---------------------------|---|---------------------|-----------------------|
| Line # | Account Number | Amount | Pro Forma Adjustment |
| Description | | | Balance [2] + [3] |
| TRANSMISSION PLANT | | | |
| 30 | Land & Land Rights | 365.1 | - |
| 31 | Rights of Way | - | - |
| 32 | Structures & Improvements | - | - |
| 33 | Mains | - | - |
| 34 | Measuring & Regulating Station Equipment | - | - |
| 35 | Communication Equipment | - | - |
| 36 | Other Equipment | - | - |
| 37 | TOTAL TRANSMISSION | <u>-</u> | <u>-</u> |
| DISTRIBUTION PLANT | | | |
| 38 | Land & Land Rights | 374 | - |
| 39 | Structures & Improvements | 2,186 | - |
| 40 | Mains | 631,707 | - |
| 41 | Measuring & Regulating Station Equipment | 26,985 | - |
| 42 | Measuring & Regulating Station Equipment | 4,184 | - |
| 43 | Services | 507,887 | - |
| 44 | Meters | 54,219 | - |
| 45 | Meter Installations | 59,764 | - |
| 46 | House Regulators | 4,514 | - |
| 47 | House Regulatory Installations | 9,807 | - |
| 48 | Industrial Measuring & Regulating Station Equipment | 6,372 | - |
| 49 | Other Property | 1,310 | - |
| 50 | Other Equipment | 3,392 | - |
| 51 | TOTAL DISTRIBUTION | <u>1,314,600</u> | <u>-</u> |
| GENERAL PLANT | | | |
| 52 | Land & Land Rights | 389 | - |
| 53 | Structures & Improvements | 27,275 | - |
| 54 | Office Furniture & Equipment | 21,190 | - |
| 55 | Transportation Equipment | 95 | - |
| 56 | Stores Equipment | - | - |
| 57 | Tools & Garage Equipment | 8,044 | - |
| 58 | Laboratory Equipment | - | - |
| 59 | Power Operated Equipment | 1,371 | - |
| 60 | Communication Equipment | 563 | - |
| 61 | Miscellaneous Equipment | 640 | - |
| 62 | Other Tangible Property | - | - |
| 63 | TOTAL GENERAL | <u>60,671</u> | <u>-</u> |
| 64 | Total Plant | <u>\$ 1,375,700</u> | <u>\$ -</u> |

UGI Utilities, Inc. - Gas Division
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Additions to Plant

[1]

[2]

| Line # | Description | Account Number | Amount |
|---|---|----------------|----------|
| Plant Additions | | | |
| INTANGIBLE PLANT | | | |
| 1 | Organization | 301 | - |
| 2 | Franchise & Consent | 302 | - |
| 3 | Miscellaneous Intangible Plant | 303 | - |
| 4 | TOTAL INTANGIBLE | | <u>-</u> |
| NATURAL GAS PRODUCTION & GATHERING | | | |
| 5 | Producing Lands | 325.1 | - |
| 6 | Producing Leaseholds | 325.2 | - |
| 7 | Rights of Way | 325.4 | - |
| 8 | Other Land Rights | 325.5 | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - |
| 10 | Other Structures | 329 | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - |
| 13 | Field Lines | 332 | - |
| 14 | Field Measuring & Regulating Station Equipmen | 334 | - |
| 15 | Drilling & Cleaning Equipment | 335 | - |
| 16 | Other Equipment | 337 | - |
| 17 | TOTAL PRODUCTION & GATHERING | | <u>-</u> |
| NATURAL GAS STORAGE & PROCESSING | | | |
| 18 | Land & Land Rights | 304 | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - |
| 20 | Land | 350.1 | - |
| 21 | Rights of Way | 350.2 | - |
| 22 | Structures & Improvements | 351 | - |
| 23 | Wells | 352 | - |
| 24 | Lines | 353 | - |
| 25 | Compressor Station Equipment | 354 | - |
| 26 | Measuring & Regulating Equipment | 355 | - |
| 27 | Purification Equipment | 356 | - |
| 28 | Other Equipment | 357 | - |
| 29 | TOTAL PRODUCTION & PROCESSING | | <u>-</u> |

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Additions to Plant

[1] [2]

| <u>Line #</u> | <u>Description</u> | <u>Account Number</u> | <u>Amount</u> |
|---------------------------|---|-----------------------|-------------------|
| TRANSMISSION PLANT | | | |
| 30 | Land & Land Rights | 365.1 | - |
| 31 | Rights of Way | 365.2 | - |
| 32 | Structures & Improvements | 366 | - |
| 33 | Mains | 367 | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - |
| 35 | Communication Equipment | 370 | - |
| 36 | Other Equipment | 371 | - |
| 37 | TOTAL TRANSMISSION | | <u>-</u> |
| DISTRIBUTION PLANT | | | |
| 38 | Land & Land Rights | 374 | 136 |
| 39 | Structures & Improvements | 375 | 6 |
| 40 | Mains | 376 | 44,604 |
| 41 | Measuring & Regulating Station Equipment | 378 | 2,189 |
| 42 | Measuring & Regulating Station Equipment | 379 | - |
| 43 | Services | 380 | 43,578 |
| 44 | Meters | 381 | 3,874 |
| 45 | Meter Installations | 382 | 2,709 |
| 46 | House Regulators | 383 | - |
| 47 | House Regulatory Installations | 384 | 457 |
| 48 | Industrial Measuring & Regulating Station Equip | 385 | 96 |
| 49 | Other Property | 386 | 2 |
| 50 | Other Equipment | 387 | - |
| 51 | TOTAL DISTRIBUTION | | <u>97,651</u> |
| GENERAL PLANT | | | |
| 52 | Land & Land Rights | 389 | - |
| 53 | Structures & Improvements | 390 | 2,570 |
| 54 | Office Furniture & Equipment | 391 | 3,045 |
| 55 | Transportation Equipment | 392 | - |
| 56 | Stores Equipment | 393 | - |
| 57 | Tools & Garage Equipment | 394 | 1,784 |
| 58 | Laboratory Equipment | 395 | - |
| 59 | Power Operated Equipment | 396 | - |
| 60 | Communication Equipment | 397 | - |
| 61 | Miscellaneous Equipment | 398 | 55 |
| 62 | Other Tangible Property | 399 | - |
| 62 | TOTAL GENERAL | | <u>7,454</u> |
| 63 | Total Plant | | <u>\$ 105,105</u> |

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Retirements

[1] [2]

| Line # | Description | Account Number | Amount |
|--|---|----------------|--------|
| <u>INTANGIBLE PLANT</u> | | | |
| 1 | Organization | 301 | - |
| 2 | Franchise & Consent | 302 | - |
| 3 | Miscellaneous Intangible Plant | 303 | - |
| 4 | TOTAL INTANGIBLE | | - |
| <u>NATURAL GAS PRODUCTION & GATHERING</u> | | | |
| 5 | Producing Lands | 325.1 | - |
| 6 | Producing Leaseholds | 325.2 | - |
| 7 | Rights of Way | 325.4 | - |
| 8 | Other Land Rights | 325.5 | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - |
| 10 | Other Structures | 329 | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - |
| 13 | Field Lines | 332 | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - |
| 15 | Drilling & Cleaning Equipment | 335 | - |
| 16 | Other Equipment | 337 | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - |
| <u>NATURAL GAS STORAGE & PROCESSING</u> | | | |
| 18 | Land & Land Rights | 304 | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - |
| 20 | Land | 350.1 | - |
| 21 | Rights of Way | 350.2 | - |
| 22 | Structures & Improvements | 351 | - |
| 23 | Wells | 352 | - |
| 24 | Lines | 353 | - |
| 25 | Compressor Station Equipment | 354 | - |
| 26 | Measuring & Regulating Equipment | 355 | - |
| 27 | Purification Equipment | 356 | - |
| 28 | Other Equipment | 357 | - |
| 29 | TOTAL PRODUCTION & PROCESSING | | - |

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Retirements

[1] [2]

| <u>Line #</u> | <u>Description</u> | <u>Account Number</u> | <u>Amount</u> |
|---------------------------|---|-----------------------|---------------|
| TRANSMISSION PLANT | | | |
| 30 | Land & Land Rights | 365.1 | - |
| 31 | Rights of Way | 365.2 | - |
| 32 | Structures & Improvements | 366 | - |
| 33 | Mains | 367 | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - |
| 35 | Communication Equipment | 370 | - |
| 36 | Other Equipment | 371 | - |
| 37 | TOTAL TRANSMISSION | | - |
| DISTRIBUTION PLANT | | | |
| 38 | Land & Land Rights | 374 | - |
| 39 | Structures & Improvements | 375 | - |
| 40 | Mains | 376 | 1,965 |
| 41 | Measuring & Regulating Station Equipment | 378 | 136 |
| 42 | Measuring & Regulating Station Equipment | 379 | - |
| 43 | Services | 380 | 6,048 |
| 44 | Meters | 381 | 840 |
| 45 | Meter Installations | 382 | - |
| 46 | House Regulators | 383 | - |
| 47 | House Regulatory Installations | 384 | - |
| 48 | Industrial Measuring & Regulating Station Equipment | 385 | - |
| 49 | Other Property | 386 | - |
| 50 | Other Equipment | 387 | - |
| 51 | TOTAL DISTRIBUTION | | 8,989 |
| GENERAL PLANT | | | |
| 52 | Land & Land Rights | 389 | - |
| 53 | Structures & Improvements | 390 | 1,449 |
| 54 | Office Furniture & Equipment | 391 | 2,116 |
| 55 | Transportation Equipment | 392 | 14 |
| 56 | Stores Equipment | 393 | - |
| 57 | Tools & Garage Equipment | 394 | 163 |
| 58 | Laboratory Equipment | 395 | - |
| 59 | Power Operated Equipment | 396 | 14 |
| 60 | Communication Equipment | 397 | - |
| 61 | Miscellaneous Equipment | 398 | 2 |
| 62 | Other Tangible Property | 399 | - |
| 63 | TOTAL GENERAL | | 3,758 |
| 64 | Total Plant | | \$ 12,747 |

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Witness:
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Accumulated Provision for Depreciation

| Line No | Description | [1] Account No | [2] Pro Forma Year 9/30/2015 |
|---|---|-----------------------------|---|
| INTANGIBLE PLANT | | | |
| 1 | Organization | 301 | \$ - |
| 2 | Franchise & Consent | 302 | - |
| 3 | Miscellaneous Intangible Plant | 303 | - |
| 4 | TOTAL INTANGIBLE | | <u>-</u> |
| NATURAL GAS PRODUCTION & GATHERING | | | |
| 5 | Producing Lands | 325 | - |
| 6 | Producing Leaseholds | 325 | - |
| 7 | Rights of Way | 325 | - |
| 8 | Other Land Rights | 326 | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - |
| 10 | Other Structures | 329 | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - |
| 13 | Field Lines | 332 | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - |
| 15 | Drilling & Cleaning Equipment | 335 | - |
| 16 | Other Equipment | 337 | - |
| 17 | TOTAL PRODUCTION & GATHERING | | <u>-</u> |
| NATURAL GAS STORAGE & PROCESSING | | | |
| 18 | Land & Land Rights | 304 | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | (276) |
| 20 | Land | 350.1 | - |
| 21 | Rights of Way | 350.2 | - |
| 22 | Structures & Improvements | 351 | - |
| 23 | Wells | 352 | - |
| 24 | Lines | 353 | - |
| 25 | Compressor Station Equipment | 354 | - |
| 26 | Measuring & Regulating Equipment | 355 | - |
| 27 | Purification Equipment | 356 | - |
| 28 | Other Equipment | 357 | - |
| 29 | TOTAL PRODUCTION & PROCESSING | | <u>(276)</u> |

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Accumulated Depreciation by FERC Account

| Line # | Description | Account Number | [1] Amount | [2] | [3] Pro Forma Adjustment | [4] Balance [2] + [3] |
|--|---|----------------|-----------------|-------|-------------------------------|-----------------------------------|
| <u>INTANGIBLE PLANT</u> | | | | | | |
| 1 | Organization | 301 | \$ - | | \$ - | \$ - |
| 2 | Franchise & Consent | 302 | - | | - | - |
| 3 | Miscellaneous Intangible Plant | 303 | - | | - | - |
| 4 | TOTAL INTANGIBLE | | <u>-</u> | | <u>-</u> | <u>-</u> |
| <u>NATURAL GAS PRODUCTION & GATHERING</u> | | | | | | |
| 5 | Producing Lands | 325.1 | - | | - | - |
| 6 | Producing Leaseholds | 325.2 | - | | - | - |
| 7 | Rights of Way | 325.4 | - | | - | - |
| 8 | Other Land Rights | 325.5 | - | | - | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | | - | - |
| 10 | Other Structures | 329 | - | | - | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | | - | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | | - | - |
| 13 | Field Lines | 332 | - | | - | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | | - | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | | - | - |
| 16 | Other Equipment | 337 | - | | - | - |
| 17 | TOTAL PRODUCTION & GATHERING | | <u>-</u> | | <u>-</u> | <u>-</u> |
| <u>NATURAL GAS STORAGE & PROCESSING</u> | | | | | | |
| 18 | Land & Land Plants | 304 | - | | - | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | (276) | | - | (276) |
| 20 | Land & Land Plants | 350.2 | - | | - | - |
| 21 | Rights of Way | 350.2 | - | | - | - |
| 22 | Structures & Improvements | 351 | - | | - | - |
| 23 | Wells | 352 | - | | - | - |
| 24 | Lines | 353 | - | | - | - |
| 25 | Compressor Station Equipment | 354 | - | | - | - |
| 26 | Measuring & Regulating Equipment | 355 | - | | - | - |
| 27 | Purification Equipment | 356 | - | | - | - |
| 28 | Other Equipment | 357 | - | | - | - |
| 29 | TOTAL PRODUCTION & PROCESSING | | <u>(276)</u> | | <u>-</u> | <u>(276)</u> |

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(\$ in Thousands)

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Accumulated Depreciation by FERC Account

| Line # | Description | Account Number | [1] Amount | [2] | [3] Pro Forma Adjustment | [4] Balance [2] + [3] |
|---------------------------|--|----------------|-------------------|-------|-------------------------------|-----------------------------------|
| TRANSMISSION PLANT | | | | | | |
| 30 | Land & Land Rights | 365.1 | - | | - | - |
| 31 | Rights of Way | 365.2 | - | | - | - |
| 32 | Structures & Improvements | 366 | - | | - | - |
| 33 | Mains | 367 | - | | - | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - | | - | - |
| 35 | Communication Equipment | 370 | - | | - | - |
| 36 | Other Equipment | 371 | - | | - | - |
| 37 | TOTAL TRANSMISSION | | <u>-</u> | | <u>-</u> | <u>-</u> |
| DISTRIBUTION PLANT | | | | | | |
| 38 | Land & Land Rights | 374 | - | | - | - |
| 39 | Structures & Improvements | 375 | 1,389 | | - | 1,389 |
| 40 | Mains | 376 | 183,210 | | - | 183,210 |
| 41 | Measuring & Regulating Station Equipment | 378 | 6,598 | | - | 6,598 |
| 42 | Measuring & Regulating Station Equipment | 379 | 3,166 | | - | 3,166 |
| 43 | Services | 380 | 146,122 | | - | 146,122 |
| 44 | Meters | 381 | 21,095 | | - | 21,095 |
| 45 | Meter Installations | 382 | 21,543 | | - | 21,543 |
| 46 | House Regulators | 383 | 1,269 | | - | 1,269 |
| 47 | House Regulatory Installations | 384 | 4,073 | | - | 4,073 |
| 48 | Industrial Measuring & Regulating Station Equipmen | 385 | 3,705 | | - | 3,705 |
| 49 | Other Property | 386 | 692 | | - | 692 |
| 50 | Other Equipment | 387 | 2,591 | | - | 2,591 |
| 51 | TOTAL DISTRIBUTION | | <u>395,453</u> | | <u>-</u> | <u>395,453</u> |
| GENERAL PLANT | | | | | | |
| 52 | Land & Land Rights | 389 | - | | - | - |
| 53 | Structures & Improvements | 390 | 13,750 | | - | 13,750 |
| 54 | Office Furniture & Equipment | 391 | 14,060 | | - | 14,060 |
| 55 | Transportation Equipment | 392 | 89 | | - | 89 |
| 56 | Stores Equipment | 393 | - | | - | - |
| 57 | Tools & Garage Equipment | 394 | 2,686 | | - | 2,686 |
| 58 | Laboratory Equipment | 395 | - | | - | - |
| 59 | Power Operated Equipment | 396 | 1,287 | | - | 1,287 |
| 60 | Communication Equipment | 397 | 361 | | - | 361 |
| 61 | Miscellaneous Equipment | 398 | 250 | | - | 250 |
| 62 | Other Tangible Property | 399 | - | | - | - |
| 63 | TOTAL GENERAL | | <u>32,483</u> | | <u>-</u> | <u>32,483</u> |
| 64 | Total Plant | | <u>\$ 427,660</u> | | <u>\$ -</u> | <u>\$ 427,660</u> |

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Cost of Removal

[1]

[2]

| Line # | Description | Account Number | Amount |
|--|---|----------------|--------|
| <u>INTANGIBLE PLANT</u> | | | |
| 1 | Organization | 301 | - |
| 2 | Franchise & Consent | 302 | - |
| 3 | Miscellaneous Intangible Plant | 303 | - |
| 4 | TOTAL INTANGIBLE | | - |
| <u>NATURAL GAS PRODUCTION & GATHERING</u> | | | |
| 5 | Producing Lands | 325.1 | - |
| 6 | Producing Leaseholds | 325.2 | - |
| 7 | Rights of Way | 325.4 | - |
| 8 | Other Land Rights | 325.5 | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - |
| 10 | Other Structures | 329 | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - |
| 13 | Field Lines | 332 | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - |
| 15 | Drilling & Cleaning Equipment | 335 | - |
| 16 | Other Equipment | 337 | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - |
| <u>NATURAL GAS STORAGE & PROCESSING</u> | | | |
| 18 | Land & Land Rights | 304 | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | 206 |
| 20 | Land | 350.1 | - |
| 21 | Rights of Way | 350.2 | - |
| 22 | Structures & Improvements | 351 | - |
| 23 | Wells | 352 | - |
| 24 | Lines | 353 | - |
| 25 | Compressor Station Equipment | 354 | - |
| 26 | Measuring & Regulating Equipment | 355 | - |
| 27 | Purification Equipment | 356 | - |
| 28 | Other Equipment | 357 | - |
| 29 | TOTAL PRODUCTION & PROCESSING | | 206 |

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Cost of Removal

[1]

[2]

| Line # | Description | Account Number | Amount |
|----------------------------------|---|----------------|-----------------|
| <u>TRANSMISSION PLANT</u> | | | |
| 30 | Land & Land Rights | 365.1 | - |
| 31 | Rights of Way | 365.2 | - |
| 32 | Structures & Improvements | 366 | - |
| 33 | Mains | 367 | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - |
| 35 | Communication Equipment | 370 | - |
| 36 | Other Equipment | 371 | - |
| 37 | TOTAL TRANSMISSION | | - |
| <u>DISTRIBUTION PLANT</u> | | | |
| 38 | Land & Land Rights | 374 | - |
| 39 | Structures & Improvements | 375 | - |
| 40 | Mains | 376 | 292 |
| 41 | Measuring & Regulating Station Equipment | 378 | 125 |
| 42 | Measuring & Regulating Station Equipment | 379 | - |
| 43 | Services | 380 | 4,359 |
| 44 | Meters | 381 | - |
| 45 | Meter Installations | 382 | 6 |
| 46 | House Regulators | 383 | 793 |
| 47 | House Regulatory Installations | 384 | 5 |
| 48 | Industrial Measuring & Regulating Station Equipment | 385 | - |
| 49 | Other Property | 386 | 3 |
| 50 | Other Equipment | 387 | - |
| 51 | TOTAL DISTRIBUTION | | 5,583 |
| <u>GENERAL PLANT</u> | | | |
| 52 | Land & Land Rights | 389 | - |
| 53 | Structures & Improvements | 390 | 244 |
| 54 | Office Furniture & Equipment | 391 | - |
| 55 | Transportation Equipment | 392 | - |
| 56 | Stores Equipment | 393 | - |
| 57 | Tools & Garage Equipment | 394 | - |
| 58 | Laboratory Equipment | 395 | - |
| 59 | Power Operated Equipment | 396 | - |
| 60 | Communication Equipment | 397 | - |
| 61 | Miscellaneous Equipment | 398 | - |
| 62 | Other Tangible Property | 399 | - |
| 63 | TOTAL GENERAL | | 244 |
| 64 | Total Plant | | \$ 6,033 |

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Negative Net Salvage Amortization

[1]

[2]

| Line # | Description | Account Number | Amount |
|--|---|----------------|--------|
| <u>INTANGIBLE PLANT</u> | | | |
| 1 | Organization | 301 | - |
| 2 | Franchise & Consent | 302 | - |
| 3 | Miscellaneous Intangible Plant | 303 | - |
| 4 | TOTAL INTANGIBLE | | - |
| <u>NATURAL GAS PRODUCTION & GATHERING</u> | | | |
| 5 | Producing Lands | 325.1 | - |
| 6 | Producing Leaseholds | 325.2 | - |
| 7 | Rights of Way | 325.4 | - |
| 8 | Other Land Rights | 325.5 | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - |
| 10 | Other Structures | 329 | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - |
| 13 | Field Lines | 332 | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - |
| 15 | Drilling & Cleaning Equipment | 335 | - |
| 16 | Other Equipment | 337 | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - |
| <u>NATURAL GAS STORAGE & PROCESSING</u> | | | |
| 18 | Land & Land Rights | 304 | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | 216 |
| 20 | Land | 350.1 | - |
| 21 | Rights of Way | 350.2 | - |
| 22 | Structures & Improvements | 351 | - |
| 23 | Wells | 352 | - |
| 24 | Lines | 353 | - |
| 25 | Compressor Station Equipment | 354 | - |
| 26 | Measuring & Regulating Equipment | 355 | - |
| 27 | Purification Equipment | 356 | - |
| 28 | Other Equipment | 357 | - |
| 29 | TOTAL PRODUCTION & PROCESSING | | 216 |

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Negative Net Salvage Amortization

[1]

[2]

| Line # | Description | Account Number | Amount |
|---------------------------|--|----------------|-----------------|
| TRANSMISSION PLANT | | | |
| 30 | Land & Land Rights | 365.1 | - |
| 31 | Rights of Way | 365.2 | - |
| 32 | Structures & Improvements | 366 | - |
| 33 | Mains | 367 | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - |
| 35 | Communication Equipment | 370 | - |
| 36 | Other Equipment | 371 | - |
| 37 | TOTAL TRANSMISSION | | - |
| DISTRIBUTION PLANT | | | |
| 38 | Land & Land Rights | 374 | - |
| 39 | Structures & Improvements | 375 | - |
| 40 | Mains | 376 | 347 |
| 41 | Measuring & Regulating Station Equipment | 378 | 64 |
| 42 | Measuring & Regulating Station Equipment | 379 | - |
| 43 | Services | 380 | 2,561 |
| 44 | Meters | 381 | 1 |
| 45 | Meter Installations | 382 | 11 |
| 46 | House Regulators | 383 | 228 |
| 47 | House Regulatory Installations | 384 | 7 |
| 48 | Industrial Measuring & Regulating Station Equipmen | 385 | - |
| 49 | Other Property | 386 | 1 |
| 50 | Other Equipment | 387 | 1 |
| 51 | TOTAL DISTRIBUTION | | 3,221 |
| GENERAL PLANT | | | |
| 52 | Land & Land Rights | 389 | - |
| 53 | Structures & Improvements | 390 | 79 |
| 54 | Office Furniture & Equipment | 391 | (11) |
| 55 | Transportation Equipment | 392 | (3) |
| 56 | Stores Equipment | 393 | - |
| 57 | Tools & Garage Equipment | 394 | (3) |
| 58 | Laboratory Equipment | 395 | - |
| 59 | Power Operated Equipment | 396 | - |
| 60 | Communication Equipment | 397 | - |
| 61 | Miscellaneous Equipment | 398 | - |
| 62 | Other Tangible Property | 399 | - |
| 63 | TOTAL GENERAL | | 62 |
| 64 | Total Plant | | \$ 3,499 |

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Salvage

[1]

[2]

| Line # | Description | Account Number | Amount |
|--|---|----------------|--------|
| <u>INTANGIBLE PLANT</u> | | | |
| 1 | Organization | 301 | - |
| 2 | Franchise & Consent | 302 | - |
| 3 | Miscellaneous Intangible Plant | 303 | - |
| 4 | TOTAL INTANGIBLE | | - |
| <u>NATURAL GAS PRODUCTION & GATHERING</u> | | | |
| 5 | Producing Lands | 325.1 | - |
| 6 | Producing Leaseholds | 325.2 | - |
| 7 | Rights of Way | 325.4 | - |
| 8 | Other Land Rights | 325.5 | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - |
| 10 | Other Structures | 329 | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - |
| 13 | Field Lines | 332 | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - |
| 15 | Drilling & Cleaning Equipment | 335 | - |
| 16 | Other Equipment | 337 | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - |
| <u>NATURAL GAS STORAGE & PROCESSING</u> | | | |
| 18 | Land & Land Rights | 304 | - |
| 19 | Production Plant-Manufactured Gas Plants | 305 | - |
| 20 | Land | 350.1 | - |
| 21 | Rights of Way | 350.2 | - |
| 22 | Structures & Improvements | 351 | - |
| 23 | Wells | 352 | - |
| 24 | Lines | 353 | - |
| 25 | Compressor Station Equipment | 354 | - |
| 26 | Measuring & Regulating Equipment | 355 | - |
| 27 | Purification Equipment | 356 | - |
| 28 | Other Equipment | 357 | - |
| 29 | TOTAL PRODUCTION & PROCESSING | | - |

UGI Utilities, Inc. - Gas Division
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Salvage

[1]

[2]

| Line # | Description | Account Number | Amount |
|---------------------------|--|----------------|---------|
| TRANSMISSION PLANT | | | |
| 30 | Land & Land Rights | 365.1 | - |
| 31 | Rights of Way | 365.2 | - |
| 32 | Structures & Improvements | 366 | - |
| 33 | Mains | 367 | - |
| 34 | Measuring & Regulating Station Equipment | 369 | - |
| 35 | Communication Equipment | 370 | - |
| 36 | Other Equipment | 371 | - |
| 37 | TOTAL TRANSMISSION | | - |
| DISTRIBUTION PLANT | | | |
| 38 | Land & Land Rights | 374 | - |
| 39 | Structures & Improvements | 375 | - |
| 40 | Mains | 376 | - |
| 41 | Measuring & Regulating Station Equipment | 378 | (31) |
| 42 | Measuring & Regulating Station Equipment | 379 | - |
| 43 | Services | 380 | - |
| 44 | Meters | 381 | - |
| 45 | Meter Installations | 382 | - |
| 46 | House Regulators | 383 | - |
| 47 | House Regulatory Installations | 384 | - |
| 48 | Industrial Measuring & Regulating Station Equipmen | 385 | - |
| 49 | Other Property | 386 | - |
| 50 | Other Equipment | 387 | - |
| 51 | TOTAL DISTRIBUTION | | (31) |
| GENERAL PLANT | | | |
| 52 | Land & Land Rights | 389 | - |
| 53 | Structures & Improvements | 390 | - |
| 54 | Office Furniture & Equipment | 391 | - |
| 55 | Transportation Equipment | 392 | (3) |
| 56 | Stores Equipment | 393 | - |
| 57 | Tools & Garage Equipment | 394 | - |
| 58 | Laboratory Equipment | 395 | - |
| 59 | Power Operated Equipment | 396 | - |
| 60 | Communication Equipment | 397 | - |
| 61 | Miscellaneous Equipment | 398 | - |
| 62 | Other Tangible Property | 399 | - |
| 63 | TOTAL GENERAL | | (3) |
| 64 | Total Plant | | \$ (34) |

UGI Utilities, Inc. - Gas Division
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Working Capital

| Line No | Description | [1] | [2] |
|----------------|---|---------------------------|------------------|
| | | Historic Year 2015 | Reference |
| 1 | Working Capital for O & M Expense | \$ 15,495 | C-4, Page 2 |
| 2 | Interest Payments | (1,660) | C-4, Page 7 |
| 3 | Tax Payment Lag Calculations | 1,677 | C-4, Page 8 |
| 4 | Prepaid Expenses | 2,562 | C-4, Page 9 |
| 5 | Total Cash Working Capital Requirements | <u>\$ 18,074</u> | |

UGI Utilities, Inc. - Gas Division
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(\$ In Thousands)

Schedule C-4
Witness: A. P. Kelly
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Summary of Working Capital

| Line # | Description | [1] Reference | [2] Test Year Expenses | [3] Factor | [4] Number of (Lead) / Lag Days [2] * [3] | [5] Totals |
|---|-----------------------------------|--------------------|-----------------------------|-----------------|---|------------------|
| <u>WORKING CAPITAL REQUIREMENT</u> | | | | | | |
| 1 | REVENUE LAG DAYS | Page 3 | | | | 55.07 |
| 2 | EXPENSE LAG DAYS | Page 4 | | | | |
| 3 | Payroll | Sch D-7 | \$ 35,237 | 12.00 | \$ 422,844 | |
| 4 | Commodity Purchased | Sch D-6 | 135,023 | 36.71 | 4,956,910 | |
| 5 | Other Expenses | L 19 - L 2 to L 4 | 60,015 | 27.44 | 1,646,812 | |
| 6 | Total | Sum (L 3 to L 5) | <u>\$ 230,275</u> | | <u>\$ 7,026,566</u> | |
| 7 | O & M Expense Lag Days | L 6, C 4 / C 2 | | | | 30.51 |
| 8 | Net (Lead) Lag Days | L 1 - L 7 | | | | 24.56 |
| 9 | Operating Expenses Per Day | L 6, C 2 / 365 | | | | <u>\$ 631</u> |
| 10 | Working Capital for O & M Expense | L 8 * L 9 | | | | \$ 15,495 |
| 11 | Interest Payments | Page 7 | | | | (1,660) |
| 12 | Tax Payment Lag Calculations | Page 8 | | | | 1,677 |
| 13 | Prepaid Expenses | Page 9 | | | | 2,562 |
| 14 | Total Working Capital Requirement | Sum (L 10 to L 13) | | | | <u>\$ 18,074</u> |
| 15 | Pro Forma O & M Expense | | \$ 235,960 | | | |
| Less: | | | | | | |
| 16 | Uncollectible Expense | | 5,685 | | | |
| 17 | Other | | | | | |
| 18 | Sub-Total | L 16 + L 17 | <u>5,685</u> | | | |
| 19 | Pro Forma Cash O&M Expense | L 17 - L 22 | <u>\$ 230,275</u> | | | |

UGI Utilities, Inc. - Gas Division
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Revenue Lag

| Line No. | Description | [1] Reference Or Factor | [2] Accounts Receivable Balance End of Month | [3] Total Monthly Sales Page 2 | [4] A/R Turnover [3] / [2] | [5] Days Lag 365 / [4] | | | |
|----------|---------------------------|------------------------------------|--|--|---|-------------------------------------|---|---|--------------|
| 1 | Annual Number of Days | | | | | <u>365</u> | | | |
| 2 | September, 2014 | | \$ 22,117 | | | | | | |
| 3 | October | | 17,354 | 17,346 | | | | | |
| 4 | November | | 28,542 | 32,455 | | | | | |
| 5 | December, 2014 | | 49,287 | 59,627 | | | | | |
| 6 | January, 2015 | | 68,226 | 70,976 | | | | | |
| 7 | February | | 85,929 | 78,256 | | | | | |
| 8 | March | | 88,021 | 75,588 | | | | | |
| 9 | April | | 68,453 | 40,619 | | | | | |
| 10 | May | | 50,741 | 19,096 | | | | | |
| 11 | June | | 40,641 | 15,208 | | | | | |
| 12 | July | | 33,163 | 14,587 | | | | | |
| 13 | August | | 24,462 | 12,816 | | | | | |
| 14 | September, 2015 | | 19,021 | 13,473 | | | | | |
| 15 | Total | Sum L 2 to L 14 | <u>\$595,957</u> | | | | | | |
| 16 | Number of Months | <u>13</u> | | | | | | | |
| 17 | Average Acct Rec Balance | L 15 / L 16 | <u>\$45,843</u> | | | | | | |
| 18 | Total Sales for Year | Sum L 2 to L 14 | | <u>\$ 450,047</u> | | | | | |
| 19 | Acct Rec Turnover Ratio | L 18 / L 17 | | | <u>9.82</u> | | | | |
| 20 | Collection Lag Day Factor | L 1 / L 19 | | | | 37.17 | | | |
| 21 | Meter Read Lag Factor | | | | | 2.69 | | | |
| 22 | Midpoint Lag Factor | | 365 | / | 12 | / | 2 | = | <u>15.21</u> |
| 23 | Total Revenue Lag Days | Sum L 20 to L 22 | | | | <u>55.07</u> | | | |

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Schedule C-4
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Summary of Expense Lag Calculations

| Line No. | Description | [1] Reference Or Factor | [2] Amount | [3] (Lead) / Lag Days | [4] Weighted Dollar Value [2] * [3] | [5] (Lead) / Lag Days [4] / [2] |
|--|----------------------------|------------------------------------|-------------------|-------------------------------|---|--|
| <u>PAYROLL</u> | | | | | | |
| 1 | Union Payrolls | Bi-Weekly | \$ 14,383 | 12.00 | | |
| 2 | Exempt & Non-Exempt | Bi-Weekly | 20,536 | 12.00 | | |
| 3 | Weighted for Union | L1, C2 * C3 | | | \$ 172,596 | |
| 4 | Weighted for Other | L2, C2 * C3 | | | 246,432 | |
| 5 | Payroll Lag | L 3 + L 4 | <u>\$ 34,919</u> | | <u>\$ 419,028</u> | |
| 6 | Payroll Lag Days | C 4 / C 2 | | | | <u>12.00</u> |
| <u>PURCHASE GAS COSTS</u> | | | | | | |
| 7 | Payment Lag | Page 6 | <u>\$ 190,060</u> | | <u>\$ 6,977,415</u> | |
| 8 | Gas Cost Lag Days | C 4 / C 2 | | | | <u>36.71</u> |
| <u>OTHER O & M EXPENSES</u> | | | | | | |
| 9 | JANUARY 2015 | Page 5 | 6,906 | | 210,713 | |
| 10 | MARCH 2015 | Page 5 | 6,408 | | 169,762 | |
| 11 | JUNE 2015 | Page 5 | 6,388 | | 157,958 | |
| 12 | SEPTEMBER 2015 | Page 5 | 7,281 | | 201,991 | |
| 13 | TOTAL | | <u>26,983</u> | | <u>740,424</u> | |
| 14 | Other O&M Expense Lag Days | C 4 / C 2 | | | | <u>27.44</u> |

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General Disbursements Payment Lag Summary

| Line # | Description | [1] Number of CDs | [2] Cash Disbursements | [3] Dollar-Days | [4] Expense Lag-Days [3]/[2] |
|--------------------------------------|--|-------------------------|------------------------------|--------------------|---------------------------------------|
| <u>JANUARY 2015</u> | | | | | |
| 1 | Total Disbursements for Month | <u>4,387</u> | <u>\$ 33,924</u> | | |
| 2 | Total Disbursements for Expenses | <u>2,109</u> | <u>\$ 6,906</u> | <u>\$ 210,713</u> | <u>30.51</u> |
| <u>MARCH 2015</u> | | | | | |
| 3 | Total Disbursements for Month | <u>4,034</u> | <u>\$ 34,788</u> | | |
| 4 | Total Disbursements for Expenses | <u>2,217</u> | <u>\$ 6,408</u> | <u>\$ 169,762</u> | <u>26.49</u> |
| <u>JUNE 2015</u> | | | | | |
| 5 | Total Disbursements for Month | <u>4,819</u> | <u>\$ 23,077</u> | | |
| 6 | Total Disbursements for Expenses | <u>2,427</u> | <u>\$ 6,388</u> | <u>\$ 157,958</u> | <u>24.73</u> |
| <u>SEPTEMBER 2015</u> | | | | | |
| 7 | Total Disbursements for Month | <u>5,081</u> | <u>\$ 27,877</u> | | |
| 8 | Total Disbursements for Expenses | <u>2,335</u> | <u>\$ 7,281</u> | <u>\$ 201,991</u> | <u>27.74</u> |
| <u>TOTAL FOUR TEST MONTHS</u> | | | | | |
| 9 | Total Test Month Expense Disbursement (L 2 + L 4 + L 6 + L 8) | <u>9088</u> | <u>\$ 26,983</u> | <u>\$ 740,424</u> | <u>27.44</u> |

UGI Utilities, Inc. - Gas Division
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Purchase Gas Cost Payment Lag Summary

| Line # | Description | [1] Number of Invoices | [2] Amount of Invoices | [3] Dollar Days | [4] Total Payment Lag-Days |
|--------|-----------------------|-----------------------------|-----------------------------|----------------------|---------------------------------|
| 1 | October 2014 | 23 | \$ 11,771 | \$ 449,126 | 38.16 |
| 2 | November | 19 | 8,977 | 353,889 | 39.42 |
| 3 | December | 31 | 23,296 | 766,156 | 32.89 |
| 4 | January 2015 | 26 | 21,084 | 678,725 | 32.19 |
| 5 | February | 30 | 29,534 | 1,088,896 | 36.87 |
| 6 | March | 38 | 34,867 | 1,311,988 | 37.63 |
| 7 | April | 28 | 15,666 | 640,892 | 40.91 |
| 8 | May | 29 | 11,328 | 434,701 | 38.37 |
| 9 | June | 19 | 7,835 | 279,096 | 35.62 |
| 10 | July | 20 | 8,163 | 306,544 | 37.55 |
| 11 | August | 22 | 8,403 | 315,182 | 37.51 |
| 12 | September 2015 | 20 | <u>9,136</u> | <u>352,220</u> | 38.55 |
| 13 | Total | Sum (L 1 to L 11) | <u>\$ 190,060</u> | <u>\$ 6,977,415</u> | |
| 14 | Purchase Gas Lag Days | C 3 / C 2 | | | <u>36.71</u> |

**UGI Utilities, Inc. - Gas Division
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 Witness: A. P. Kelly
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Interest Payments

| | | [1] | [2] | [3] | [4] |
|----------|--|---------------------|-----------|-----------|-------------------|
| Line No. | Description | Reference Or Factor | # of Days | # of Days | Total |
| 1 | Measures of Value at December 31, 2015 | Sch C-1 | | | \$ 735,767 |
| 2 | Long-term Debt Ratio | Sch B-6 | | | 39.12% |
| 3 | Embedded Cost of Long-term Debt | Sch B-6 | | | 5.82% |
| 4 | Pro forma Interest Expense | L 1 * L 2 * L 3 | | | <u>\$ 16,752</u> |
| 5 | Daily Amount | L 4 / L 5 [2] | 365 | | \$ 46 |
| 6 | Days to mid-point of interest payments | | | 91.25 | |
| 7 | Less: Revenue Lag Days | Page 3 | | 55.07 | |
| 8 | Interest Payment lag days | L 7 - L 6 | | | <u>(36.2)</u> |
| 9 | Total Interest for Working Capital | L 5 * L 8 | | | <u>\$ (1,660)</u> |

UGI Utilities, Inc. - Gas Division
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Schedule C-4
 Witness: A. P. Kelly
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Tax Lag Day Calculations

| Line # | Description | [1] Payment Dates | [2] Mid-Point of Service Period | [3] Lead (Lag) Payment Days [1] - [2] | [4] Payment Amount | [5] Weighted Lead (Lag) Dollars [3] * [4] | [6] Payment Lead (Lag) Days [5] / [4] | [7] Revenue (Lag) Days | [8] Net Payment Lead (Lag) Days [6] - [7] | [9] Total Dollar Days | [10] Working Capital Amount |
|--------|---------------------------------------|----------------------|------------------------------------|---|-----------------------|---|---|---------------------------|---|--------------------------|--------------------------------|
| | | | | | | | | | | | 365 |
| 1 | FEDERAL INCOME TAX | | | | \$ 22,526 | | | | | | |
| 2 | First Payment | 01/05/15 | 04/01/15 | 86.00 | \$ 5,631 | 484,300 | | | | | |
| 3 | Second Payment | 03/15/15 | 04/01/15 | 17.00 | 5,631 | 95,734 | | | | | |
| 4 | Third Payment | 06/15/15 | 04/01/15 | (75.00) | 5,631 | (422,355) | | | | | |
| 5 | Fourth Payment | 09/15/15 | 04/01/15 | (167.00) | 5,631 | (940,443) | | | | | |
| 6 | Total | | | | \$ 22,526 | \$ (782,764) | (34.75) | (55.07) | 20.32 | \$ 457,720 | \$ 1,254 |
| 7 | STATE INCOME TAX | | | | \$ 5,607 | | | | | | |
| 8 | First Payment | 12/15/14 | 04/01/15 | 107.00 | \$ 1,402 | 149,985 | | | | | |
| 9 | Second Payment | 03/15/15 | 04/01/15 | 17.00 | 1,402 | 23,829 | | | | | |
| 10 | Third Payment | 06/15/15 | 04/01/15 | (75.00) | 1,402 | (105,130) | | | | | |
| 11 | Fourth Payment | 09/15/15 | 04/01/15 | (167.00) | 1,402 | (234,089) | | | | | |
| 12 | Total | | | | \$ 5,607 | (165,404) | (29.50) | (55.07) | 25.57 | \$ 143,369 | \$ 393 |
| 13 | PA CAPITAL STOCK TAX | | | | \$ 269 | | | | | | |
| 14 | First Payment | 12/15/14 | 04/01/15 | 107.00 | \$ 67 | 7,196 | | | | | |
| 15 | Second Payment | 03/15/15 | 04/01/15 | 17.00 | 67 | 1,143 | | | | | |
| 16 | Third Payment | 06/15/15 | 04/01/15 | (75.00) | 67 | (5,044) | | | | | |
| 17 | Fourth Payment | 09/15/15 | 04/01/15 | (167.00) | 67 | (11,231) | | | | | |
| 18 | Total | | | | \$ 269 | (7,936) | (29.50) | (55.07) | 25.57 | \$ 6,878 | \$ 19 |
| 19 | PA PROPERTY TAX | | | | \$ 171 | | | | | | |
| 20 | First Payment | 03/31/15 | 04/01/15 | 1.00 | \$ 86 | 86 | | | | | |
| 21 | Second Payment | 09/30/15 | 04/01/15 | (182.00) | 86 | (15,561) | | | | | |
| 22 | Total | | | | \$ 171 | (15,476) | (90.50) | (55.07) | (35.43) | \$ (6,059) | \$ (17) |
| 23 | PURTA | | | | \$ 401 | | | | | | |
| 24 | Payment | 05/01/15 | 04/01/15 | (30.00) | \$ 401 | (12,030) | (30.00) | (55.07) | 25.07 | \$ 10,053 | \$ 28 |
| 25 | Total Working Capital For Other Taxes | | | | | | | | | | \$ 1,677 |

UGI Utilities, Inc. - Gas Division
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Schedule C-4
 Witness: A. P. Kelly
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Prepaid Expenses

| Line # | [1] Description | [2] TOTAL | [3] Insurance | [4] PUC Assessment | [5] Property Taxes | [6] Subscriptions | [7] Postage | [8] Rent | [9] Maintenance & Services |
|--------|--------------------|--------------|------------------|--------------------------|--------------------------|----------------------|----------------|-------------|----------------------------------|
| 1 | September, 2014 | 3,964 | \$ 1,188 | \$ 1,398 | \$ 118 | \$ 18 | \$ 2 | \$ - | \$ 1,240 |
| 2 | October | 3,674 | 1,050 | 1,242 | 104 | 52 | 12 | - | 1,214 |
| 3 | November | 3,283 | 912 | 1,087 | 90 | 26 | 15 | - | 1,153 |
| 4 | December, 2014 | 2,927 | 796 | 932 | 77 | - | 13 | - | 1,109 |
| 5 | January, 2015 | 2,701 | 654 | 776 | 80 | 98 | 12 | - | 1,081 |
| 6 | February | 2,323 | 512 | 621 | 88 | 72 | 14 | 15 | 1,001 |
| 7 | March | 1,898 | 370 | 466 | 78 | 46 | 13 | 15 | 910 |
| 8 | April | 1,838 | 229 | 311 | 76 | 82 | 38 | 15 | 1,087 |
| 9 | May | 1,591 | 347 | 155 | 62 | 56 | 10 | 15 | 946 |
| 10 | June | 1,635 | 233 | - | 48 | 30 | 15 | 15 | 1,294 |
| 11 | July | 1,801 | 391 | (155) | 158 | 67 | 7 | 15 | 1,318 |
| 12 | August | 1,475 | 243 | (311) | 147 | 41 | 12 | 15 | 1,328 |
| 13 | September, 2015 | 4,199 | 1,340 | 1,365 | 132 | 15 | 6 | 15 | 1,326 |
| 14 | TOTAL | \$ 33,309 | \$ 8,265 | \$ 7,887 | \$ 1,258 | \$ 603 | \$ 169 | \$ 120 | \$ 15,007 |
| 15 | Percent to Gas | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| 16 | Amount to Gas | | \$ 8,265 | \$ 7,887 | \$ 1,258 | \$ 603 | \$ 169 | \$ 120 | \$ 15,007 |
| 17 | Monthly Average | 13 | \$ 636 | \$ 607 | \$ 97 | \$ 46 | \$ 13 | \$ 9 | \$ 1,154 |
| 18 | Rate Case Amount | \$ 2,562 | | | | | | | |

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Schedule C-5
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Gas Inventory

| Line # | Description | [1] Factor Or Reference | [2] Stored Underground | [3] Other | [4] Total [2] + [3] |
|--------|-------------------------|------------------------------------|--------------------------------|----------------|---------------------------------|
| 1 | September, 2014 | | \$ 40,011 | | \$ 40,011 |
| 2 | October | | 46,144 | | 46,144 |
| 3 | November | | 43,472 | | 43,472 |
| 4 | December, 2014 | | 34,589 | | 34,589 |
| 5 | January, 2015 | | 21,572 | | 21,572 |
| 6 | February | | 8,661 | | 8,661 |
| 7 | March | | 3,147 | | 3,147 |
| 8 | April | | 6,238 | | 6,238 |
| 9 | May | | 8,778 | | 8,778 |
| 10 | June | | 11,650 | | 11,650 |
| 11 | July | | 15,314 | | 15,314 |
| 12 | August | | 19,540 | | 19,540 |
| 13 | September, 2015 | | 23,368 | | 23,368 |
| 14 | Total | Sum (L 1 to L 13) | <u>\$ 282,484</u> | <u>\$ -</u> | <u>\$ 282,484</u> |
| 15 | Number of Months | | <u>13</u> | <u>13</u> | <u>13</u> |
| 16 | Average Monthly Balance | L 14 / L 15 | <u>\$ 21,730</u> | <u>\$ -</u> | <u>\$ 21,730</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-6
Witness: N. M. McKinney
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Accumulated Deferred Income Taxes

| Line # | Description | Factor Or Reference | [1] Percent | [2] Amount | [3] Total |
|--------|---|---------------------|------------------|-----------------|-------------------|
| 1 | <u>Accumulated Deferred Income Tax</u> | | | | |
| 2 | Gas Utility Plant - a/c # 282 | | | \$ 200,944 | |
| 3 | Sub-total | | | | 200,944 |
| 4 | ADIT on CIAC | | | (14,110) | |
| 5 | ADIT for Repairs Tax Deduction | | | <u>46,318</u> | |
| 6 | Sub-total | | | | <u>32,208</u> |
| 7 | Federal ADIT | | | | 233,153 |
| 8 | State ADIT for Repairs Tax Deduction | | | | <u>8,619</u> |
| 9 | State ADIT | | | | 8,619 |
| 10 | Total at September 30, 2015 | | | | <u>\$ 241,772</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-7
Witness: A. P. Kelly
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Customer Deposits

[1]

| <u>Line</u> <u>#</u> | <u>Description</u> | <u>Factor</u> <u>Or</u> <u>Reference</u> | <u>Balance</u> <u>At End</u> <u>Of Month</u> |
|-------------------------|--------------------|--|--|
| 1 | September, 2015 | | <u>\$ 14,517</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule C-8
Witness: A. P. Kelly
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Materials & Supplies

| Line # | Description | Factor Or Reference | [1] Materials & Supplies | [2] Undistributed Stores Expense | [3] Total |
|-----------|-----------------|---------------------------|-------------------------------------|---|-----------------|
| 1 | September, 2015 | | \$ 4,212 | \$ - | <u>\$ 4,212</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule D-1
Witness: A. P. Kelly
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Summary of Revenue and Expenses
Pro Forma with Proposed Revenue Increase

| Line # | Description | Factor Or Reference | Pro Forma Historic Year Ended September 30, 2015 | | |
|---------------------------|--|---------------------|--|------------------------|----------------------------|
| | | | [1] At Present Rates | [2] Rate Increase | [3] At Proposed Rates |
| OPERATING REVENUES | | | | | |
| 1 | Customer & Distribution Revenue | | \$ 205,337 | \$ - | \$ 205,337 |
| 2 | Gas Supply & Cost Adjustment Revenue | | 135,272 | - | 135,272 |
| 3 | Other Revenues | | 7,151 | - | 7,151 |
| 4 | Revenue Increase | | - | 15,903 | 15,903 |
| 5 | Total operating revenues | | <u>347,760</u> | <u>15,903</u> | <u>363,663</u> |
| OPERATING EXPENSES | | | | | |
| 6 | Manufactured Gas | | 71 | - | 71 |
| 7 | Gas Supply Production | | 135,023 | - | 135,023 |
| 8 | Transmission | | (158) | - | (158) |
| 9 | Distribution | | 35,720 | - | 35,720 |
| 10 | Customer Accounts | | 10,819 | - | 10,819 |
| 11 | Uncollectible Expense | | 5,685 | 265 | 5,950 |
| 12 | Customer Information & Services | | 1,748 | - | 1,748 |
| 13 | Sales | | 985 | - | 985 |
| 14 | Administrative & General | | 46,067 | - | 46,067 |
| 15 | Depreciation & Amortization | | 32,850 | - | 32,850 |
| 16 | Taxes other than income taxes | | 5,765 | - | 5,765 |
| 17 | Total operating expenses | | <u>274,575</u> | <u>265</u> | <u>274,840</u> |
| 18 | Net operating income Before Income Tax | | 73,185 | 15,638 | 88,823 |
| <u>Income Taxes</u> | | | | | |
| 19 | Pro Forma Income Tax At Present Rates | | 21,644 | | 21,644 |
| 20 | Pro Forma Income Tax on Revenue Increase | | | 6,488 | 6,488 |
| 21 | Net Operating Income | | <u>\$ 51,541</u> | <u>\$ 9,149</u> | <u>\$ 60,690</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Historic Year - 12 Months Ended September 30, 2015
(\$ In Thousands)

Schedule D-2
Witness: A. P. Kelly
Page 1 of 1

Summary of Pro Forma Revenue and Expense
Adjustments with Proposed Revenue Increase

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] |
|---------------------------|---------------------------------|---------------------|----------------------------------|---|---|-------------------|--|
| | | Factor Or Reference | Pro Forma Historic Year Recorded | Adjustments Sch D-3 Increase (Decrease) | As Adjusted And Allocated [2] + [3] | Proposed Increase | Pro Forma Test Year With Proposed Increase [4] + [5] |
| OPERATING REVENUES | | | | | | | |
| 1 | Residential (R/RT) | 480 | \$ 246,868 | \$ (49,629) | \$ 197,239 | | \$ 197,239 |
| 2 | Comm & Ind (N/NT) | 481 | 129,424 | (34,519) | 94,905 | | 94,905 |
| 3 | Comm & Ind (DS) | 489 | 19,978 | (6,519) | 13,459 | | 13,459 |
| 4 | Lg Transport/Other | 489 | 31,678 | (3,860) | 27,818 | | 27,818 |
| 5 | Interruptible | 489 | 20,379 | (13,191) | 7,188 | | 7,188 |
| 6 | Forfeited Discounts | 487 | 2,881 | - | 2,881 | | 2,881 |
| 7 | Miscellaneous Service Revenues | 488 | 3,517 | - | 3,517 | | 3,517 |
| 8 | Off System Revenues | 496 | 43,322 | (43,322) | - | | - |
| 9 | Rent from Gas Properties | 493 | 154 | - | 154 | | 154 |
| 10 | Other Revenues | 495 | 599 | - | 599 | | 599 |
| 11 | Rate Increase | | | | | 15,903 | 15,903 |
| 12 | Total operating revenues | | <u>498,800</u> | <u>(151,040)</u> | <u>347,760</u> | <u>15,903</u> | <u>363,663</u> |
| OPERATING EXPENSES | | | | | | | |
| 13 | Gas Production | | 70 | 1 | 71 | | 71 |
| 14 | Gas Supply Production | | 241,928 | (106,905) | 135,023 | | 135,023 |
| 15 | Transmission | | - | (158) | (158) | | (158) |
| 16 | Distribution | | 35,818 | (98) | 35,720 | | 35,720 |
| 17 | Customer Accounts | | 10,753 | 66 | 10,819 | | 10,819 |
| 18 | Uncollectible Expense | 1.669% | 7,203 | (1,518) | 5,685 | 265 | 5,950 |
| 19 | Customer Information & Services | | 1,738 | 10 | 1,748 | | 1,748 |
| 20 | Sales | | 979 | 6 | 985 | | 985 |
| 21 | Administrative & General | | 46,878 | (811) | 46,067 | | 46,067 |
| 22 | Depreciation & Amortization | | 31,844 | 1,006 | 32,850 | | 32,850 |
| 23 | Taxes other than income taxes | | 5,448 | 317 | 5,765 | | 5,765 |
| 24 | Total operating expenses | | <u>382,659</u> | <u>(108,084)</u> | <u>274,575</u> | <u>265</u> | <u>274,840</u> |
| 25 | Net Operating Income - OBIT | | 116,141 | (42,956) | 73,185 | 15,638 | 88,823 |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Historic Year - 12 Months Ended September 30, 2015
(\$ In Thousands)

Summary of Pro Forma Adjustments

| Line # | Description | Adjustments | | | | | | | | | | | Total Problems |
|--|--|-------------------------------|-----------------------|--------------|---------------|----------------------|---------|--------------------------|----------------|---------------------------|-------------------------|---------------------|----------------|
| | | [1] As Budgeted And Allocated | [2] Company Line Item | [3] Revenue | [4] Gas Costs | [5] Salaries & Wages | [6] D-8 | [7] Subsidy Amortization | [8] Risk Class | [9] Unpredictable Expense | [10] 2014 Profit of Way | [11] JMWTE Projects | |
| OPERATING REVENUES | | | | | | | | | | | | | |
| Customer & Distribution Revenue | | | | | | | | | | | | | |
| 1 | Residential (R/RT) | \$ 114,254 | | \$ (11,511) | | | | | | | | \$ (11,511) | \$ 102,743 |
| 2 | Comm & Ind (N/RT) | 89,576 | | (13,345) | | | | | | | | (13,345) | 66,231 |
| 3 | Comm & Ind (DS) | 16,137 | | (3,281) | | | | | | | | (3,281) | 12,856 |
| 4 | Lg Transport/Other | 30,963 | | (2,386) | | | | | | | | (2,386) | 28,577 |
| 5 | Interruptible | 18,091 | | (13,181) | | | | | | | | (13,181) | 4,910 |
| Revenue for Cost of Gas | | | | | | | | | | | | | |
| 6 | Residential (R/RT) | 132,814 | | (38,116) | | | | | | | | (38,116) | 94,698 |
| 7 | Comm & Ind (N/RT) | 59,846 | | (21,174) | | | | | | | | (21,174) | 38,672 |
| 8 | Comm & Ind (DS) | 3,841 | | (3,276) | | | | | | | | (3,276) | 613 |
| 9 | Lg Transport/Other | 695 | | (1,494) | | | | | | | | (1,494) | (799) |
| 10 | Interruptible | 2,288 | | (0) | | | | | | | | (0) | 2,288 |
| 11 | Forfeited Discounts | 2,881 | | | | | | | | | | | 2,881 |
| 12 | Miscellaneous Service Revenue | 3,517 | | (43,322) | | | | | | | | (43,322) | 3,517 |
| 13 | OH System Revenue | 496 | | | | | | | | | | | 496 |
| 14 | Rent from Gas Properties | 154 | | | | | | | | | | | 154 |
| 15 | Other Revenue | 599 | | | | | | | | | | | 599 |
| 16 | Rate Increase | | | | | | | | | | | | |
| 17 | Total operating revenues | \$ 498,300 | | \$ (151,040) | | | | | | | | \$ (151,040) | \$ 347,260 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| 18 | Gas Production | \$ 70 | | | | | | | | | | | \$ 70 |
| 19 | Gas Supply Production | 241,928 | | | | | | | | | | | 241,928 |
| 20 | Transmission | | | | | | | | | | | | |
| 21 | Distribution | 35,818 | | (107,336) | | | | | | | | (106,906) | (70) |
| 22 | Customer Accounts | 10,753 | | | | | | | | | | | 10,753 |
| 23 | Uncollectible Expense | 7,200 | | | | | | | | | | | 7,200 |
| 24 | Customer Information & Services | 1,738 | | | | | | | | | | | 1,738 |
| 25 | Sales | 978 | | | | | | | | | | | 978 |
| 26 | Administrative & General | 48,878 | | | | | | | | | | | 48,878 |
| 27 | Depreciation & Amortization | 31,844 | | | | | | | | | | | 31,844 |
| 28 | Taxes other than income taxes | 5,448 | | | | | | | | | | | 5,448 |
| 29 | Total operating expenses | \$ 382,659 | | \$ (107,336) | | | | | | | | \$ (109,407) | \$ 273,252 |
| 30 | Net operating income before income tax | \$ 115,641 | | \$ (151,040) | | | | | | | | \$ (41,623) | \$ 74,508 |

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
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 (\$ in Thousands)

Schedule D-3
 Witness: A. P. Kelly
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Summary of Pro Forma Adjustments

| Line # | Description | From Page 1 Sub-total | [1] | [2] | [3] | [5] Adjustments | | | | [7] | [8] Adjustments | | [9] | [10] Taxes Other Than Income | | [11] | [12] TOTAL Adjusted | |
|--------------------------------|--|-----------------------|------------|-----|-----|-----------------|------|------|------|-----|-----------------|---------|-------|------------------------------|------|------|---------------------|------------|
| | | | | | | D-14 | D-15 | D-16 | D-17 | | D-18 | D-19 | | D-21 | D-31 | | | |
| OPERATING REVENUES | | | | | | | | | | | | | | | | | | |
| 31 | Customer & Distribution Revenue | | | | | | | | | | | | | | | | | |
| 32 | Residential (R/RT) | 480 | \$ 102,743 | | | | | | | | | | | | | | | \$ 102,743 |
| 33 | Comm & Ind (N/NT) | 481 | 56,231 | | | | | | | | | | | | | | | 56,231 |
| 34 | Comm & Ind (DS) | 489 | 12,848 | | | | | | | | | | | | | | | 12,848 |
| 35 | Lg Transport/Other | 489 | 28,617 | | | | | | | | | | | | | | | 28,617 |
| 36 | Interruptible | 489 | 4,900 | | | | | | | | | | | | | | | 4,900 |
| Revenue for Cost of Gas | | | | | | | | | | | | | | | | | | |
| 37 | Residential (R/RT) | 480 | 94,496 | | | | | | | | | | | | | | | 94,496 |
| 38 | Comm & Ind (N/NT) | 481 | 38,674 | | | | | | | | | | | | | | | 38,674 |
| 39 | Comm & Ind (DS) | 489 | 613 | | | | | | | | | | | | | | | 613 |
| 40 | Lg Transport/Other | 489 | (799) | | | | | | | | | | | | | | | (799) |
| 41 | Interruptible Transport | 489 | 2,268 | | | | | | | | | | | | | | | 2,268 |
| 42 | Forfeited Discounts | 487 | 2,881 | | | | | | | | | | | | | | | 2,881 |
| 43 | Miscellaneous Service Revenues | 488 | 3,517 | | | | | | | | | | | | | | | 3,517 |
| 44 | Oil System Revenues | 496 | - | | | | | | | | | | | | | | | - |
| 45 | Rent from Gas Properties | 493 | 154 | | | | | | | | | | | | | | | 154 |
| 46 | Other Revenues | 495 | 599 | | | | | | | | | | | | | | | 599 |
| 47 | Rate Increase | | - | | | | | | | | | | | | | | | - |
| 48 | Total operating revenues | | 347,760 | | | | | | | | | | | | | | | 347,760 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | | | |
| 49 | Gas Production | | 71 | | | | | | | | | | | | | | | 71 |
| 50 | Gas Supply Production | | 135,023 | | | | | | | | | | | | | | | 135,023 |
| 51 | Transmission | | (158) | | | | | | | | | | | | | | | (158) |
| 52 | Distribution | | 35,720 | | | | | | | | | | | | | | | 35,720 |
| 53 | Customer Accounts | | 10,819 | | | | | | | | | | | | | | | 10,819 |
| 54 | Uncollectible Expense | | 5,685 | | | | | | | | | | | | | | | 5,685 |
| 55 | Customer Information & Services | | 1,748 | | | | | | | | | | | | | | | 1,748 |
| 56 | Sales | | 985 | | | | | | | | | | | | | | | 985 |
| 57 | Administrative & General | | 46,067 | | | | | | | | | | | | | | | 46,067 |
| 58 | Depreciation & Amortization | | 31,844 | | | | | | | | | 1,006 | | | | | | 32,850 |
| 59 | Taxes other than income taxes | | 5,448 | | | | | | | | | | 317 | | | | | 5,765 |
| 60 | Total operating expenses | | 273,252 | | | | | | | | | 1,006 | 317 | | | | | 274,575 |
| 61 | Net operating income Before Income Tax | | 74,508 | | | | | | | | | (1,006) | (317) | | | | | 73,185 |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule D-4
 Witness: A. P. Kelly
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Company Use of Fuel

| | | [1] | [2] | [3] |
|--------|----------------------------|-------------|----------|-------|
| Line # | Description | | | |
| 1 | Remove Company Use of Fuel | a/c 859.001 | \$ (158) | |
| 2 | Remove Company Use of Fuel | a/c 880.001 | (108) | |
| 3 | Remove Company Use of Fuel | a/c 930.201 | (165) | |
| 4 | | | | (431) |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Historic Year - 12 Months Ended September 30, 2015
(\$ In Thousands)

Schedule D-5
 Witness: D. E. Lahoff
 Page 1 of 1

Adjustment - Revenue Adjustments

[1] [2] [3] [4] [5] [6]

PRO FORMA ADJUSTMENTS

| Line # | Description | Reference Or Account Number | 2015 Actual | Rev Adj For HY | Off System Sales | Total Proforma Adjustments | Proforma Adjusted At Present Rates |
|--|--------------------------------|-----------------------------|-------------------|---------------------|--------------------|----------------------------|------------------------------------|
| | | | | D-5A | D-5C | | |
| Customer & Distribution Revenue | | | | | | | |
| 1 | Residential (R/RT) | 480 | \$ 114,254 | \$ (11,511) | | \$ (11,511) | \$ 102,743 |
| 2 | Comm & Ind (N/NT) | 481 | 69,576 | (13,345) | | (13,345) | 56,231 |
| 3 | Comm & Ind (DS) | 489 | 16,137 | (3,291) | | (3,291) | 12,846 |
| 4 | Lg Transport/Other | 489 | 30,983 | (2,366) | | (2,366) | 28,617 |
| 5 | Interruptible | 489 | 18,091 | (13,191) | | (13,191) | 4,900 |
| 6 | Cust Chg & Distrib Revenue | | 249,041 | (43,704) | - | (43,704) | 205,337 |
| Revenue for Cost of Gas | | | | | | | |
| 7 | Residential (R/RT) | 480 | 132,614 | (38,118) | | (38,118) | 94,496 |
| 8 | Comm & Ind (N/NT) | 481 | 59,648 | (21,174) | | (21,174) | 38,674 |
| 9 | Comm & Ind (DS) | 489 | 3,841 | (3,228) | | (3,228) | 613 |
| 10 | Lg Transport/Other | 489 | 695 | (1,494) | | (1,494) | (799) |
| 11 | Interruptible Transport | 489 | 2,288 | (0) | | (0) | 2,288 |
| 12 | Revenue for Cost of Gas | | 199,266 | (64,014) | - | (64,014) | 135,272 |
| 13 | Total Customer Revenue | | 448,327 | (107,718) | - | (107,718) | 340,609 |
| 14 | Forfeited Discounts | 487 | 2,881 | | | - | 2,881 |
| 15 | Miscellaneous Service Revenues | 488 | 3,517 | | | - | 3,517 |
| 16 | Off System Revenue | 489.3 | 43,322 | | (43,322) | (43,322) | - |
| 17 | Rent from Gas Properties | 489 | 154 | | | - | 154 |
| 18 | Other Revenues | 495 | 599 | | | - | 599 |
| 19 | TOTAL REVENUES | | \$ 498,800 | \$ (107,718) | \$ (43,322) | \$ (151,040) | \$ 347,760 |

UGI Utilities, Inc. - Gas Division
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Historic Year - 12 Months Ended September 30, 2015
(\$ in Thousands)

Schedule D-5A
Witness: D. E. Lahoff
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Adjustment - Test Year Revenue Change

| Line # | Description | [1] | [2] | [3] | [4] | [5] |
|---|--------------------|-------|--------------------|----------------|------------------|-------|
| # | Description | | Recorded Amount | Revised | Adjustment | |
| | | | | | [3] - [2] | |
| <u>TOTAL REVENUE</u> | | | | | | |
| 1 | Residential (R/RT) | | 246,868 | 197,239 | (49,629) | |
| 2 | Comm & Ind (N/NT) | | 130,119 | 95,600 | (34,519) | |
| 3 | Comm & Ind (DS) | | 19,978 | 13,459 | (6,519) | |
| 4 | Lg Transport/Other | | 33,271 | 29,411 | (3,860) | |
| 5 | Interruptible | | 18,091 | 4,900 | (13,191) | |
| 6 | | | | | | |
| 7 | Total | | <u>448,327</u> | <u>340,609</u> | <u>(107,718)</u> | |
| <u>GAS COST /PGC FLOWBACK</u> | | | | | | |
| 8 | Residential (R/RT) | | 132,614 | 94,496 | (38,118) | |
| 9 | Comm & Ind (N/NT) | | 60,543 | 39,369 | (21,174) | |
| 10 | Comm & Ind (DS) | | 3,841 | 613 | (3,228) | |
| 11 | Lg Transport/Other | | 2,288 | 794 | (1,494) | |
| 12 | Interruptible | | 0 | (0) | (0) | |
| 13 | | | | | | |
| 14 | Total | | <u>199,286</u> | <u>135,272</u> | <u>(64,014)</u> | |
| <u>NET CUSTOMER & DISTRIBUTION</u> | | | | | | |
| 15 | Residential (R/RT) | | 114,254 | 102,743 | (11,511) | |
| 16 | Comm & Ind (N/NT) | | 69,576 | 56,231 | (13,345) | |
| 17 | Comm & Ind (DS) | | 16,137 | 12,846 | (3,291) | |
| 18 | Lg Transport/Other | | 30,983 | 28,617 | (2,366) | |
| 19 | Interruptible | | 18,091 | 4,900 | (13,191) | |
| 20 | | | | | | |
| 21 | Total | | <u>249,041</u> | <u>205,337</u> | <u>(43,704)</u> | |

UGI Utilities, Inc. - Gas Division
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Historic Year - 12 Months Ended September 30, 2015
(\$ in Thousands)

Schedule D-5C
 Witness: D. E. Lahoff
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Adjustment - Other Revenue Items

| Line # | Description | [1] Reference | [2] Amount | [3] Sub-Total |
|-----------------------------|---------------------------|--------------------|-----------------|--------------------|
| <u>REVENUE</u> | | | | |
| 1 | Off System Sales | | \$ 43,322 | |
| 2 | Total revenue Adjustment | | <u>43,322</u> | <u>\$ 43,322</u> |
| <u>GAS COSTS</u> | | | | |
| 3 | Off System Sales | | \$ 43,322 | |
| 4 | Total Gas Cost Adjustment | | <u>43,322</u> | <u>\$ 43,322</u> |

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
 Historic Year - 12 Months Ended September 30, 2015
 (\$ In Thousands)

Schedule D-6
 Witness: D. E. Lahoff
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Adjustment - Gas Costs

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] | [7] |
|--------|------------------------|-----------------------------|--------------------|-----------------------|-----------------------|---------------|--------------------------------|-----------------------------------|
| | | Reference Or Account Number | Historic Gas Costs | PRO FORMA ADJUSTMENTS | | | Gas Cost Pro Forma Adjustments | Pro Forma Gas Costs At Pres Rates |
| | | | | D-5 Gas Costs | D-5C Off System Sales | Company Use | Sum [2] to [5] | [2] + [6] |
| 1 | Actual Gas Costs | | \$ 241,928 | | | | \$ - | \$ 241,928 |
| 2 | Residential (R/RT) | | | (38,118) | | | (38,118) | (38,118) |
| 3 | Comm & Ind (N/NT) | | | (21,174) | | | (21,174) | (21,174) |
| 4 | Comm & Ind (DS) | | | (3,228) | | | (3,228) | (3,228) |
| 5 | Lg Transport/Other | | | (1,494) | | | (1,494) | (1,494) |
| 6 | Off System Sales | | | | (43,322) | | (43,322) | (43,322) |
| 7 | Company Use of Fuel | | | | | 431 | 431 | 431 |
| 8 | Total Gas Costs | | <u>\$ 241,928</u> | <u>\$ (64,014)</u> | <u>\$ (43,322)</u> | <u>\$ 431</u> | <u>\$ (106,905)</u> | <u>\$ 135,023</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Historic Year - 12 Months Ended September 30, 2015
(\$ In Thousands)

Schedule D-7
Witness: A. P. Kelly
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Adjustment - Salaries & Wages

| Line # | Description | [1] Account Number | [2] Recorded Year 09/30/15 | [3] Redistribute General Categories | [4] Payroll As Distributed | [5] Adjustment | [6] Total Pro Forma Payroll |
|---------------------------|--|-------------------------|------------------------------------|--|---------------------------------------|---------------------|--|
| <u>OPERATIONS</u> | | | | | | | |
| 1 | Total Natural Gas Production Expenses | | \$ - | | - | \$ 1 | \$ 1 |
| 2 | Total Underground Storage Expenses | | - | | - | - | - |
| 3 | Total Transmission Operation Expenses | | 12 | | 12 | - | 12 |
| 4 | Total Distribution Operation Expenses | | 11,810 | | 11,810 | 132 | 11,942 |
| 5 | Customer Account Operations Expenses | | 5,992 | | 5,992 | 66 | 6,058 |
| 6 | Total Cust. Service & Inform. Operations Exp | | 950 | | 950 | 10 | 960 |
| 7 | Total Operation Sales Expenses | | 526 | | 526 | 6 | 532 |
| 8 | Total A & G Operation Expenses | | 9,386 | 112 | 9,498 | 110 | 9,608 |
| 9 | Total Operations | | <u>28,676</u> | <u>112</u> | <u>28,788</u> | <u>325</u> | <u>29,113</u> |
| <u>MAINTENANCE</u> | | | | | | | |
| 10 | Total Underground Maintenance Expenses | | - | | - | - | - |
| 11 | Storage Maintenance Expenses | | - | | - | - | - |
| 12 | Total Transmission Maintenance Expenses | | 25 | | 25 | - | 25 |
| 13 | Total Distribution Maintenance Expenses | | 5,069 | 552 | 5,621 | 56 | 5,677 |
| 14 | Maintenance of General Plant | | 417 | | 417 | 5 | 422 |
| 15 | Total Maintenance | | <u>5,511</u> | <u>552</u> | <u>6,063</u> | <u>61</u> | <u>6,124</u> |
| 16 | Total Payroll to Expense | | <u>\$ 34,187</u> | <u>664</u> | <u>34,851</u> | <u>\$ 386</u> | <u>\$ 35,237</u> |

UGI Utilities, Inc. - Gas Division
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Schedule D-7
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Adjustment - Salaries & Wages

| Line # | Description | [1] Reference Or Function | [2] | [3] | [4] | [5] | [6] |
|--|--|--------------------------------------|--------------------------|--------------------------|----------------|-----------|-------------------------------|
| | | | Union Increase At 4-1 | Union Increase At 6-1 | Non- Exempt | Exempt | Pro Forma Total Payroll |
| 1 | Annual Payroll at 9-30-15 | | \$ 11,241 | \$ 3,142 | \$ 5,992 | \$ 14,544 | <u>\$ 34,919</u> |
| <u>Annualize for Wage Increase to 9-30-15</u> | | | | | | | |
| 2 | Percent Increase | | 2.75% | 3.00% | 3.23% | 2.94% | |
| 3 | Union Increase At 4-1 Annualization Factor | 4/1/15 | 50% | | | | |
| 4 | Union Increase At 6-1 Annualization Factor | 6/1/15 | | 67% | | | |
| 5 | Non-Exempt Annualization Factor | 4/1/15 | | | 50% | | |
| 6 | Exempt Annualization Factor | 12/1/14 | | | | 17% | |
| 7 | Increase for wage rate changes | L 1 * L 2 * Ls 3 to 6 | <u>155</u> | <u>63</u> | <u>97</u> | <u>71</u> | \$ 386 |
| 8 | Annualized Salaries & Wages at 9-30-15 Rates | L 1 + L 7 | \$ 11,396 | \$ 3,205 | \$ 6,089 | \$ 14,615 | |
| 9 | Pro Forma Adjustment to S&W | L 8 | | | | | <u>\$ 386</u> |
| 10 | Annualization Factor | L 9 / L 1 | | | | | <u>1.105%</u> |

UGI Utilities, Inc. - Gas Division
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(\$ in Thousands)

Schedule D-9
 Witness: A. P. Kelly
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Adjustment - Salary Annualization

| | | [1] | [2] | [3] |
|--------|---|-----------|----------------------------|----------------------|
| Line # | Description | Reference | Total Salary Annualization | Pro Forma Adjustment |
| 1 | Annualize salaries of key positions partly employed in 2015 | | \$ 916 | \$ 664 |
| 2 | Total Adjustment | | | <u>\$ 664</u> |

UGI Utilities, Inc. - Gas Division
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 (\$ in Thousands)

Schedule D-11
 Witness: A. P. Kelly
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Adjustment - Uncollectibles

| Line # | Description | [1] Reference Or Factor | [2] Charge Off Amounts | [3] Tariff Revenue | [4] Percent [2]/[3] | [5] Total [2]/[3] |
|--------|--|----------------------------------|------------------------------|--------------------------|---------------------------|-------------------------|
| 1 | 2013 | | \$ 4,800 | \$ 341,141 | 1.41% | |
| 2 | 2014 | | \$ 6,580 | \$ 388,333 | 1.69% | |
| 3 | 2015 | | \$ 7,203 | \$ 383,750 | 1.88% | |
| 4 | Three Year Average Sum (Line 1 to Line 3) / 3 | 3 | \$ 6,194 | \$ 371,075 | | 1.66900% |
| 5 | 2015 Recorded | | | | \$ 7,203 | |
| | Pro Forma Adjustment | | | | | |
| 6 | Test Year Revenue Adjustment | 1.669% | | \$ 340,609 | | |
| 7 | Pro Forma at Present Rate Revenue | [1] * [3] | | | 5,685 | |
| 8 | Total for Test Year | L 7 - L5 | | | | \$ (1,518) |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Historic Year - 12 Months Ended September 30, 2015
(\$ In Thousands)

Schedule D-12
Witness: A. P. Kelly
Page 1 of 1

Adjustment - Right of Way Expense

| Line # | Description | [1] Reference | [2] Amount | [3] Total |
|--------|--|--------------------|-----------------|----------------|
| 1 | Reduce operating expenses for 2014 carryover right-of-way work | | \$ 178 | <u>\$ 178</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Historic Year - 12 Months Ended September 30, 2015
(\$ in Thousands)

Schedule D-13
 Witness: A. P. Kelly
 Page 1 of 1

Adjustment - UNITE Project

| Line # | Description | FERC | Amount |
|--|-----------------------------------|-------|-----------------|
| UNITE project expenses that will be capitalized | | | |
| 1 | Administrative & General Salaries | 920 | \$ 490 |
| 2 | Office Supplies | 921 | 24 |
| 3 | Outside Services Employed | 923 | 1,217 |
| 4 | Miscellaneous General Expenses | 930.2 | <u>322</u> |
| 5 | Total | | <u>\$ 2,053</u> |

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
 Historic Year - 12 Months Ended September 30, 2015
 (\$ In Thousands)

Schedule D-21
 Witness: J.F. Weidmayer
 Page 1 of 2

| Adjustment - Depreciation expense | | [1] | [2] | [3] | [4] | [5] |
|--|---|----------------|------------------------------|--|------------------------|--------------------------------------|
| Line # | Description | Account Number | 9/30/15 Depreciation Expense | Adjustment To Annualize Depreciation Expense | Other Pro Forma Adjust | Pro Forma Historic Year Depreciation |
| INTANGIBLE PLANT | | | | | | |
| 1 | Organization | 301 | \$ - | - | - | - |
| 2 | Franchise & Consent | 302 | - | - | - | - |
| 3 | Miscellaneous Intangible Plant | 303 | - | - | - | - |
| 4 | TOTAL INTANGIBLE | | - | - | - | - |
| NATURAL GAS PRODUCTION & GATHERING | | | | | | |
| 5 | Producing Lands | 325 1 | - | - | - | - |
| 6 | Producing Leaseholds | 325 2 | - | - | - | - |
| 7 | Rights of Way | 325 4 | - | - | - | - |
| 8 | Other Land Rights | 325 5 | - | - | - | - |
| 9 | Field Measuring & Regulating Station Structures | 328 | - | - | - | - |
| 10 | Other Structures | 329 | - | - | - | - |
| 11 | Producing Gas Wells-Well Construction | 330 | - | - | - | - |
| 12 | Producing Gas Wells-Well Equipment | 331 | - | - | - | - |
| 13 | Field Lines | 332 | - | - | - | - |
| 14 | Field Measuring & Regulating Station Equipment | 334 | - | - | - | - |
| 15 | Drilling & Cleaning Equipment | 335 | - | - | - | - |
| 16 | Other Equipment | 337 | - | - | - | - |
| 17 | TOTAL PRODUCTION & GATHERING | | - | - | - | - |
| NATURAL GAS PRODUCTION & PROCESSING | | | | | | |
| 18 | Land & Land Rights | 304 | - | - | - | - |
| 19 | Production Plant - Manufactured Gas Plants | 305 | - | - | - | - |
| 20 | Rights of Way | 350 2 | - | - | - | - |
| 21 | Structures & Improvements | 351 | - | - | - | - |
| 22 | Wells | 352 | - | - | - | - |
| 23 | Lines | 353 | - | - | - | - |
| 24 | Compressor Station Equipment | 354 | - | - | - | - |
| 25 | Measuring & Regulating Equipment | 355 | - | - | - | - |
| 26 | Purification Equipment | 356 | - | - | - | - |
| 27 | Other Equipment | 357 | - | - | - | - |
| 28 | TOTAL PRODUCTION & PROCESSING | | - | - | - | - |

UGI Utilities, Inc. - Gas Division
 Before the Pennsylvania Public Utility Commission
 Historic Year - 12 Months Ended September 30, 2015
 (\$ in Thousands)

Adjustment - Depreciation expense

| Line # | Description | Account Number | [1] 9/30/15 Depreciation Expense | [2] Adjustment To Annualize Depreciation Expense | [3] Other Pro Forma Adjust | [4] Pro Forma Historic Year Depreciation |
|---------------------------|---|----------------|---|--|-------------------------------------|---|
| TRANSMISSION PLANT | | | | | | |
| 29 | Land & Land Rights | 365.1 | - | - | - | - |
| 30 | Rights of Way | 365.2 | - | - | - | - |
| 31 | Structures & Improvements | 368 | - | - | - | - |
| 32 | Mains | 367 | - | - | - | - |
| 33 | Measuring & Regulating Station Equipment | 369 | - | - | - | - |
| 34 | Communication Equipment | 370 | - | - | - | - |
| 35 | Other Equipment | 371 | - | - | - | - |
| 36 | TOTAL TRANSMISSION | | - | - | - | - |
| DISTRIBUTION PLANT | | | | | | |
| 37 | Land & Land Rights | 374 | - | - | - | - |
| 38 | Structures & Improvements | 375 | 27 | 2 | - | 29 |
| 39 | Mains | 376 | 9,786 | 273 | - | 10,059 |
| 40 | Measuring & Regulating Station Equipment | 378 | 696 | 60 | - | 756 |
| 41 | Measuring & Regulating Station Equipment | 379 | 52 | - | - | 52 |
| 42 | Services | 380 | 11,771 | 864 | - | 12,635 |
| 43 | Meters | 381 | 1,816 | 5 | - | 1,821 |
| 44 | Meter Installations | 382 | 1,314 | 20 | - | 1,334 |
| 45 | House Regulators | 383 | 97 | 75 | - | 172 |
| 46 | House Regulatory Installations | 384 | 194 | 5 | - | 199 |
| 47 | Industrial Measuring & Regulating Station Equipment | 385 | 128 | (57) | - | 71 |
| 48 | Other Property | 386 | 25 | (1) | - | 24 |
| 49 | Other Equipment | 387 | 59 | (5) | - | 54 |
| 50 | TOTAL DISTRIBUTION | | 25,965 | 1,241 | - | 27,206 |
| GENERAL PLANT | | | | | | |
| 51 | Land & Land Rights | 389 | - | - | - | - |
| 52 | Structures & Improvements | 390 | (591) | 1,325 | - | 734 |
| 53 | Office Furniture & Equipment | 391 | 3,942 | (2,591) | - | 1,351 |
| 54 | Transportation Equipment | 392 | (432) | 433 | - | 1 |
| 55 | Stores Equipment | 393 | - | - | - | - |
| 56 | Tools & Garage Equipment | 394 | 368 | 34 | - | 402 |
| 57 | Laboratory Equipment | 395 | - | - | - | - |
| 58 | Power Operated Equipment | 396 | 19 | (4) | - | 15 |
| 59 | Communication Equipment | 397 | 59 | - | - | 59 |
| 60 | Miscellaneous Equipment | 398 | 58 | 3 | - | 61 |
| 61 | TOTAL GENERAL | | 3,423 | (800) | - | 2,623 |
| 62 | TOTAL DEPRECIATION | | \$ 29,388 | \$ 441 | \$ - | \$ 29,829 |
| 63 | CHARGED TO CLEARING ACCOUNTS | | \$ (14) | | | \$ (477) |
| 64 | NET SALVAGE AMORTIZATION | | \$ 2,470 | | | \$ 3,498 |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Historic Year - 12 Months Ended September 30, 2015
(\$ in Thousands)

Schedule D-31
Witness: N. M. McKinney
Page 1 of 1

Adjustment - Taxes Other Than Income Taxes

| Line # | Description | [1] Factor or Reference | [2] Account Number | [3] Recorded Amounts 9/30/15 | [4] Pro Forma Adjustments | [5] Pro Forma Tax Expense 9/30/15 |
|--------|-----------------------|------------------------------------|----------------------------|---|-----------------------------------|--|
| 1 | PURTA Taxes | | 408.1 | \$ 401 | \$ - | \$ 401 |
| 2 | Capital Stock | | | (15) | 284 (1) | 269 |
| 3 | PA & Local Use taxes | | | 171 | | \$ 171 |
| 4 | Social Security | D-32 | 408.3 | 2,690 | 30 | \$ 2,720 |
| 5 | FUTA | D-32 | 408.2 | 21 | - | \$ 21 |
| 6 | SUTA | D-32 | 408.4 | 243 | 3 | \$ 246 |
| 7 | PUC Assessment | | 408.1 | 1,853 | | \$ 1,853 |
| 8 | Other - Miscellaneous | | | 84 | | \$ 84 |
| 9 | Total | | | <u>\$ 5,448</u> | <u>\$ 317</u> | <u>\$ 5,765</u> |

(1) For FY15, the Company made a one-time adjustment to capital stock expense due to an over-accrual of the liability. The adjustment above was done to reflect capital stock tax on a normalized basis.

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Historic Year - 12 Months Ended September 30, 2015
(\$ in Thousands)

Schedule
Witness:
Page 1

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A. P. Kelly
of 1

Adjustment - Payroll Taxes

| Line # | Description | [1] Account Number | [2] Historic Year 9/30/15 Present Rates | [3] Pro Forma Adjustments | [4] Increase in Payroll Taxes |
|--------|---|-------------------------|--|-----------------------------------|--|
| 1 | Total Payroll Charged to Expense | | <u>\$ 34,851</u> | <u>\$ 386</u> | |
| 2 | FICA Expense | | <u>2,690</u> | | |
| 3 | FICA Expense - Percent | L 2 / L 1 | <u>7.72%</u> | <u>7.72%</u> | |
| 4 | Pro Forma FICA Expense on Pro Forma S&W | [4] L 1 * L 3 | | | \$ 30 |
| 5 | FUTA Expense | | <u>21</u> | | |
| 6 | FUTA Expense - Percent | L 5 / L 1 | <u>0.06%</u> | <u>0.06%</u> | |
| 7 | Pro Forma FUTA Expense on Pro Forma S&W | [4] L 1 * L 6 | | | - |
| 8 | SUTA Expense | | <u>243</u> | | |
| 9 | SUTA Expense - Percent | L 8 / L 1 | <u>0.70%</u> | <u>0.70%</u> | |
| 10 | Pro Forma SUTA Expense on Pro Forma S&W | [4] L 1 * L 9 | | | 3 |
| 11 | Pro Forma Adjustment | Sum L 4 to L 10 | | | <u>\$ 33</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Historic Year - 12 Months Ended September 30, 2015
(\$ in Thousands)

Schedule D-33
Witness: N. M. McKinney
Page 1 of 1

| | [1] | [2] | [3] | [4] | [5] |
|--------------------------------------|--|------------------------|--|------------------|---|
| Income Tax Calculation | | | | | |
| Line # | Factor Or Reference | Element Or Amount | Pro Forma Historic Year At Present Rates | Revenue Increase | Pro Forma Historic Year At Proposed Rates |
| # | Description | Reference | Amount | Increase | [3] + [4] |
| 1 | Revenue | | \$ 347,760 | \$ 15,903 | \$ 363,663 |
| 2 | Operating Expenses | | (274,575) | (265) | (274,840) |
| 3 | OIBIT | L 1 + L 2 | 73,185 | 15,638 | 88,823 |
| Interest Expense | | | | | |
| 4 | Rate Base | Sch A-1 | 735,767 | | |
| 5 | Weighted Cost of Debt | Sch B-7 | 0.02280 | | |
| 6 | Synchronized Interest Expense | L 4 * L 5 | (16,775) | - | (16,775) |
| 7 | Base Taxable Income | L 3 + L 6 | 56,410 | 15,638 | 72,048 |
| 8 | Total Tax Depreciation | Pg 2 | \$ 62,749 | | |
| 9 | Pro Forma Book Depreciation | Pg 2 | 33,113 | | |
| 10 | State Tax Depreciation (Over) Under Book | L 9 - L 8 | (29,636) | | (29,636) |
| 11 | Other | | | - | - |
| 12 | State Taxable Income | Sum L 7 to L 11 | \$ 26,774 | \$ 15,638 | \$ 42,412 |
| 13 | State Income Tax | L 12 * Rate [2] | 9.99% | \$ (2,675) | \$ (1,562) |
| 14 | Total Tax Depreciation | Pg 2 | \$ 70,255 | | |
| 15 | Pro Forma Book Depreciation | Pg 2 | 33,113 | | |
| 16 | Federal Tax Deducts (Over) Under Book | L 14 - L 13 | (37,142) | - | (37,142) |
| 17 | Other | | | - | - |
| 18 | Federal Taxable Income | L 7 + sum L 13 to L 17 | 16,593 | 14,075 | 30,669 |
| 19 | Federal Income Tax Expense | - L 18 * Rate [2] | 35.00% | (5,808) | (4,926) |
| 20 | Total Tax Expense before Deferred Income Tax | L 13 + L 19 | (8,483) | (6,488) | (14,971) |
| Deferred Federal Income Taxes | | | | | |
| 21 | Total Straight Line Tax Depreciation | Pg 2 | \$ 31,002 | | |
| 22 | Total Tax Depreciation | Pg 2 | 64,256 | | |
| 23 | Federal Tax Deducts (Over) Under Book | L 22 - L 21 | 33,254 | - | 33,254 |
| 24 | Deferred Federal Taxable Income | L 23 | \$ 33,254 | \$ - | \$ 33,254 |
| 25 | Federal Income Tax Expense | - L 24 * Rate [2] | Blended Rate | (12,110) | (12,110) |
| Deferred State Income Taxes | | | | | |
| 26 | Repairs | | | (1,891) | (1,891) |
| 27 | CIAC | | | 521 | 521 |
| 28 | State Deferred Income Tax Expense | | | (1,370) | (1,370) |
| 29 | Net Income Tax Expense | L20 + L 25 | (21,962) | (6,488) | (28,450) |
| Other Tax Adjustments | | | | | |
| 30 | ITC | | | 318 | 318 |
| 31 | Combined Income Tax Expense | L13 + sum L 26 to L 27 | \$ (21,644) | \$ (6,488) | \$ (28,132) |
| 32 | Federal Income Tax Expense | L 19 + L 25 + L 27 | | | \$ (22,526) |
| 33 | State Income Tax Expense | L 13 | | | (5,607) |
| 34 | Total Income Tax Expense | L 29 + L 30 | | | \$ (28,132) |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Historic Year - 12 Months Ended September 30, 2015
(\$ in Thousands)

Schedule D-34
 Witness: N. M. McKinney
 Page 1 of 1

| Tax Depreciation | | | | |
|--|---|-----------------|------------------|------------------|
| Line # | Description | [1] Amount | [2] Amount | [3] Total |
| <u>Accelerated Tax Depreciation</u> | | | | |
| 1 | Gas Plant | | \$ 39,208 | |
| 2 | Cost of Removal | | 5,999 | |
| 3 | Repairs Tax Deduction | | 32,145 | |
| 4 | Other Tax Basis Adjustments | | (7,097) | |
| 5 | Total Federal Accelerated Tax Depreciation | | | <u>\$ 70,255</u> |
| 6 | Adjustment for PA Tax Depreciation - Bonus Decoupling | | (7,506) | |
| 7 | Total State Accelerated Tax Depreciation | | | <u>\$62,749</u> |
| <u>Straight Line Tax Depreciation</u> | | | | |
| 8 | Gas Plant | | <u>\$ 31,002</u> | |
| 9 | Total Straight Line Tax Depreciation | | | <u>\$ 31,002</u> |
| <u>Book Depreciation</u> | | | | |
| 10 | Pro Forma Book Depreciation | | \$ 31,002 | |
| 11 | Net Salvage Amortization | | 2,265 | |
| 12 | Depreciation Charged to Clearing Accounts | (477) | | |
| 13 | Estimated Percent of Clearing Charged to CWIP | <u>32%</u> | | |
| 14 | Depreciation Charged for CWIP | | <u>(154)</u> | |
| 15 | Book Depreciation for Tax Calculation | | | <u>\$ 33,113</u> |

UGI Utilities, Inc. - Gas Division
Before the Pennsylvania Public Utility Commission
Historic Year - 12 Months Ended September 30, 2015
(\$ in Thousands)

Schedule D-35
Witness: A. P. Kelly
Page 1 of 1

Gross Revenue Conversion Factor

| Line # | Description | Reference Or Factor | Tax Rate | Factor |
|---|--|---------------------------|----------|-------------------|
| | | [1] | [2] | [3] |
| <u>GROSS REVENUE CONVERSION FACTOR</u> | | | | |
| 1 | GROSS REVENUE FACTOR | | | 1.000000 |
| 2 | UNCOLLECTIBLE EXPENSES | | | <u>(0.016690)</u> |
| 3 | NET REVENUES | Sum L 1 to L 3 | | 0.983310 |
| 4 | STATE INCOME TAXES | [3] L 4 * Rate [2] | 9.9900% | <u>(0.098233)</u> |
| 5 | FACTOR AFTER STATE TAXES | L 4 + L 5 | | 0.885077 |
| 6 | FEDERAL INCOME TAXES | [3] L 6 * Rate [2] | 35.00% | <u>(0.309777)</u> |
| 7 | NET OPERATING INCOME FACTOR | L 6 + L 7 | | <u>0.575300</u> |
| 8 | GROSS REVENUE CONVERSION FACTOR | 1 / L 8 | | <u>1.738224</u> |
| 9 | Combined Income Tax Factor On Gross Revenues | - L 5 - L 7 | | <u>40.801%</u> |
| <u>INCOME TAX FACTOR</u> | | | | |
| 10 | GROSS REVENUE FACTOR | | | 1.000000 |
| 11 | STATE INCOME TAXES | [3] L 11 * Rate [2] | 9.9900% | <u>(0.099900)</u> |
| 12 | FACTOR AFTER STATE TAXES | L 11 + L 12 | | 0.900100 |
| 13 | FEDERAL INCOME TAXES | [3] L 13 * Rate [2] | 35.00% | <u>(0.315035)</u> |
| 14 | NET OPERATING INCOME FACTOR | L 13 + L 14 | | 0.585065 |
| 15 | GROSS REVENUE CONVERSION FACTOR | 1 / L 15 | | <u>1.709212</u> |
| 16 | Combined Income Tax Factor On Taxable Income | - L 12 - L 14 | | <u>41.494%</u> |

UGI GAS EXHIBIT B – RATE OF RETURN

UGI UTILITIES, Inc.

Exhibit to Accompany the

Direct Testimony

of

Paul R. Moul, Managing Consultant
P. Moul & Associates, Inc.

Concerning

Fair Rate of Return

UGI Utilities, Inc.
Index of Schedules

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UGI Utilities, Inc.
Proposed Rate of Return
Estimated at September 30, 2017

| <u>Type of Capital</u> | <u>Ratios</u> | <u>Cost Rate</u> | <u>Weighted Cost Rate</u> |
|------------------------|----------------|------------------|---------------------------|
| Long-Term Debt | 40.30% | 5.07% | 2.04% |
| Short-Term Debt | 5.15% | 2.58% | 0.13% |
| Total Debt | <u>45.45%</u> | | <u>2.17%</u> |
| Common Equity | <u>54.55%</u> | 11.00% | <u>6.00%</u> |
| Total | <u>100.00%</u> | | <u>8.17%</u> |

Indicated levels of fixed charge coverage assuming that the Company could actually achieve its proposed rate of return:

Pre-tax coverage of interest expense based upon a
41.4935% composite federal and state income tax rate
(12.43% ÷ 2.17%) 5.73 x

Post-tax coverage of interest expense
(8.17% ÷ 2.17%) 3.76 x

UGI Utilities, Inc.

Cost of Equity
as of October 31, 2015

| | | | | | | | | | |
|---|-----------|---|---------|---|-------------------|-----------------|----------------|---|--------|
| Discounted Cash Flow (DCF) | D_1/P_0 | + | g | + | $lev.$ | = | k | | |
| Gas Group | 3.34% | + | 6.25% | + | 0.81% | = | 10.40% | | |
| Risk Premium (RP) | | | I | + | RP | = | k | | |
| Gas Group | | | 5.00% | + | 6.50% | = | 11.50% | | |
| Capital Asset Pricing Model (CAPM) | Rf | + | β | x | $(Rm-Rf)$ | + | $size$ | = | k |
| Gas Group | 3.75% | + | 0.90 | x | (7.24%) | + | 1.10% | = | 11.37% |
| Comparable Earnings (CE) | | | | | Historical | Forecast | Average | | |
| Comparable Earnings Group | | | | | 11.2% | 12.1% | 11.65% | | |

References: (1) Schedule 07

(2) Schedule 09

(3) Schedule 10

(4) A-rated public utility bond yield comprised of a 3.75% risk-free rate of return (Schedule 13 page 2) and a yield spread of 1.25%

(5) Schedule 12 page 1

(6) Schedule 13 page 2

(7) Schedule 10

(8) Schedule 13 page 2

(9) Schedule 13 page 3

(10) Schedule 14 page 2

UGI Utilities, Inc
Capitalization and Financial Statistics
2010-2014, Inclusive

| | 2014 | 2013 | 2012 | 2011 | 2010 | |
|--|-----------------------|-------------------|-------------------|-------------------|-------------------|----------------|
| | (Millions of Dollars) | | | | | |
| Amount of Capital Employed | | | | | | |
| Permanent Capital | \$ 1,490.0 | \$ 1,459.8 | \$ 1,367.5 | \$ 1,380.7 | \$ 1,385.9 | |
| Short-Term Debt | \$ 86.3 | \$ - | \$ - | \$ - | \$ 17.0 | |
| Total Capital | \$ 1,576.3 | \$ 1,459.8 | \$ 1,367.5 | \$ 1,380.7 | \$ 1,402.9 | |
| Capital Structure Ratios | | | | | | Average |
| Based on Permanent Capital: | | | | | | |
| Long-Term Debt | 43.1% | 45.2% | 44.5% | 46.4% | 46.2% | 45.1% |
| Common Equity ⁽¹⁾ | 56.9% | 54.8% | 55.5% | 53.6% | 53.8% | 54.9% |
| | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |
| Based on Total Capital: | | | | | | |
| Total Debt incl. Short Term | 46.2% | 45.2% | 44.5% | 46.4% | 46.8% | 45.8% |
| Common Equity ⁽¹⁾ | 53.8% | 54.8% | 55.5% | 53.6% | 53.2% | 54.2% |
| | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |
| Rate of Return on Book Common Equity ⁽¹⁾ | 15.1% | 13.1% | 11.7% | 14.2% | 12.2% | 13.3% |
| Operating Ratio ⁽²⁾ | 77.7% | 78.2% | 79.6% | 82.4% | 84.3% | 80.4% |
| Coverage incl. AFUDC ⁽³⁾ | | | | | | |
| Pre-tax: All Interest Charges | 6.40 x | 5.35 x | 4.37 x | 4.95 x | 4.48 x | 5.11 x |
| Post-tax: All Interest Charges | 4.23 x | 3.60 x | 3.07 x | 3.46 x | 3.13 x | 3.50 x |
| Coverage excl. AFUDC ⁽³⁾ | | | | | | |
| Pre-tax: All Interest Charges | 6.40 x | 5.35 x | 4.37 x | 4.95 x | 4.48 x | 5.11 x |
| Post-tax: All Interest Charges | 4.23 x | 3.60 x | 3.07 x | 3.46 x | 3.13 x | 3.50 x |
| Quality of Earnings & Cash Flow | | | | | | |
| AFC/Income Avail. for Common Equity | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Effective Income Tax Rate | 40.3% | 40.3% | 38.5% | 37.6% | 38.7% | 39.1% |
| Internal Cash Generation/Construction ⁽⁴⁾ | 89.7% | 91.1% | 100.5% | 108.6% | 197.3% | 117.4% |
| Gross Cash Flow/ Avg. Total Debt ⁽⁵⁾ | 32.4% | 31.0% | 29.7% | 31.9% | 32.4% | 31.5% |
| Gross Cash Flow Interest Coverage ⁽⁶⁾ | 6.74 x | 6.26 x | 5.07 x | 5.76 x | 6.49 x | 6.06 x |
| Common Dividend Coverage ⁽⁷⁾ | 2.90 x | 3.33 x | 2.62 x | 2.08 x | 3.18 x | 2.82 x |

See Page 2 for Notes.

UGI Utilities, Inc.
Capitalization and Financial Statistics
2010-2014, Inclusive

Notes:

- (1) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account..
- (2) Total operating expenses, maintenance, depreciation and taxes other than income as a percentage of operating revenues.
- (3) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
- (4) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.
- (5) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less AFUDC) as a percentage of average total debt.
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.
- (7) Common dividend coverage is the relationship of internally generated funds from operations after payment of preferred stock dividends to common dividends paid.

Source of Information: Utility COMPUSTAT

Gas Group
Capitalization and Financial Statistics ⁽¹⁾
2010-2014, Inclusive

| | 2014 | 2013 | 2012 | 2011 | 2010 | |
|--|-------------------|-------------------|-----------------------|-------------------|-------------------|----------------|
| | | | (Millions of Dollars) | | | |
| Amount of Capital Employed | | | | | | |
| Permanent Capital | \$ 2,452.5 | \$ 2,082.4 | \$ 1,811.1 | \$ 1,747.1 | \$ 1,673.1 | |
| Short-Term Debt | \$ 226.5 | \$ 228.6 | \$ 216.1 | \$ 118.6 | \$ 134.5 | |
| Total Capital | <u>\$ 2,679.0</u> | <u>\$ 2,311.0</u> | <u>\$ 2,027.2</u> | <u>\$ 1,865.7</u> | <u>\$ 1,807.6</u> | |
| Market-Based Financial Ratios | | | | | | <u>Average</u> |
| Price-Earnings Multiple | 19 x | 19 x | 17 x | 16 x | 15 x | 17 x |
| Market/Book Ratio | 192.3% | 178.9% | 177.4% | 179.3% | 169.7% | 179.5% |
| Dividend Yield | 3.2% | 3.5% | 3.6% | 3.6% | 3.8% | 3.5% |
| Dividend Payout Ratio | 63.6% | 68.8% | 59.7% | 57.6% | 57.1% | 61.4% |
| Capital Structure Ratios | | | | | | |
| Based on Permanent Capital: | | | | | | |
| Long-Term Debt | 44.9% | 42.7% | 40.7% | 41.2% | 41.7% | 42.3% |
| Preferred Stock | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| Common Equity ⁽²⁾ | 54.9% | 57.1% | 59.1% | 58.6% | 58.1% | 57.6% |
| | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |
| Based on Total Capital: | | | | | | |
| Total Debt incl. Short Term | 51.2% | 50.1% | 47.4% | 45.9% | 48.0% | 48.5% |
| Preferred Stock | 0.1% | 0.1% | 0.2% | 0.2% | 0.2% | 0.2% |
| Common Equity ⁽²⁾ | 48.7% | 49.8% | 52.4% | 53.9% | 51.8% | 51.3% |
| | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |
| Rate of Return on Book Common Equity ⁽²⁾ | 10.1% | 9.5% | 10.5% | 10.9% | 11.1% | 10.4% |
| Operating Ratio ⁽³⁾ | 87.9% | 88.5% | 87.2% | 88.8% | 89.0% | 88.3% |
| Coverage incl. AFUDC ⁽⁴⁾ | | | | | | |
| Pre-tax: All Interest Charges | 5.03 x | 4.70 x | 4.97 x | 5.01 x | 4.99 x | 4.94 x |
| Post-tax: All Interest Charges | 3.75 x | 3.62 x | 3.79 x | 3.67 x | 3.54 x | 3.67 x |
| Overall Coverage: All Int. & Pfd. Div. | 3.74 x | 3.61 x | 3.77 x | 3.65 x | 3.52 x | 3.66 x |
| Coverage excl. AFUDC ⁽⁴⁾ | | | | | | |
| Pre-tax: All Interest Charges | 4.99 x | 4.64 x | 4.92 x | 4.97 x | 4.97 x | 4.90 x |
| Post-tax: All Interest Charges | 3.72 x | 3.55 x | 3.74 x | 3.64 x | 3.52 x | 3.63 x |
| Overall Coverage: All Int. & Pfd. Div. | 3.70 x | 3.54 x | 3.72 x | 3.62 x | 3.50 x | 3.62 x |
| Quality of Earnings & Cash Flow | | | | | | |
| AFC/Income Avail. for Common Equity | 1.2% | 2.2% | 1.6% | 1.0% | 0.7% | 1.3% |
| Effective Income Tax Rate | 31.3% | 26.5% | 30.1% | 34.2% | 36.5% | 31.7% |
| Internal Cash Generation/Construction ⁽⁵⁾ | 86.2% | 66.4% | 72.7% | 99.5% | 125.0% | 90.0% |
| Gross Cash Flow/ Avg. Total Debt ⁽⁶⁾ | 26.9% | 24.6% | 28.8% | 30.1% | 31.0% | 28.3% |
| Gross Cash Flow Interest Coverage ⁽⁷⁾ | 7.97 x | 7.07 x | 7.02 x | 6.92 x | 7.18 x | 7.23 x |
| Common Dividend Coverage ⁽⁸⁾ | 4.78 x | 4.17 x | 4.33 x | 4.52 x | 4.90 x | 4.54 x |

See Page 2 for Notes.

Gas Group
Capitalization and Financial Statistics
2010-2014, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
- (2) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account.
- (3) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
- (4) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
- (5) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.
- (7) Gross Cash Flow plus interest charges divided by interest charges.
- (8) Common dividend coverage is the relationship of internally-generated funds from operations after payment of preferred stock dividends to common dividends paid.

Basis of Selection:

The Gas Group includes companies that are contained in The Value Line Investment Survey within the industry group "Natural Gas Utility," they are not currently the target of a publicly-announced merger or acquisition, and after eliminating NiSource due to its electric operations and recent separation of the former natural gas pipeline/storage operations and UGI Corp. due to its highly diversified businesses.

| Ticker | Company | Corporate Credit Ratings | | Stock Traded | S&P Stock Ranking | Value Line Beta |
|--------|-------------------------------|--------------------------|-----------|--------------|-------------------|-----------------|
| | | Moody's | S&P | | | |
| ATO | Atmos Energy Corp. | A2 | A- | NYSE | A- | 0.85 |
| CPK | Chesapeake Utilities Corp. | | | NYSE | A | 0.65 |
| LG | Laclede Group | A3 | A- | NYSE | B+ | 0.70 |
| NJR | New Jersey Resources Corp. | Aa2 | A | NYSE | B+ | 0.85 |
| NWN | Northwest Natural Gas Co. | A3 | A+ | NYSE | A- | 0.70 |
| SJI | South Jersey Industries, Inc. | A2 | BBB+ | NYSE | A- | 0.85 |
| SWX | Southwest Gas Corporation | A3 | BBB+ | NYSE | B+ | 0.85 |
| WGL | WGL Holdings, Inc. | A1 | A+ | NYSE | B+ | 0.80 |
| | Average | <u>A2</u> | <u>A-</u> | | <u>B+</u> | <u>0.78</u> |

Note: Ratings are those of utility subsidiaries

Source of Information: Utility COMPUSTAT
Moody's Investors Service
Standard & Poor's Corporation

Standard & Poor's Public Utilities
Capitalization and Financial Statistics ⁽¹⁾
2010-2014, Inclusive

| | 2014 | 2013 | 2012 | 2011 | 2010 | |
|--|-----------------------|--------------------|--------------------|--------------------|--------------------|----------------|
| | (Millions of Dollars) | | | | | |
| Amount of Capital Employed | | | | | | |
| Permanent Capital | \$ 23,785.1 | \$ 22,496.2 | \$ 21,620.0 | \$ 18,840.8 | \$ 17,587.3 | |
| Short-Term Debt | \$ 887.5 | \$ 703.8 | \$ 648.9 | \$ 531.4 | \$ 435.4 | |
| Total Capital | <u>\$ 24,672.6</u> | <u>\$ 23,200.0</u> | <u>\$ 22,268.9</u> | <u>\$ 19,372.2</u> | <u>\$ 18,022.7</u> | |
| Market-Based Financial Ratios | | | | | | <u>Average</u> |
| Price-Earnings Multiple | 21 x | 21 x | 18 x | 15 x | 15 x | 18 x |
| Market/Book Ratio | 201.5% | 175.8% | 164.0% | 155.2% | 142.8% | 167.9% |
| Dividend Yield | 3.6% | 3.9% | 4.1% | 4.4% | 4.8% | 4.2% |
| Dividend Payout Ratio | 74.3% | 81.1% | 72.9% | 64.7% | 72.0% | 73.0% |
| Capital Structure Ratios | | | | | | |
| Based on Permanent Capital: | | | | | | |
| Long-Term Debt | 52.8% | 52.7% | 52.9% | 52.9% | 53.4% | 52.9% |
| Preferred Stock | 2.7% | 1.9% | 1.6% | 1.3% | 1.3% | 1.8% |
| Common Equity ⁽²⁾ | 44.4% | 45.4% | 45.5% | 45.8% | 45.3% | 45.3% |
| | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |
| Based on Total Capital: | | | | | | |
| Total Debt incl. Short Term | 54.7% | 54.3% | 54.5% | 54.5% | 54.7% | 54.5% |
| Preferred Stock | 2.6% | 1.9% | 1.6% | 1.3% | 1.3% | 1.7% |
| Common Equity ⁽²⁾ | 42.7% | 43.9% | 44.0% | 44.3% | 44.0% | 43.8% |
| | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |
| Rate of Return on Book Common Equity ⁽²⁾ | 9.9% | 8.4% | 9.2% | 10.5% | 10.8% | 9.8% |
| Operating Ratio ⁽³⁾ | 81.0% | 81.3% | 81.3% | 81.4% | 81.6% | 81.3% |
| Coverage incl. AFUDC ⁽⁴⁾ | | | | | | |
| Pre-tax: All Interest Charges | 3.57 x | 3.24 x | 2.94 x | 3.35 x | 3.34 x | 3.29 x |
| Post-tax: All Interest Charges | 2.70 x | 2.46 x | 2.35 x | 2.59 x | 2.52 x | 2.52 x |
| Overall Coverage: All Int. & Pfd. Div. | 2.67 x | 2.43 x | 2.32 x | 2.57 x | 2.50 x | 2.50 x |
| Coverage excl. AFUDC ⁽⁴⁾ | | | | | | |
| Pre-tax: All Interest Charges | 3.47 x | 3.15 x | 2.85 x | 3.25 x | 3.25 x | 3.19 x |
| Post-tax: All Interest Charges | 2.60 x | 2.36 x | 2.25 x | 2.49 x | 2.43 x | 2.43 x |
| Overall Coverage: All Int. & Pfd. Div. | 2.57 x | 2.34 x | 2.22 x | 2.47 x | 2.41 x | 2.40 x |
| Quality of Earnings & Cash Flow | | | | | | |
| AFC/Income Avail. for Common Equity | 7.6% | 7.6% | 7.1% | 5.7% | 6.7% | 6.9% |
| Effective Income Tax Rate | 30.2% | 35.2% | 31.8% | 33.5% | 34.3% | 33.0% |
| Internal Cash Generation/Construction ⁽⁵⁾ | 85.0% | 80.3% | 75.0% | 89.4% | 108.0% | 87.5% |
| Gross Cash Flow/ Avg. Total Debt ⁽⁶⁾ | 23.3% | 22.7% | 21.9% | 23.2% | 23.9% | 23.0% |
| Gross Cash Flow Interest Coverage ⁽⁷⁾ | 5.70 x | 5.47 x | 5.37 x | 5.12 x | 5.09 x | 5.35 x |
| Common Dividend Coverage ⁽⁸⁾ | 7.00 x | 6.38 x | 4.31 x | 4.58 x | 4.88 x | 5.43 x |

See Page 2 for Notes.

Standard & Poor's Public Utilities
Capitalization and Financial Statistics
2010-2014, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
- (2) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account
- (3) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
- (4) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
- (5) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) as a percentage of average total debt.
- (7) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.
- (8) Common dividend coverage is the relationship of internally-generated funds from operations after payment of preferred stock dividends to common dividends paid.

Source of Information: Annual Reports to Shareholders
Utility COMPUSTAT

Standard & Poor's Public Utilities
Company Identities

| | Ticker | Credit Rating ⁽¹⁾ | | Common Stock Traded | S&P Stock Ranking | Value Line Beta |
|------------------------------|--------|------------------------------|-------------|---------------------------|-------------------------|-----------------------|
| | | Moody's | S&P | | | |
| AGL Resources Inc. | GAS | A2 | BBB+ | NYSE | A | 0.75 |
| Ameren Corporation | AEE | Baa1 | BBB+ | NYSE | B | 0.80 |
| American Electric Power | AEP | Baa1 | BBB | NYSE | B | 0.70 |
| CMS Energy | CMS | A3 | BBB | NYSE | B | 0.70 |
| CenterPoint Energy | CNP | A3 | A- | NYSE | B | 0.80 |
| Consolidated Edison | ED | A2 | A- | NYSE | B+ | 0.60 |
| DTE Energy Co. | DTE | A2 | BBB+ | NYSE | B+ | 0.80 |
| Dominion Resources | D | A2 | A- | NYSE | B+ | 0.70 |
| Duke Energy | DUK | A1 | BBB+ | NYSE | B | 0.65 |
| Edison Int'l | EIX | A2 | BBB+ | NYSE | B | 0.80 |
| Entergy Corp. | ETR | Baa1 | BBB | NYSE | A | 0.70 |
| EQT Corp. | EQT | Baa3 | BBB | NYSE | B+ | 1.15 |
| Exelon Corp. | EXC | A2 | BBB | NYSE | B+ | 0.75 |
| FirstEnergy Corp. | FE | Baa2 | BBB- | NYSE | B+ | 0.75 |
| Integrus Energy Group | TEG | A1 | A- | NYSE | B | 1.00 |
| NextEra Energy Inc. | NEE | A1 | A- | NYSE | A | 0.70 |
| NiSource Inc. | NI | Baa1 | BBB- | NYSE | B | 0.85 |
| Northeast Utilities | NU | Baa1 | A- | NYSE | B | 0.75 |
| NRG Energy Inc. | NRG | Ba3 | BB- | NYSE | B | 1.05 |
| ONEOK, Inc. | OKE | Baa3 | BB+ | NYSE | A- | 1.05 |
| PEPCO Holdings, Inc. | POM | Baa1 | BBB+ | NYSE | B | 0.75 |
| PG&E Corp. | PCG | A3 | BBB | NYSE | B | 0.60 |
| PPL Corp. | PPL | Baa1 | BBB | NYSE | B+ | 0.65 |
| Pinnacle West Capital | PNW | A3 | A- | NYSE | B | 0.75 |
| Public Serv. Enterprise Inc. | PEG | A2 | BBB+ | NYSE | B+ | 0.75 |
| SCANA Corp. | SCG | Baa2 | BBB+ | NYSE | A- | 0.70 |
| Sempra Energy | SRE | A1 | A | NYSE | B+ | 0.75 |
| Southern Co. | SO | A3 | A | NYSE | A- | 0.55 |
| TECO Energy | TE | A2 | BBB+ | NYSE | B | 0.95 |
| Wisconsin Energy Corp. | WEC | A1 | A- | NYSE | A | 0.65 |
| Xcel Energy Inc | XEL | A2 | A- | NYSE | B+ | 0.65 |
| Average for S&P Utilities | | <u>A3</u> | <u>BBB+</u> | | <u>B+</u> | <u>0.77</u> |

Note: ⁽¹⁾ Ratings are those of utility subsidiaries

Source of Information: Moody's Investors Service
Standard & Poor's Corporation
Standard & Poor's Stock Guide
Value Line Investment Survey for Windows

UGI Utilities, Inc.
Capitalization and Related Capital Structure Ratios
Actual at September 30, 2015 and Estimated at September 30, 2016 and September 30, 2017

| | Actual at September 30, 2015 | | | Estimated at September 30, 2016 | | | Estimated at September 30, 2017 | | |
|---|----------------------------------|--|----------------|----------------------------------|--|----------------|----------------------------------|--|----------------|
| | Amount Outstanding (\$000) | Capital Structure Ratios Incl. S-T Debt Excl. S-T Debt | | Amount Outstanding (\$000) | Capital Structure Ratios Incl. S-T Debt Excl. S-T Debt | | Amount Outstanding (\$000) | Capital Structure Ratios Incl. S-T Debt Excl. S-T Debt | |
| Long-Term Debt ⁽¹⁾ | \$ 622,000 | 39.12% | 40.75% | \$ 675,000 ⁽²⁾ | 39.61% | 41.03% | \$ 755,000 ⁽²⁾ | 40.30% | 42.49% |
| Common Equity | | | | | | | | | |
| Common Stock | 60,259 | | | 60,259 | | | 60,259 | | |
| Other Paid-In Capital | 471,904 | | | 471,904 | | | 471,904 | | |
| Retained Earnings ⁽³⁾ | 372,143 | | | 437,877 ⁽⁴⁾ | | | 489,842 ⁽⁴⁾ | | |
| Total Common Equity | <u>904,306</u> | <u>56.88%</u> | <u>59.25%</u> | <u>970,040</u> | <u>56.92%</u> | <u>58.97%</u> | <u>1,022,005</u> | <u>54.55%</u> | <u>57.51%</u> |
| Total Permanent Capital | 1,526,306 | 96.00% | <u>100.00%</u> | 1,645,040 | 96.53% | <u>100.00%</u> | 1,777,005 | 94.85% | <u>100.00%</u> |
| Avg. Net Short-Term Debt ⁽⁴⁾ | <u>63,617</u> | <u>4.00%</u> | | <u>59,100</u> | <u>3.47%</u> | | <u>96,475</u> | <u>5.15%</u> | |
| Total Capital Employed | <u>\$ 1,589,923</u> | <u>100.00%</u> | | <u>\$ 1,704,139</u> | <u>100.00%</u> | | <u>\$ 1,873,480</u> | <u>100.00%</u> | |

Notes:

⁽¹⁾ Includes current portion of long-term debt.

⁽²⁾ Reflects change in long-term debt consisting of:

| | | |
|------------|--------------|-------------|
| Maturities | \$ (247,000) | \$ (20,000) |
| New issues | \$ 300,000 | \$ 100,000 |

⁽³⁾ Excludes Accumulated Other Comprehensive Income of \$13.686 million in the HTY and \$8.189 million in the FTY and FFY.

⁽⁴⁾ Reflects change in retained earnings consisting of:

| | | |
|------------------|-------------|-------------|
| Net income | \$ 117,734 | \$ 111,966 |
| Common Dividends | \$ (52,000) | \$ (60,000) |

⁽⁴⁾ Average Short-Term Debt

| | | |
|------------------------|------------------|------------------|
| Balance | \$ 96,433 | \$ 101,475 |
| Less: Bridge Financing | \$ (37,333) | \$ (5,000) |
| Net | <u>\$ 59,100</u> | <u>\$ 96,475</u> |

Source of Information: Company provided data

UGI Utilities, Inc.
Calculation of the Embedded Cost of Long-Term Debt
Actual at September 30, 2015

| <u>Series</u> | <u>Date of Maturity</u> | <u>Principal Amount Outstanding</u> | <u>Percent to Total</u> | <u>Effective Cost Rate</u> ⁽¹⁾ | <u>Weighted Cost Rate</u> |
|---------------------------------|-------------------------|-------------------------------------|-------------------------|---|---------------------------|
| <u>Medium Term Notes</u> | | | | | |
| 7.370% | 10/01/15 | \$ 22,000 | 3.54% | 7.44% | 0.26% |
| 5.640% | 12/01/15 | 50,000 | 8.04% | 5.72% | 0.46% |
| 6.169% | 06/15/17 | 20,000 | 3.22% | 6.29% | 0.20% |
| 7.250% | 11/01/17 | 20,000 | 3.22% | 7.32% | 0.24% |
| 5.670% | 01/15/18 | 20,000 | 3.22% | 5.75% | 0.18% |
| 6.500% | 08/15/33 | 20,000 | 3.22% | 6.56% | 0.21% |
| 6.133% | 10/15/34 | 20,000 | 3.22% | 6.19% | 0.20% |
| <u>Senior Notes</u> | | | | | |
| 5.753% | 09/30/16 | 175,000 | 28.14% | 5.82% | 1.64% |
| 6.206% | 09/30/36 | 100,000 | 16.08% | 6.32% | 1.02% |
| 4.980% | 03/26/44 | 175,000 | 28.14% | 5.00% | 1.41% |
| Total Long-Term Debt | | <u>\$ 622,000</u> | <u>100.00%</u> | | <u>5.82%</u> |

Notes: ⁽¹⁾ As calculated on page 4 of this schedule.

Source of Information: Company provided data

UGI Utilities, Inc.
Calculation of the Embedded Cost of Long-Term Debt
Estimated at September 30, 2016

| <u>Series</u> | <u>Date of Maturity</u> | <u>Principal Amount Outstanding</u> | <u>Percent to Total</u> | <u>Effective Cost Rate</u> | <u>Weighted Cost Rate</u> ⁽¹⁾ |
|---------------------------------|-------------------------|-------------------------------------|-------------------------|----------------------------|--|
| <u>Medium Term Notes</u> | | | | | |
| 6.169% | 06/15/17 | \$ 20,000 | 2.96% | 6.29% | 0.19% |
| 7.250% | 11/01/17 | \$ 20,000 | 2.96% | 7.32% | 0.22% |
| 5.670% | 01/15/18 | \$ 20,000 | 2.96% | 5.75% | 0.17% |
| 6.500% | 08/15/33 | \$ 20,000 | 2.96% | 6.56% | 0.19% |
| 6.133% | 10/15/34 | \$ 20,000 | 2.96% | 6.19% | 0.18% |
| <u>Senior Notes</u> | | | | | |
| 6.206% | 09/30/36 | 100,000 | 14.82% | 6.32% | 0.94% |
| 4.980% | 03/26/44 | 175,000 | 25.93% | 5.00% | 1.30% |
| 3.781% | 06/30/26 | 100,000 | 14.82% | 3.85% | 0.57% |
| 4.705% | 09/30/46 | 200,000 | 29.63% | 4.74% | 1.40% |
| Total Long-Term Debt | | <u>\$675,000</u> | <u>100.00%</u> | | <u>5.16%</u> |

Notes: ⁽¹⁾ As calculated on page 4 of this schedule.

Source of Information: Company provided data

UGI Utilities, Inc.
Calculation of the Embedded Cost of Long-Term Debt
Estimated at September 30, 2017

| <u>Series</u> | <u>Date of Maturity</u> | <u>Principal Amount Outstanding</u> | <u>Percent to Total</u> | <u>Effective Cost Rate</u> ⁽¹⁾ | <u>Weighted Cost Rate</u> |
|---------------------------------|-------------------------|-------------------------------------|-------------------------|---|---------------------------|
| <u>Medium Term Notes</u> | | | | | |
| 7.250% | 11/01/17 | \$ 20,000 | 2.65% | 7.32% | 0.19% |
| 5.670% | 01/15/18 | 20,000 | 2.65% | 5.75% | 0.15% |
| 6.500% | 08/15/33 | 20,000 | 2.65% | 6.56% | 0.17% |
| 6.133% | 10/15/34 | 20,000 | 2.65% | 6.19% | 0.16% |
| <u>Senior Notes</u> | | | | | |
| 6.206% | 09/30/36 | 100,000 | 13.25% | 6.32% | 0.84% |
| 4.980% | 03/26/44 | 175,000 | 23.18% | 5.00% | 1.16% |
| 3.781% | 06/30/26 | 100,000 | 13.25% | 3.85% | 0.51% |
| 4.705% | 09/30/46 | 200,000 | 26.49% | 4.74% | 1.26% |
| 4.705% | 10/31/46 | 100,000 | 13.25% | 4.74% | 0.63% |
| Total Long-Term Debt | | <u>\$755,000</u> | <u>100.00%</u> | | <u>5.07%</u> |

Notes: ⁽¹⁾ As calculated on page 4 of this schedule.

Source of Information: Company provided data

UGI Utilities, Inc.
Calculation of the Effective Cost of Long-Term Debt by Series

| Series | Date of Issue | Date of Maturity | Average Term in Years ⁽¹⁾ | Principal Amount Issued | Premium/Discount & Expense (\$000) | Net Proceeds | Net Proceeds Ratio | Effective Cost Rate ⁽²⁾ |
|--------------------------|---------------|------------------|--------------------------------------|-------------------------|------------------------------------|--------------|--------------------|------------------------------------|
| Medium Term Notes | | | | | | | | |
| 7.370% | 09/29/95 | 10/01/15 | 20 | \$ 22,000 | \$ 165 | \$ 21,835 | 99.25% | 7.44% |
| 5.640% | 12/27/05 | 12/01/15 | 10 | 50,000 | 313 | 49,688 | 99.38% | 5.72% |
| 6.169% | 06/19/07 | 06/15/17 | 10 | 20,000 | 179 | 19,821 | 99.10% | 6.29% |
| 7.250% | 10/28/97 | 11/01/17 | 20 | 20,000 | 150 | 19,850 | 99.25% | 7.32% |
| 5.670% | 01/11/08 | 01/15/18 | 10 | 20,000 | 125 | 19,875 | 99.37% | 5.75% |
| 6.500% | 08/14/03 | 08/15/33 | 30 | 20,000 | 150 | 19,850 | 99.25% | 6.56% |
| 6.133% | 10/14/04 | 10/15/34 | 30 | 20,000 | 150 | 19,850 | 99.25% | 6.19% |
| Senior Notes | | | | | | | | |
| 5.753% | 11/14/06 | 09/30/16 | 10 | 175,000 | 924 | 174,076 | 99.47% | 5.82% |
| 6.206% | 11/14/06 | 09/30/36 | 30 | 100,000 | 1,485 | 98,515 | 98.52% | 6.32% |
| 4.980% | 03/26/14 | 03/26/44 | 30 | 175,000 | 642 | 174,358 | 99.63% | 5.00% |
| 3.781% ⁽³⁾ | 06/30/16 | 06/30/26 | 10 | 100,000 | 550 | 99,450 | 99.45% | 3.85% |
| 4.705% ⁽³⁾ | 09/30/16 | 09/30/46 | 30 | 200,000 | 1,100 | 198,900 | 99.45% | 4.74% |
| 4.705% ⁽³⁾ | 10/31/16 | 10/31/46 | 30 | 100,000 | 550 | 99,450 | 99.45% | 4.74% |

Notes: ⁽¹⁾ Determined by taking into account the effect of the annual sinking fund requirements which are met by the retirement of bonds which reduce the term of each issue.

⁽²⁾ The effective cost for each issue is the yield to maturity using as inputs the average term of issue, coupon rate, and net proceeds ratio.

⁽³⁾ Estimated.

Source of Information: Company provided data

**Monthly Dividend Yields for
Natural Gas Group
for the Twelve Months Ending October 2015**

| <u>Company</u> | <u>Nov-14</u> | <u>Dec-14</u> | <u>Jan-15</u> | <u>Feb-15</u> | <u>Mar-15</u> | <u>Apr-15</u> | <u>May-15</u> | <u>Jun-15</u> | <u>Jul-15</u> | <u>Aug-15</u> | <u>Sep-15</u> | <u>Oct-15</u> | <u>12-Month Average</u> | <u>6-Month Average</u> | <u>3-Month Average</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|----------------------------|----------------------------|
| Almos Energy Corp (ATO) | 2.91% | 2.81% | 2.76% | 2.94% | 2.83% | 2.91% | 2.89% | 3.05% | 2.84% | 2.85% | 2.69% | 2.49% | | | |
| Chesapeake Utilities Corp (CPK) | 2.42% | 2.18% | 2.22% | 2.30% | 2.14% | 2.41% | 2.20% | 2.14% | 2.24% | 2.35% | 2.17% | 2.21% | | | |
| Laclede Group Inc (LG) | 3.66% | 3.47% | 3.44% | 3.58% | 3.60% | 3.56% | 3.47% | 3.54% | 3.42% | 3.50% | 3.38% | 3.16% | | | |
| New Jersey Resources Corporation (NJR) | 3.13% | 2.95% | 2.83% | 2.89% | 2.90% | 2.96% | 3.01% | 3.27% | 3.13% | 3.21% | 3.00% | 2.85% | | | |
| Northwest Natural Gas (NWN) | 4.01% | 3.75% | 3.73% | 3.95% | 3.90% | 3.98% | 4.18% | 4.44% | 4.30% | 4.25% | 4.09% | 3.92% | | | |
| South Jersey Industries Inc (SJI) | 3.55% | 3.42% | 3.47% | 3.57% | 3.71% | 3.83% | 3.84% | 4.07% | 4.17% | 4.21% | 3.99% | 3.81% | | | |
| Southwest Gas Corp (SWX) | 2.52% | 2.37% | 2.39% | 2.55% | 2.52% | 2.96% | 2.98% | 3.06% | 2.89% | 2.94% | 2.79% | 2.65% | | | |
| WGL Holdings Inc (WGL) | <u>3.92%</u> | <u>3.25%</u> | <u>3.12%</u> | <u>3.31%</u> | <u>3.14%</u> | <u>3.37%</u> | <u>3.23%</u> | <u>3.43%</u> | <u>3.32%</u> | <u>3.43%</u> | <u>3.23%</u> | <u>2.98%</u> | | | |
| Average | <u>3.23%</u> | <u>3.03%</u> | <u>3.00%</u> | <u>3.14%</u> | <u>3.08%</u> | <u>3.25%</u> | <u>3.23%</u> | <u>3.38%</u> | <u>3.29%</u> | <u>3.34%</u> | <u>3.17%</u> | <u>3.01%</u> | <u>3.18%</u> | <u>3.24%</u> | <u>3.17%</u> |

Note: Monthly dividend yields are calculated by dividing the annualized quarterly dividend by the month-end closing stock price adjusted by the fraction of the ex-dividend.

Source of information: <http://performance.morningstar.com/stock/performance-return>
<http://www.snl.com/interactive/x/dividends>

| | | | | | |
|---------------------------------------|--------------------|-----------|----------|--------------|---|
| Forward-looking Dividend Yield | 1/2 Growth | D_0/P_0 | (.5g) | D_1/P_0 | $K = \frac{D_1(1+g)^1 + D_2(1+g)^2 + D_3(1+g)^3 + D_4(1+g)^4}{P_0} + g$ |
| | | 3.24% | 1.031250 | 3.34% | |
| | Discrete | D_0/P_0 | Adj. | D_1/P_0 | $K = \frac{D_1(1+g)^1 + D_2(1+g)^2 + D_3(1+g)^3 + D_4(1+g)^4}{P_0} + g$ |
| | | 3.24% | 1.038767 | 3.36% | |
| | Quarterly | D_0/P_0 | Adj. | D_1/P_0 | $K = \left[\left(1 + \frac{D_1(1+g)^1 + D_2(1+g)^2}{P_0} \right)^4 - 1 \right] + g$ |
| | Average | 0.8092% | 1.015272 | <u>3.33%</u> | |
| | | | | 3.34% | |
| | Growth rate | | | <u>6.25%</u> | |
| | K | | | <u>9.59%</u> | |

Historical Growth Rates
Earnings Per Share, Dividends Per Share,
Book Value Per Share, and Cash Flow Per Share

| Gas Group | Earnings per Share | | Dividends per Share | | Book Value per Share | | Cash Flow per Share | |
|-------------------------------|---------------------------|----------------|----------------------------|----------------|-----------------------------|----------------|----------------------------|----------------|
| | Value Line | | Value Line | | Value Line | | Value Line | |
| | 5 Year | 10 Year | 5 Year | 10 Year | 5 Year | 10 Year | 5 Year | 10 Year |
| Atmos Energy Corp. | 5.00% | 5.00% | 2.00% | 1.50% | 4.50% | 6.00% | 4.00% | 5.00% |
| Chesapeake Utilities Corp. | 10.50% | 8.50% | 4.50% | 3.00% | 8.50% | 8.50% | 12.50% | 7.00% |
| Laclede Group | -2.00% | 4.00% | 3.00% | 2.50% | 7.50% | 7.00% | -2.00% | 3.00% |
| New Jersey Resources Corp. | 5.50% | 6.50% | 8.50% | 6.50% | 4.50% | 8.00% | 4.50% | 5.00% |
| Northwest Natural Gas | -4.00% | 2.50% | 3.50% | 3.50% | 3.00% | 3.50% | -1.00% | 3.00% |
| South Jersey Industries, Inc. | 6.50% | 8.00% | 10.00% | 8.50% | 8.00% | 8.50% | 7.50% | 8.00% |
| Southwest Gas Corp. | 11.00% | 8.50% | 8.00% | 5.00% | 5.00% | 5.00% | 6.00% | 4.50% |
| WGL Holdings, Inc. | 1.50% | 3.50% | 3.00% | 2.50% | 3.00% | 4.00% | 1.50% | 2.50% |
| Average | 4.25% | 5.81% | 5.31% | 4.13% | 5.50% | 6.31% | 4.13% | 4.75% |

Source of Information: Value Line Investment Survey, September 4, 2015

Analysts' Five-Year Projected Growth Rates
Earnings Per Share, Dividends Per Share,
Book Value Per Share, and Cash Flow Per Share

| Gas Group | I/B/E/S First Call | Reuters | Zacks | Morningstar | SNL | Value Line | | | | |
|-------------------------------|--------------------------|---------|-------|--------------------|--------------------|-----------------------|------------------------|----------------------------|---------------------------|---|
| | | | | | | Earnings Per Share | Dividends Per Share | Book Value Per Share | Cash Flow Per Share | Percent Retained to Common Equity |
| Atmos Energy Corp. | 7.00% | 7.00% | 7.00% | 6.60% | 6.80% | 7.00% | 5.00% | 4.50% | 4.50% | 5.50% |
| Chesapeake Utilities Corp. | 3.00% | - | NA | 3.00% | NA | 8.50% | 5.50% | 9.00% | 7.50% | 7.00% |
| Laclede Group, Inc. | 4.42% | 4.42% | 4.80% | - | 4.70% | 10.00% | 4.50% | 7.50% | 8.50% | 4.00% |
| New Jersey Resources Corp. | 6.00% | 6.00% | 6.00% | NMF ⁽¹⁾ | NMF ⁽¹⁾ | 4.00% | 3.50% | 7.50% | 4.50% | 6.50% |
| Northwest Natural Gas | 4.00% | - | 4.00% | 4.00% | 4.00% | 7.00% | 2.50% | 3.50% | 4.50% | 3.50% |
| South Jersey Industries, Inc. | 6.00% | - | NA | 6.00% | NA | 7.50% | 7.00% | 6.50% | 7.50% | 5.50% |
| Southwest Gas Corporation | 4.00% | - | 5.00% | 2.40% | 4.00% | 7.00% | 8.00% | 4.50% | 5.50% | 6.00% |
| WGL Holdings, Inc. | 6.50% | 7.00% | 6.00% | 6.80% | 6.90% | 5.50% | 3.00% | 3.50% | 4.00% | 5.00% |
| Average | 5.12% | 6.11% | 5.47% | 4.80% | 5.28% | 7.06% | 4.88% | 5.81% | 5.81% | 5.38% |

Note: ⁽¹⁾ Excluding negative growth rate of -14.40% by Morningstar and -4.20% by SNL

Source of Information :
 Yahoo Finance, November 3, 2015
 Reuters.com, November 3, 2015
 Zacks, November 3, 2015
 Morningstar, November 3, 2015
 SNL, November 3, 2015
 Value Line Investment Survey, September 4, 2015

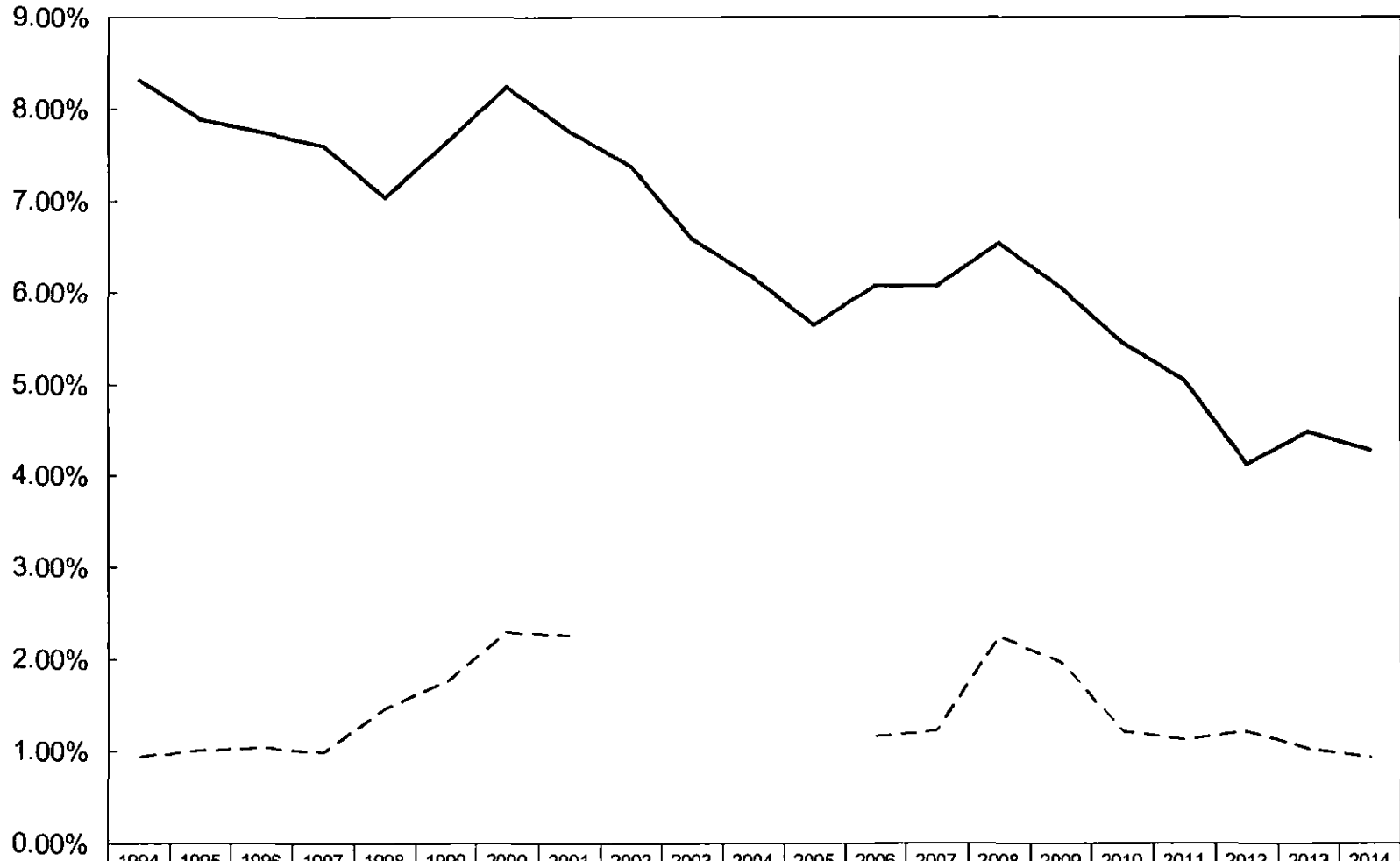
| | | <u>Gas Group</u> Financial Risk Adjustment | | | | | | | | |
|---|--------------|---|---------------|--------------------|-------------|--------------|---------------|--------------|-----------------|----------------------------------|
| | | Chesapeake | Laclede Group | New Jersey | Northwest | South Jersey | Southwest Gas | WGL Holdings | | |
| | | ATMOS Energy | Utilities | Resources | Natural Gas | Industries | {SWX} | {NYSE.WGL} | <u>Average</u> | |
| | | {NYSE.ATO} | {NYSE.CPK} | {NYSE.NJR} | {NYSE.NWN} | {NYSE.SJI} | | | | |
| Fiscal Year | | 09/30/14 | 12/31/14 | 09/30/14 | 09/30/14 | 12/31/14 | 12/31/14 | 12/31/14 | 09/30/14 | |
| Capitalization at Fair Values | | | | | | | | | | |
| | Debt(D) | 2,769,541 | 180,700 | 1,937,300 | 586,809 | 756,808 | 1,058,500 | 1,795,928 | 899,300 | 1,236,873 |
| | Preferred(P) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28,173 | 3,522 |
| | Equity(E) | 4,788,512 | 724,475 | 2,003,729 | 1,982,284 | 1,361,472 | 2,013,487 | 2,875,598 | 2,133,654 | 2,235,401 |
| | Total | 7,558,053 | 905,175 | 3,941,029 | 2,569,193 | 2,118,280 | 3,071,987 | 4,671,526 | 2,971,127 | 3,475,796 |
| Capital Structure Ratios | | | | | | | | | | |
| | Debt(D) | 36.64% | 19.98% | 49.16% | 22.84% | 35.73% | 34.46% | 38.44% | 27.24% | 33.06% |
| | Preferred(P) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.95% | 0.12% |
| | Equity(E) | 63.36% | 80.04% | 50.84% | 77.16% | 64.27% | 65.54% | 61.56% | 71.81% | 66.82% |
| | Total | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Common Stock | | | | | | | | | | |
| | Issued | 100,388,092 | 14,588,711 | 43,183,818 | 42,178,156 | 27,284,000 | 34,167,430 | 46,523,184 | 50,658,553 | |
| | Treasury | 0,000 | 0,000 | 0,000 | 2,932,775 | 0,000 | 0,000 | 0,000 | 0,000 | |
| | Outstanding | 100,388,092 | 14,588,711 | 43,183,818 | 39,245,381 | 27,284,000 | 34,167,430 | 46,523,184 | 50,658,553 | |
| | Market Price | \$ 47.70 | \$ 49.66 | \$ 46.40 | \$ 50.51 | \$ 49.90 | \$ 58.93 | \$ 61.81 | \$ 42.12 | |
| Capitalization at Carrying Amounts | | | | | | | | | | |
| | Debt(D) | 2,460,000 | 161,500 | 1,851,000 | 557,845 | 661,700 | 1,009,400 | 1,663,950 | 678,200 | 1,130,574 |
| | Preferred(P) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28,173 | 3,522 |
| | Equity(E) | 3,086,232 | 300,322 | 1,508,400 | 966,165 | 767,321 | 932,432 | 1,488,523 | 1,246,576 | 1,286,897 |
| | Total | 5,546,232 | 461,822 | 3,359,400 | 1,524,011 | 1,429,021 | 1,941,832 | 3,152,473 | 1,953,949 | 2,421,093 |
| Capital Structure Ratios | | | | | | | | | | |
| | Debt(D) | 44.35% | 34.97% | 55.10% | 36.60% | 46.30% | 51.98% | 52.78% | 34.76% | 44.61% |
| | Preferred(P) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 1.44% | 0.18% |
| | Equity(E) | 55.65% | 65.03% | 44.90% | 63.40% | 53.70% | 48.02% | 47.22% | 63.86% | 55.22% |
| | Total | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Betas | | | | | | | | | | |
| | Value Line | 0.85 | 0.65 | 0.70 | 0.85 | 0.70 | 0.85 | 0.85 | 0.80 | 0.78 |
| Hamada | | | | | | | | | | |
| | BI | = | Bu | {(1 - t)} | D/E | + | P/E | | | |
| | 0.78 | = | Bu | {(1 - 0.35)} | 0.4948 | + | 0.0018 | } | | |
| | 0.78 | = | Bu | {0.65} | 0.4948 | + | 0.0018 | } | | |
| | 0.78 | = | Bu | 1.3234 | | | | } | | |
| | 0.59 | = | Bu | | | | | } | | |
| Hamada | | | | | | | | | | |
| | BI | = | 0.59 | {(1 - t)} | D/E | + | P/E | | | |
| | BI | = | 0.59 | {0.65} | 0.8078 | + | 0.0033 | } | | |
| | BI | = | 0.59 | 1.5264 | | | | } | | |
| | BI | = | 0.90 | | | | | } | | |
| M&M | | | | | | | | | | |
| | ku | = | ke | {(1 - t) ku} | - | {i} | - | {1-t} | D / E | {(ku - d) P / E} |
| | 9.30% | = | 9.59% | {(1 - 0.35) 8.30%} | - | {4.32%} | - | {0.65} | 33.06% / 66.82% | {(8.30% - 5.68%) 0.12% / 66.82%} |
| | 8.30% | = | 9.59% | {(1 - 0.35) 3.99%} | - | {} | - | {0.65} | 0.4948 | {2.62%} 0.0018 |
| | 8.30% | = | 9.59% | {(1 - 0.35) 2.59%} | - | {} | - | {} | 0.4948 | {2.62%} 0.0018 |
| | 8.30% | = | 9.59% | {(1 - 0.35) 1.28% | - | {} | - | {} | | {0.00%} |
| M&M | | | | | | | | | | |
| | ka | = | ku | {(1 - t) ku} | - | {i} | - | {1-t} | D / E | {(ku - d) P / E} |
| | 10.40% | = | 8.30% | {(1 - 0.35) 8.30%} | - | {4.32%} | - | {0.65} | 44.61% / 55.22% | {(8.30% - 5.68%) 0.18% / 55.22%} |
| | 10.40% | = | 8.30% | {(1 - 0.35) 3.99%} | - | {} | - | {0.65} | 0.8078 | {2.62%} 0.0033 |
| | 10.40% | = | 8.30% | {(1 - 0.35) 2.59%} | - | {} | - | {} | 0.8078 | {2.62%} 0.0033 |
| | 10.40% | = | 8.30% | {(1 - 0.35) 2.09% | - | {} | - | {} | | {0.01%} |

**Interest Rates for Investment Grade Public Utility Bonds
Yearly for 2010-2014
and the Twelve Months Ended October 2015**

| <u>Years</u> | <u>Aa Rated</u> | <u>A Rated</u> | <u>Baa Rated</u> | <u>Average</u> |
|---------------------------------|---------------------|--------------------|----------------------|----------------|
| 2010 | 5.24% | 5.46% | 5.96% | 5.55% |
| 2011 | 4.78% | 5.04% | 5.57% | 5.13% |
| 2012 | 3.83% | 4.13% | 4.86% | 4.27% |
| 2013 | 4.24% | 4.48% | 4.98% | 4.57% |
| 2014 | 4.19% | 4.28% | 4.80% | 4.42% |
| Five-Year Average | <u>4.46%</u> | <u>4.68%</u> | <u>5.23%</u> | <u>4.79%</u> |
| <u>Months</u> | | | | |
| Nov-15 | 4.03% | 4.09% | 4.75% | 4.29% |
| Dec-15 | 3.90% | 3.95% | 4.70% | 4.18% |
| Jan-15 | 3.52% | 3.58% | 4.39% | 3.83% |
| Feb-15 | 3.62% | 3.67% | 4.44% | 3.91% |
| Mar-15 | 3.67% | 3.74% | 4.51% | 3.97% |
| Apr-15 | 3.63% | 3.75% | 4.51% | 3.96% |
| May-15 | 4.05% | 4.17% | 4.91% | 4.38% |
| Jun-15 | 4.29% | 4.39% | 5.13% | 4.60% |
| Jul-15 | 4.27% | 4.40% | 5.22% | 4.63% |
| Aug-15 | 4.13% | 4.25% | 5.23% | 4.54% |
| Sep-15 | 4.25% | 4.39% | 5.42% | 4.68% |
| Oct-15 | 4.13% | 4.29% | 5.47% | 4.63% |
| Twelve-Month Average | <u>3.96%</u> | <u>4.06%</u> | <u>4.89%</u> | <u>4.30%</u> |
| Six-Month Average | <u>4.19%</u> | <u>4.32%</u> | <u>5.23%</u> | <u>4.58%</u> |
| Three-Month Average | <u>4.17%</u> | <u>4.31%</u> | <u>5.37%</u> | <u>4.62%</u> |

: Mergent Bond Record

Yields on A-rated Public Utility Bonds and Spreads over 30-Year Treasuries



| | | | | | | | | | | | | | | | | | | | | | |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| — A-rated Public Utility | 8.31% | 7.89% | 7.75% | 7.60% | 7.04% | 7.62% | 8.24% | 7.76% | 7.37% | 6.58% | 6.16% | 5.65% | 6.07% | 6.07% | 6.53% | 6.04% | 5.46% | 5.04% | 4.13% | 4.48% | 4.28% |
| - - - Spread vs. 30-year | 0.94% | 1.01% | 1.04% | 0.99% | 1.46% | 1.75% | 2.30% | 2.27% | | | | | 1.16% | 1.23% | 2.25% | 1.96% | 1.21% | 1.13% | 1.21% | 1.03% | 0.94% |

A-rated Public Utility Bonds over 30-Year Treasuries

| Year | A-rated Public Utility | 30-Year Treasuries | | Year | A-rated Public Utility | 30-Year Treasuries | | Year | A-rated Public Utility | 30-Year Treasuries | | Year | A-rated Public Utility | 30-Year Treasuries | | Year | A-rated Public Utility | 30-Year Treasuries | |
|--------|------------------------|--------------------|--------|--------|------------------------|--------------------|--------|--------|------------------------|--------------------|--------|--------|------------------------|--------------------|--------|-----------|------------------------|--------------------|--------|
| | | Yield | Spread | | | Yield | Spread | | | Yield | Spread | | | Yield | Spread | | | Yield | Spread |
| Jan-99 | 6.97% | 5.16% | 1.81% | Jan-03 | 7.07% | | | Jan-07 | 5.96% | 4.85% | 1.11% | Jan-11 | 5.57% | 4.52% | 1.05% | Jan-15 | 3.58% | 2.46% | 1.12% |
| Feb-99 | 7.09% | 5.37% | 1.72% | Feb-03 | 6.93% | | | Feb-07 | 5.90% | 4.82% | 1.08% | Feb-11 | 5.68% | 4.65% | 1.03% | Feb-15 | 3.67% | 2.57% | 1.10% |
| Mar-99 | 7.26% | 5.58% | 1.68% | Mar-03 | 6.79% | | | Mar-07 | 5.85% | 4.72% | 1.13% | Mar-11 | 5.56% | 4.51% | 1.05% | Mar-15 | 3.74% | 2.63% | 1.11% |
| Apr-99 | 7.22% | 5.55% | 1.67% | Apr-03 | 6.64% | | | Apr-07 | 5.97% | 4.87% | 1.10% | Apr-11 | 5.55% | 4.50% | 1.05% | Apr-15 | 3.75% | 2.59% | 1.16% |
| May-99 | 7.47% | 5.81% | 1.66% | May-03 | 6.36% | | | May-07 | 5.09% | 4.90% | 1.09% | May-11 | 5.32% | 4.29% | 1.03% | May-15 | 4.17% | 2.96% | 1.21% |
| Jun-99 | 7.74% | 6.04% | 1.70% | Jun-03 | 6.21% | | | Jun-07 | 6.30% | 5.20% | 1.10% | Jun-11 | 5.26% | 4.23% | 1.03% | Jun-15 | 4.39% | 3.11% | 1.28% |
| Jul-99 | 7.71% | 5.98% | 1.73% | Jul-03 | 6.57% | | | Jul-07 | 6.25% | 5.11% | 1.14% | Jul-11 | 5.27% | 4.27% | 1.00% | Jul-15 | 4.40% | 3.07% | 1.33% |
| Aug-99 | 7.91% | 6.07% | 1.84% | Aug-03 | 6.78% | | | Aug-07 | 6.24% | 4.93% | 1.31% | Aug-11 | 4.69% | 3.65% | 1.04% | Aug-15 | 4.25% | 2.86% | 1.39% |
| Sep-99 | 7.93% | 6.07% | 1.86% | Sep-03 | 6.56% | | | Sep-07 | 6.18% | 4.79% | 1.39% | Sep-11 | 4.46% | 3.16% | 1.30% | Sep-15 | 4.35% | 2.95% | 1.44% |
| Oct-99 | 8.06% | 6.26% | 1.80% | Oct-03 | 6.43% | | | Oct-07 | 6.11% | 4.77% | 1.34% | Oct-11 | 4.52% | 3.13% | 1.39% | Oct-15 | 4.29% | 2.89% | 1.40% |
| Nov-99 | 7.94% | 6.15% | 1.79% | Nov-03 | 6.37% | | | Nov-07 | 5.97% | 4.52% | 1.45% | Nov-11 | 4.25% | 3.02% | 1.23% | | | | |
| Dec-99 | 8.14% | 6.35% | 1.79% | Dec-03 | 6.27% | | | Dec-07 | 6.16% | 4.53% | 1.63% | Dec-11 | 4.33% | 2.98% | 1.35% | | | | |
| Jan-00 | 8.35% | 6.63% | 1.72% | Jan-04 | 6.15% | | | Jan-08 | 6.02% | 4.33% | 1.69% | Jan-12 | 4.34% | 3.03% | 1.31% | Average: | | | |
| Feb-00 | 8.25% | 6.23% | 2.02% | Feb-04 | 6.15% | | | Feb-08 | 6.21% | 4.52% | 1.69% | Feb-12 | 4.36% | 3.11% | 1.25% | 12-months | | | 1.23% |
| Mar-00 | 8.28% | 6.05% | 2.23% | Mar-04 | 5.97% | | | Mar-08 | 6.21% | 4.39% | 1.82% | Mar-12 | 4.48% | 3.28% | 1.20% | 6-months | | | 1.34% |
| Apr-00 | 8.29% | 5.85% | 2.44% | Apr-04 | 6.35% | | | Apr-08 | 6.29% | 4.41% | 1.85% | Apr-12 | 4.40% | 3.18% | 1.22% | 3-months | | | 1.41% |
| May-00 | 8.70% | 6.15% | 2.55% | May-04 | 6.62% | | | May-08 | 6.28% | 4.60% | 1.68% | May-12 | 4.20% | 2.93% | 1.27% | | | | |
| Jun-00 | 8.36% | 5.93% | 2.43% | Jun-04 | 6.46% | | | Jun-08 | 6.38% | 4.69% | 1.69% | Jun-12 | 4.08% | 2.70% | 1.38% | | | | |
| Jul-00 | 8.25% | 5.85% | 2.40% | Jul-04 | 6.27% | | | Jul-08 | 6.40% | 4.57% | 1.83% | Jul-12 | 3.93% | 2.59% | 1.34% | | | | |
| Aug-00 | 8.13% | 5.72% | 2.41% | Aug-04 | 6.14% | | | Aug-08 | 6.37% | 4.50% | 1.87% | Aug-12 | 4.00% | 2.77% | 1.23% | | | | |
| Sep-00 | 8.23% | 5.83% | 2.40% | Sep-04 | 5.98% | | | Sep-08 | 6.49% | 4.27% | 2.22% | Sep-12 | 4.02% | 2.88% | 1.14% | | | | |
| Oct-00 | 8.14% | 5.80% | 2.34% | Oct-04 | 5.94% | | | Oct-08 | 7.56% | 4.17% | 3.39% | Oct-12 | 3.91% | 2.90% | 1.01% | | | | |
| Nov-00 | 8.11% | 5.78% | 2.33% | Nov-04 | 5.97% | | | Nov-08 | 7.60% | 4.00% | 3.60% | Nov-12 | 3.84% | 2.80% | 1.04% | | | | |
| Dec-00 | 7.84% | 5.49% | 2.35% | Dec-04 | 5.92% | | | Dec-08 | 6.52% | 2.87% | 3.65% | Dec-12 | 4.00% | 2.88% | 1.12% | | | | |
| Jan-01 | 7.80% | 5.54% | 2.26% | Jan-05 | 5.78% | | | Jan-09 | 6.39% | 3.13% | 3.26% | Jan-13 | 4.15% | 3.08% | 1.07% | | | | |
| Feb-01 | 7.74% | 5.45% | 2.29% | Feb-05 | 5.61% | | | Feb-09 | 6.30% | 3.59% | 2.71% | Feb-13 | 4.18% | 3.17% | 1.01% | | | | |
| Mar-01 | 7.68% | 5.34% | 2.34% | Mar-05 | 5.83% | | | Mar-09 | 6.42% | 3.64% | 2.78% | Mar-13 | 4.20% | 3.16% | 1.04% | | | | |
| Apr-01 | 7.94% | 5.65% | 2.29% | Apr-05 | 5.64% | | | Apr-09 | 6.48% | 3.76% | 2.72% | Apr-13 | 4.00% | 2.93% | 1.07% | | | | |
| May-01 | 7.99% | 5.78% | 2.21% | May-05 | 5.53% | | | May-09 | 6.49% | 4.23% | 2.26% | May-13 | 4.17% | 3.11% | 1.06% | | | | |
| Jun-01 | 7.85% | 5.67% | 2.18% | Jun-05 | 5.40% | | | Jun-09 | 6.20% | 4.52% | 1.68% | Jun-13 | 4.53% | 3.40% | 1.13% | | | | |
| Jul-01 | 7.78% | 5.61% | 2.17% | Jul-05 | 5.51% | | | Jul-09 | 5.97% | 4.41% | 1.56% | Jul-13 | 4.68% | 3.61% | 1.07% | | | | |
| Aug-01 | 7.59% | 5.48% | 2.11% | Aug-05 | 5.50% | | | Aug-09 | 5.71% | 4.37% | 1.34% | Aug-13 | 4.73% | 3.76% | 0.97% | | | | |
| Sep-01 | 7.75% | 5.48% | 2.27% | Sep-05 | 5.52% | | | Sep-09 | 5.53% | 4.19% | 1.34% | Sep-13 | 4.80% | 3.79% | 1.01% | | | | |
| Oct-01 | 7.63% | 5.32% | 2.31% | Oct-05 | 5.79% | | | Oct-09 | 5.55% | 4.19% | 1.36% | Oct-13 | 4.70% | 3.68% | 1.02% | | | | |
| Nov-01 | 7.57% | 5.12% | 2.45% | Nov-05 | 5.88% | | | Nov-09 | 5.64% | 4.31% | 1.33% | Nov-13 | 4.77% | 3.60% | 0.97% | | | | |
| Dec-01 | 7.83% | 5.48% | 2.35% | Dec-05 | 5.80% | | | Dec-09 | 5.79% | 4.48% | 1.30% | Dec-13 | 4.81% | 3.89% | 0.92% | | | | |
| Jan-02 | 7.66% | 5.45% | 2.21% | Jan-06 | 5.75% | | | Jan-10 | 5.77% | 4.60% | 1.17% | Jan-14 | 4.63% | 3.77% | 0.96% | | | | |
| Feb-02 | 7.54% | 5.40% | 2.14% | Feb-06 | 5.82% | 4.54% | 1.28% | Feb-10 | 5.87% | 4.62% | 1.25% | Feb-14 | 4.53% | 3.66% | 0.97% | | | | |
| Mar-02 | 7.76% | | | Mar-06 | 5.98% | 4.73% | 1.25% | Mar-10 | 5.84% | 4.64% | 1.20% | Mar-14 | 4.51% | 3.62% | 0.89% | | | | |
| Apr-02 | 7.57% | | | Apr-06 | 6.29% | 5.06% | 1.23% | Apr-10 | 5.81% | 4.69% | 1.12% | Apr-14 | 4.41% | 3.52% | 0.99% | | | | |
| May-02 | 7.52% | | | May-06 | 6.42% | 5.20% | 1.22% | May-10 | 5.50% | 4.29% | 1.21% | May-14 | 4.26% | 3.39% | 0.97% | | | | |
| Jun-02 | 7.42% | | | Jun-06 | 6.40% | 5.16% | 1.25% | Jun-10 | 5.48% | 4.13% | 1.33% | Jun-14 | 4.29% | 3.42% | 0.97% | | | | |
| Jul-02 | 7.31% | | | Jul-06 | 6.37% | 5.13% | 1.24% | Jul-10 | 5.26% | 3.99% | 1.27% | Jul-14 | 4.23% | 3.33% | 0.90% | | | | |
| Aug-02 | 7.17% | | | Aug-06 | 6.20% | 5.00% | 1.20% | Aug-10 | 5.01% | 3.80% | 1.21% | Aug-14 | 4.13% | 3.20% | 0.93% | | | | |
| Sep-02 | 7.08% | | | Sep-06 | 6.00% | 4.85% | 1.15% | Sep-10 | 5.01% | 3.77% | 1.24% | Sep-14 | 4.24% | 3.26% | 0.98% | | | | |
| Oct-02 | 7.23% | | | Oct-06 | 5.98% | 4.85% | 1.13% | Oct-10 | 5.10% | 3.87% | 1.23% | Oct-14 | 4.06% | 3.04% | 1.02% | | | | |
| Nov-02 | 7.14% | | | Nov-06 | 5.80% | 4.69% | 1.11% | Nov-10 | 5.37% | 4.19% | 1.18% | Nov-14 | 4.09% | 3.04% | 1.05% | | | | |
| Dec-02 | 7.07% | | | Dec-06 | 5.81% | 4.68% | 1.13% | Dec-10 | 5.56% | 4.42% | 1.14% | Dec-14 | 3.95% | 2.83% | 1.12% | | | | |

Common Equity Risk Premiums
Years 1926-2014

| | <u>Large Common Stocks</u> | <u>Long- Term Corp. Bonds</u> | <u>Equity Risk Premium</u> | <u>Long- Term Govt. Bonds Yields</u> |
|-----------------------------------|---|--|---|---|
| Low Interest Rates | 12.21% | 4.85% | 7.36% | 3.00% |
| Average Across All Interest Rates | 12.07% | 6.38% | 5.69% | 5.12% |
| High Interest Rates | 11.93% | 7.95% | 3.98% | 7.28% |

Source of Information: Stocks, Bonds, Bills, and Inflation (S&B) 2015 Classic Yearbook

Basic Series
Annual Total Returns (except yields)

| Year | Large Common Stocks | Long- Term Corp. Bonds | Long- Term Govt. Bonds Yields |
|------|---------------------------|---------------------------------|---|
| 1940 | -9.70% | 3.39% | 1.94% |
| 1945 | 36.44% | 4.08% | 1.99% |
| 1941 | -11.59% | 2.73% | 2.04% |
| 1949 | 18.79% | 3.31% | 2.08% |
| 1946 | -8.07% | 1.72% | 2.12% |
| 1950 | 31.71% | 2.12% | 2.24% |
| 1939 | -0.41% | 3.97% | 2.26% |
| 1948 | 5.50% | 4.14% | 2.37% |
| 2014 | 13.69% | 17.28% | 2.40% |
| 2012 | 16.00% | 10.68% | 2.41% |
| 1947 | 5.71% | -2.34% | 2.43% |
| 1942 | 20.34% | 2.60% | 2.46% |
| 1944 | 19.73% | 4.73% | 2.46% |
| 1943 | 25.90% | 2.83% | 2.48% |
| 2011 | 2.11% | 17.95% | 2.48% |
| 1938 | 31.12% | 6.13% | 2.52% |
| 1936 | 33.92% | 6.74% | 2.55% |
| 1951 | 24.02% | -2.69% | 2.69% |
| 1954 | 52.62% | 5.39% | 2.72% |
| 1937 | -35.03% | 2.75% | 2.73% |
| 1953 | -0.99% | 3.41% | 2.74% |
| 1935 | 47.67% | 9.81% | 2.76% |
| 1952 | 18.37% | 3.52% | 2.79% |
| 1934 | -1.44% | 13.84% | 2.93% |
| 1955 | 31.56% | 0.48% | 2.95% |
| 2008 | -37.00% | 8.78% | 3.03% |
| 1932 | -8.19% | 10.82% | 3.15% |
| 1927 | 37.49% | 7.44% | 3.17% |
| 1957 | -10.78% | 8.71% | 3.23% |
| 1930 | -24.90% | 7.98% | 3.30% |
| 1933 | 53.99% | 10.38% | 3.36% |
| 1928 | 43.81% | 2.84% | 3.40% |
| 1929 | -8.42% | 3.27% | 3.40% |
| 1956 | 6.56% | -6.81% | 3.45% |
| 1926 | 11.62% | 7.37% | 3.54% |
| 2013 | 32.39% | -7.07% | 3.67% |
| 1960 | 0.47% | 9.07% | 3.80% |
| 1958 | 43.30% | -2.22% | 3.82% |
| 1962 | -6.73% | 7.95% | 3.95% |
| 1931 | -43.34% | -1.85% | 4.07% |
| 2010 | 15.06% | 12.44% | 4.14% |
| 1961 | 28.89% | 4.82% | 4.15% |
| 1963 | 22.80% | 2.19% | 4.17% |
| 1964 | 19.48% | 4.77% | 4.23% |
| 1959 | 11.96% | -0.97% | 4.47% |
| 1965 | 12.45% | -0.46% | 4.50% |
| 2007 | 5.49% | 2.60% | 4.50% |
| 1996 | -10.06% | 0.20% | 4.55% |
| 2009 | 26.48% | 3.02% | 4.58% |
| 2005 | 4.91% | 5.87% | 4.61% |
| 2002 | -22.10% | 18.33% | 4.84% |
| 2004 | 10.88% | 8.72% | 4.84% |
| 2006 | 15.79% | 3.24% | 4.91% |
| 2003 | 28.68% | 5.27% | 5.11% |
| 1998 | 28.58% | 10.76% | 5.42% |
| 1967 | 23.98% | -4.05% | 5.56% |
| 2000 | -9.10% | 12.87% | 5.58% |
| 2001 | -11.89% | 10.65% | 5.75% |
| 1971 | 14.30% | 11.01% | 5.97% |
| 1968 | 11.06% | 2.57% | 5.98% |
| 1972 | 18.99% | 7.26% | 5.99% |
| 1997 | 33.36% | 12.95% | 6.02% |
| 1995 | 37.58% | 27.20% | 6.03% |
| 1970 | 3.88% | 18.37% | 6.48% |
| 1993 | 10.08% | 13.19% | 6.54% |
| 1996 | 22.96% | 1.40% | 6.73% |
| 1999 | 21.04% | -7.45% | 6.82% |
| 1969 | -8.50% | -8.09% | 6.87% |
| 1976 | 23.93% | 18.65% | 7.21% |
| 1973 | -14.88% | 1.14% | 7.26% |
| 1992 | 7.82% | 9.39% | 7.26% |
| 1991 | 30.47% | 19.89% | 7.30% |
| 1974 | -26.47% | -3.08% | 7.60% |
| 1990 | 16.07% | 19.85% | 7.89% |
| 1994 | 1.32% | -5.76% | 7.99% |
| 1977 | -7.16% | 1.71% | 8.03% |
| 1975 | 37.23% | 14.64% | 8.05% |
| 1989 | 31.69% | 16.23% | 8.16% |
| 1990 | -3.10% | 6.78% | 8.44% |
| 1978 | 6.57% | -0.07% | 8.98% |
| 1988 | 16.61% | 10.70% | 9.19% |
| 1987 | 5.25% | -0.27% | 9.20% |
| 1985 | 31.73% | 30.09% | 9.56% |
| 1979 | 18.61% | -4.18% | 10.12% |
| 1982 | 21.55% | 42.56% | 10.95% |
| 1984 | 6.27% | 18.86% | 11.70% |
| 1983 | 22.56% | 6.26% | 11.97% |
| 1980 | 32.50% | -2.76% | 11.99% |
| 1981 | -4.92% | -1.24% | 13.34% |

**Yields for Treasury Constant Maturities
Yearly for 2010-2014
and the Twelve Months Ended October 2015**

| <u>Years</u> | <u>1-Year</u> | <u>2-Year</u> | <u>3-Year</u> | <u>5-Year</u> | <u>7-Year</u> | <u>10-Year</u> | <u>20-Year</u> | <u>30-Year</u> |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| 2010 | 0.32% | 0.70% | 1.11% | 1.93% | 2.62% | 3.21% | 4.03% | 4.25% |
| 2011 | 0.18% | 0.45% | 0.75% | 1.52% | 2.16% | 2.79% | 3.62% | 3.91% |
| 2012 | 0.18% | 0.28% | 0.38% | 0.76% | 1.22% | 1.80% | 2.54% | 2.92% |
| 2013 | 0.13% | 0.31% | 0.54% | 1.17% | 1.74% | 2.35% | 3.12% | 3.45% |
| 2014 | 0.12% | 0.46% | 0.90% | 1.64% | 2.14% | 2.54% | 3.07% | 3.34% |
| Five-Year Average | <u>0.19%</u> | <u>0.44%</u> | <u>0.74%</u> | <u>1.40%</u> | <u>1.98%</u> | <u>2.54%</u> | <u>3.28%</u> | <u>3.57%</u> |
| <u>Months</u> | | | | | | | | |
| Nov-14 | 0.13% | 0.53% | 0.96% | 1.62% | 2.03% | 2.33% | 2.76% | 3.04% |
| Dec-14 | 0.21% | 0.64% | 1.06% | 1.64% | 1.98% | 2.21% | 2.55% | 2.83% |
| Jan-15 | 0.20% | 0.55% | 0.90% | 1.37% | 1.67% | 1.88% | 2.20% | 2.46% |
| Feb-15 | 0.22% | 0.62% | 0.99% | 1.47% | 1.79% | 1.98% | 2.34% | 2.57% |
| Mar-15 | 0.25% | 0.64% | 1.02% | 1.52% | 1.84% | 2.04% | 2.41% | 2.63% |
| Apr-15 | 0.23% | 0.54% | 0.87% | 1.35% | 1.69% | 1.94% | 2.33% | 2.59% |
| May-15 | 0.24% | 0.61% | 0.98% | 1.54% | 1.93% | 2.20% | 2.69% | 2.96% |
| Jun-15 | 0.28% | 0.69% | 1.07% | 1.68% | 2.10% | 2.36% | 2.85% | 3.11% |
| Jul-15 | 0.30% | 0.67% | 1.03% | 1.63% | 2.04% | 2.32% | 2.77% | 3.07% |
| Aug-15 | 0.38% | 0.70% | 1.03% | 1.54% | 1.91% | 2.17% | 2.55% | 2.86% |
| Sep-15 | 0.37% | 0.71% | 1.01% | 1.49% | 1.88% | 2.17% | 2.62% | 2.95% |
| Oct-15 | 0.26% | 0.64% | 0.93% | 1.39% | 1.76% | 2.07% | 2.50% | 2.89% |
| Twelve-Month Average | <u>0.26%</u> | <u>0.63%</u> | <u>0.99%</u> | <u>1.52%</u> | <u>1.89%</u> | <u>2.14%</u> | <u>2.55%</u> | <u>2.83%</u> |
| Six-Month Average | <u>0.31%</u> | <u>0.67%</u> | <u>1.01%</u> | <u>1.55%</u> | <u>1.94%</u> | <u>2.22%</u> | <u>2.66%</u> | <u>2.97%</u> |
| Three-Month Average | <u>0.34%</u> | <u>0.68%</u> | <u>0.99%</u> | <u>1.47%</u> | <u>1.85%</u> | <u>2.14%</u> | <u>2.56%</u> | <u>2.90%</u> |

Source: Federal Reserve statistical release H.15

Measures of the Risk-Free Rate & Corporate Bond Yields

The forecast of Treasury and Corporate yields
per the consensus of nearly 50 economists
reported in the Blue Chip Financial Forecasts dated November 1, 2015

| Year | Quarter | Treasury | | | | | Corporate | |
|------|---------|----------------|----------------|----------------|-----------------|-----------------|-------------|-------------|
| | | 1-Year Bill | 2-Year Note | 5-Year Note | 10-Year Note | 30-Year Bond | Aaa Bond | Baa Bond |
| 2015 | Fourth | 0.4% | 0.7% | 1.5% | 2.2% | 2.9% | 4.0% | 5.2% |
| 2016 | First | 0.6% | 1.0% | 1.8% | 2.4% | 3.1% | 4.2% | 5.3% |
| 2016 | Second | 0.9% | 1.3% | 2.0% | 2.6% | 3.3% | 4.4% | 5.4% |
| 2016 | Third | 1.2% | 1.5% | 2.2% | 2.8% | 3.5% | 4.6% | 5.6% |
| 2016 | Fourth | 1.5% | 1.8% | 2.4% | 3.0% | 3.6% | 4.7% | 5.7% |
| 2017 | First | 1.7% | 2.0% | 2.6% | 3.1% | 3.8% | 4.9% | 5.8% |

Measures of the Market Premium

Value Line Return

| As of: | Dividend Yield | + | Median Appreciation Potential | = | Median Total Return |
|-----------|-------------------|---|-------------------------------------|---|---------------------------|
| 30-Oct-15 | 2.3% | | 9.73% | | 12.03% |

DCF Result for the S&P 500 Composite

| D/P | (1+5g) | + | g | = | k |
|-------|------------|---|-------|---|-------|
| 2.08% | (1.0305) | | 6.10% | | 8.24% |

| | | | | | |
|--------|--------------|-----|--------------|---|---------|
| where: | Price (P) | at | 30-Oct-15 | = | 2079.36 |
| | Dividend (D) | for | 3rd Qtr. '15 | = | 10.79 |
| | Dividend (D) | | annualized | = | 43.16 |
| | Growth (g) | by | First Call | = | 6.10% |

Summary

| | | |
|--------------------------------|--------|--------|
| Value Line | | 12.03% |
| S&P 500 | | 8.24% |
| Average | | 10.14% |
| Risk-free Rate of Return (Rf) | | 3.75% |
| Forecast Market Premium | | 6.39% |
| Historical Market Premium (Rm) | (Rf) | |
| 1926-2014 Arith. mean | 12.14% | 4.06% |
| | | 8.08% |
| Average - Forecast/Historical | | 7.24% |

This phenomenon can also be viewed graphically, as depicted in the Graph 7-2. The security market line is based on the pure CAPM without adjusting for the size premium. Based on the risk (or beta) of a security, the expected return should fluctuate along the security market line. However, the expected returns for the smaller deciles of the NYSE/AMEX/NASDAQ lie above the line, indicating that these deciles have had returns in excess of those appropriate for their systematic risk.

Table 7-6: Size-Decile Portfolios of the NYSE/AMEX/NASDAQ
Long-Term Returns in Excess of CAPM

| Decile | Beta* | Arithmetic Mean Return (%) | Actual Return in Excess of Riskless Rate** (%) | CAPM Return in Excess of Riskless Rate' (%) | Size Premium (Return in Excess of CAPM) (%) |
|-----------------|-------|----------------------------|--|---|---|
| 1 | 0.91 | 11.15 | 6.08 | 6.40 | -0.32 |
| 2 | 1.04 | 12.96 | 7.89 | 7.24 | 0.65 |
| 3 | 1.10 | 13.71 | 8.64 | 7.70 | 0.94 |
| 4 | 1.13 | 14.01 | 8.93 | 7.88 | 1.05 |
| 5 | 1.16 | 14.84 | 9.76 | 8.11 | 1.65 |
| 6 | 1.19 | 15.01 | 9.94 | 8.31 | 1.63 |
| 7 | 1.24 | 15.53 | 10.46 | 8.69 | 1.77 |
| 8 | 1.30 | 16.35 | 11.27 | 9.10 | 2.18 |
| 9 | 1.35 | 17.13 | 12.06 | 9.42 | 2.64 |
| 10 | 1.40 | 20.62 | 15.54 | 9.82 | 5.72 |
| Mid-Cap, 3-5 | 1.12 | 14.00 | 8.93 | 7.83 | 1.10 |
| Low-Cap, 6-8 | 1.23 | 15.44 | 10.36 | 8.59 | 1.77 |
| Micro-Cap, 9-10 | 1.36 | 18.26 | 13.18 | 9.49 | 3.69 |

Data from 1926-2014.

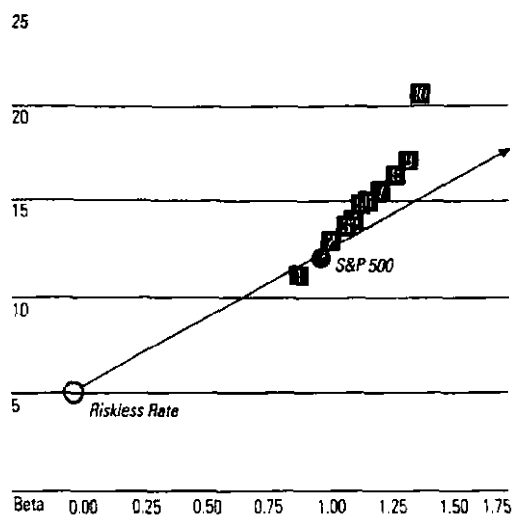
*Betas are estimated from monthly returns in excess of the 30-day U.S. Treasury bill total return, January 1926-December 2014.

**Historical riskless rate measured by the 89-year arithmetic mean income return component of 20-year government bonds (5.07%).

'Calculated in the context of the CAPM by multiplying the equity risk premium by beta. The equity risk premium is estimated by the arithmetic mean total return of the S&P 500 (12.07%) minus the arithmetic mean income return component of 20-year government bonds (5.07%) from 1926-2014.

Source: Morningstar and CRSP. Calculated (or Derived) based on data from CRSP US Stock Database and CRSP US Indices Database ©2015 Center for Research in Security Prices (CRSP®). The University of Chicago Booth School of Business. Used with permission.

Graph 7-2: Security Market Line Versus Size-Decile Portfolios of the NYSE/AMEX/NASDAQ



Data from 1926-2014.

Serial Correlation in Small-Cap Stock Returns

In four of the last 10 years, large-capitalization stocks (deciles 1-2 of NYSE/AMEX/NASDAQ) have outperformed small-capitalization stocks (deciles 9-10). This has led some market observers to speculate that there is no size premium. But statistical evidence suggests that periods of underperformance should be expected. For instance, large-cap stocks have outperformed small-cap stocks in nearly half of the years since 1926. It should be noted, however, that large-cap stocks' average historical outperformance has been less than the average historical outperformance of small-cap stocks.

History tells us that small companies are riskier than large companies. Table 7-1 [see page 100] shows the standard deviation (a measure of risk) for each decile of the NYSE/AMEX/NASDAQ. As one moves from larger to smaller deciles, the standard deviation of return grows. Investors are compensated for taking on this additional risk by the higher returns provided by small companies. It is important to note, however, that the risk/return profile is over the long term. If small companies did not provide higher long-term returns, investors would be more inclined to invest in the less-risky stocks of large companies.

Comparable Earnings Approach

Using Non-Utility Companies with

Timeliness of 2, 3 & 4; Safety Rank of 1, 2 & 3; Financial Strength of B++, A & A+;

Price Stability of 85 to 100; Betas of .65 to .85; and Technical Rank of 3, 4 & 5

| <u>Company</u> | <u>Industry</u> | <u>Timeliness Rank</u> | <u>Safety Rank</u> | <u>Financial Strength</u> | <u>Price Stability</u> | <u>Beta</u> | <u>Technical Rank</u> |
|-----------------------|-----------------|------------------------|--------------------|---------------------------|------------------------|-------------|-----------------------|
| Alleghany Corp. | INSPRPTY | 3 | 1 | A | 100 | 0.75 | 4 |
| Ball Corp. | PACKAGE | 3 | 2 | B++ | 95 | 0.85 | 3 |
| Bemis Co. | PACKAGE | 3 | 1 | A | 95 | 0.80 | 4 |
| Berkley (W.R.) | INSPRPTY | 3 | 1 | A | 100 | 0.75 | 3 |
| Brown-Forman 'B' | BEVERAGE | 2 | 1 | A+ | 95 | 0.85 | 4 |
| DaVita HealthCare | MEDSERV | 3 | 2 | B++ | 85 | 0.85 | 3 |
| Ecolab Inc. | CHEMSPEC | 2 | 1 | A | 95 | 0.85 | 3 |
| Erie Indemnity | INSPRPTY | 2 | 2 | B++ | 95 | 0.75 | 3 |
| Gallagher (Arthur J.) | FINSERV | 3 | 1 | A | 95 | 0.85 | 5 |
| Gartner Inc. | INFOSER | 2 | 2 | A | 85 | 0.85 | 3 |
| Gen'l Mills | FOODPROC | 3 | 1 | A+ | 100 | 0.65 | 3 |
| Laboratory Corp. | MEDSERV | 3 | 1 | A | 90 | 0.80 | 3 |
| Lancaster Colony | HOUSEPRD | 2 | 1 | A+ | 90 | 0.80 | 3 |
| Markel Corp. | INSPRPTY | 2 | 1 | A | 100 | 0.70 | 3 |
| Marsh & McLennan | FINSERV | 2 | 2 | A | 100 | 0.85 | 3 |
| Mercury General | INSPRPTY | 4 | 2 | B++ | 90 | 0.70 | 5 |
| Paychex Inc. | ITSERV | 2 | 1 | A | 95 | 0.85 | 3 |
| Philip Morris Int'l | TOBACCO | 4 | 2 | B++ | 95 | 0.80 | 5 |
| Progressive (Ohio) | INSPRPTY | 3 | 2 | B++ | 95 | 0.85 | 3 |
| Republic Services | ENVIRONM | 3 | 2 | B++ | 95 | 0.80 | 3 |
| RLI Corp. | INSPRPTY | 3 | 2 | B++ | 85 | 0.85 | 4 |
| Synopsys Inc. | SOFTWARE | 2 | 1 | A | 90 | 0.85 | 3 |
| Tootsie Roll Ind. | FOODPROC | 3 | 1 | A+ | 90 | 0.85 | 3 |
| United Parcel Serv. | AIRTRANS | 3 | 1 | A | 100 | 0.85 | 4 |
| Waste Connections | ENVIRONM | 3 | 3 | B++ | 95 | 0.70 | 3 |
| Waste Management | ENVIRONM | 3 | 1 | A | 95 | 0.85 | 3 |
| Weis Markets | GROCERY | 4 | 1 | A | 90 | 0.70 | 3 |
| West Pharmac. Svcs. | MEDICNON | 2 | 2 | B++ | 85 | 0.85 | 3 |
| Average | | 3 | 1 | A | 94 | 0.80 | 3 |
| Gas Group | Average | 3 | 2 | A | 92 | 0.78 | 4 |

Source of Information: Value Line Investment Survey for Windows, October 2015

Comparable Earnings Approach
Five -Year Average Historical Earned Returns
for Years 2010-2014 and
Projected 3-5 Year Returns

| <u>Company</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>Average</u> | <u>Projected 2018-20</u> |
|--|-------------|-------------|-------------|-------------|-------------|----------------|------------------------------|
| Alleghany Corp. | 4.6% | 4.9% | 11.0% | 7.1% | 5.8% | 6.7% | 6.5% |
| Ball Corp. | 35.8% | 36.6% | 36.5% | 33.9% | 45.5% | 37.7% | 20.0% |
| Bemis Co. | 10.8% | 13.4% | 13.7% | 14.1% | 16.3% | 13.7% | 15.5% |
| Berkley (W.R.) | 11.4% | 7.7% | 8.8% | 9.7% | 10.6% | 9.6% | 10.0% |
| Brown-Forman 'B' | 25.4% | 24.8% | 35.4% | 32.4% | 35.9% | 30.8% | 31.0% |
| DaVita HealthCare | 22.8% | 22.5% | 16.3% | 18.4% | 15.2% | 19.0% | 17.0% |
| Ecolab Inc. | 24.9% | 10.5% | 14.7% | 14.7% | 17.4% | 16.4% | 15.5% |
| Erie Indemnity | 17.8% | 21.4% | 24.9% | 22.2% | 24.0% | 22.1% | 29.0% |
| Gallagher (Arthur J.) | 14.8% | 11.9% | 11.8% | 12.9% | 9.4% | 12.2% | 11.5% |
| Gartner Inc. | 59.0% | 75.3% | 55.9% | 49.6% | 126.2% | 73.2% | 36.5% |
| Gen'l Mills | 29.1% | 26.0% | 26.6% | 26.8% | 27.9% | 27.3% | 33.0% |
| Laboratory Corp. | 23.7% | 25.9% | 24.4% | 25.6% | 20.4% | 24.0% | 16.0% |
| Lancaster Colony | 23.7% | 20.6% | 17.0% | 21.8% | 19.1% | 20.4% | 18.5% |
| Market Corp. | 7.7% | 3.7% | 6.5% | 3.5% | 3.6% | 5.0% | 5.5% |
| Marsh & McLennan | 8.6% | 16.2% | 17.8% | 16.9% | 20.2% | 15.9% | 20.5% |
| Mercury General | 6.4% | 8.2% | 6.3% | 6.6% | 6.7% | 6.8% | 11.0% |
| Paychex Inc. | 34.0% | 34.4% | 34.2% | 32.1% | 35.3% | 34.0% | 44.5% |
| Philip Morris Int'l | NMF | NMF | NMF | NMF | NMF | - | NMF |
| Progressive (Ohio) | 16.6% | 16.5% | 11.7% | 14.8% | 16.5% | 15.2% | 18.0% |
| Republic Services | 8.4% | 9.7% | 8.6% | 9.0% | 9.0% | 8.9% | 10.0% |
| RLI Corp. | 13.9% | 14.7% | 10.9% | 13.5% | 13.6% | 13.3% | 12.0% |
| Synopsys Inc. | 9.1% | 10.2% | 12.6% | 13.7% | 13.1% | 11.7% | 15.0% |
| Tootsie Roll Ind. | 8.0% | 6.6% | 8.0% | 8.9% | 9.2% | 8.1% | 10.0% |
| United Parcel Serv. | 44.7% | 59.6% | 94.3% | 67.5% | 205.0% | 94.2% | NMF |
| Waste Connections | 10.5% | 12.1% | 9.3% | 10.0% | 10.6% | 10.5% | 12.5% |
| Waste Management | 16.2% | 16.6% | 15.2% | 17.7% | 19.7% | 17.1% | 24.0% |
| Weis Markets | 9.4% | 10.1% | 10.4% | 9.1% | 6.4% | 9.1% | 7.5% |
| West Pharmac. Svcs. | 11.6% | 12.5% | 13.3% | 12.4% | 13.3% | 12.6% | 15.5% |
| Average | | | | | | 21.3% | 17.9% |
| Median | | | | | | 15.2% | 15.5% |
| Average (excluding companies with values >20%) | | | | | | 11.2% | 12.1% |

Comparable Earnings Approach
Screening Parameters

Timeliness Rank

The rank for a stock's probable relative market performance in the year ahead. Stocks ranked 1 (Highest) or 2 (Above Average) are likely to outpace the year-ahead market. Those ranked 4 (Below Average) or 5 (Lowest) are not expected to outperform most stocks over the next 12 months. Stocks ranked 3 (Average) will probably advance or decline with the market in the year ahead. Investors should try to limit purchases to stocks ranked 1 (Highest) or 2 (Above Average) for Timeliness.

Safety Rank

A measure of potential risk associated with individual common stocks rather than large diversified portfolios (for which Beta is good risk measure). Safety is based on the stability of price, which includes sensitivity to the market (see Beta) as well as the stock's inherent volatility, adjusted for trend and other factors including company size, the penetration of its markets, product market volatility, the degree of financial leverage, the earnings quality, and the overall condition of the balance sheet. Safety Ranks range from 1 (Highest) to 5 (Lowest). Conservative investors should try to limit purchases to equities ranked 1 (Highest) or 2 (Above Average) for Safety.

Financial Strength

The financial strength of each of the more than 1,600 companies in the VS II data base is rated relative to all the others. The ratings range from A++ to C in nine steps. (For screening purposes, think of an A rating as "greater than" a B). Companies that have the best relative financial strength are given an A++ rating, indicating ability to weather hard times better than the vast majority of other companies. Those who don't quite merit the top rating are given an A+ grade, and so on. A rating as low as C++ is considered satisfactory. A rating of C+ is well below average, and C is reserved for companies with very serious financial problems. The ratings are based upon a computer analysis of a number of key variables that determine (a) financial leverage, (b) business risk, and (c) company size, plus the judgment of Value Line's analysts and senior editors regarding factors that cannot be quantified across-the-board for companies. The primary variables that are indexed and studied include equity coverage of debt, equity coverage of intangibles, "quick ratio", accounting methods, variability of return, fixed charge coverage, stock price stability, and company size.

Price Stability Index

An index based upon a ranking of the weekly percent changes in the price of the stock over the last five years. The lower the standard deviation of the changes, the more stable the stock. Stocks ranking in the top 5% (lowest standard deviations) carry a Price Stability Index of 100; the next 5%, 95; and so on down to 5. One standard deviation is the range around the average weekly percent change in the price that encompasses about two thirds of all the weekly percent change figures over the last five years. When the range is wide, the standard deviation is high and the stock's Price Stability Index is low.

Beta

A measure of the sensitivity of the stock's price to overall fluctuations in the New York Stock Exchange Composite Average. A Beta of 1.50 indicates that a stock tends to rise (or fall) 50% more than the New York Stock Exchange Composite Average. Use Beta to measure the stock market risk inherent in any diversified portfolio of, say, 15 or more companies. Otherwise, use the Safety Rank, which measures total risk inherent in an equity, including that portion attributable to market fluctuations. Beta is derived from a least squares regression analysis between weekly percent changes in the price of a stock and weekly percent changes in the NYSE Average over a period of five years. In the case of shorter price histories, a smaller time period is used, but two years is the minimum. The Betas are periodically adjusted for their long-term tendency to regress toward 1.00.

Technical Rank

A prediction of relative price movement, primarily over the next three to six months. It is a function of price action relative to all stocks followed by Value Line. Stocks ranked 1 (Highest) or 2 (Above Average) are likely to outpace the market. Those ranked 4 (Below Average) or 5 (Lowest) are not expected to outperform most stocks over the next six months. Stocks ranked 3 (Average) will probably advance or decline with the market. Investors should use the Technical and Timeliness Ranks as complements to one another.

UGI GAS EXHIBIT E – PROOF OF REVENUE

**UGI Utilities, Inc. - Gas Division
Proof of Revenue Summary - Total Revenue**

| Rate Class | Customers | Sales | Present Revenue | Proposed Revenue | Revenue Change | Percent Change from Present Revenue | Percent of Total Rate Increase |
|-------------------------|------------------|--------------------|------------------------|-------------------------|-----------------------|--|---------------------------------------|
| R/RT | 348,120 | 22,744,148 | \$ 190,015,038 | \$ 233,347,467 | \$ 43,332,429 | 22.8% | 74.0% |
| N/NT | 38,394 | 14,141,073 | \$ 83,820,976 | \$ 96,316,755 | \$ 12,495,779 | 14.9% | 21.3% |
| DS | 592 | 3,239,371 | \$ 13,873,223 | \$ 14,854,703 | \$ 981,480 | 7.1% | 1.7% |
| LFD | 464 | 14,564,585 | \$ 25,795,573 | \$ 27,549,810 | \$ 1,754,237 | 6.8% | 3.0% |
| Interruptible | 322 | 50,276,404 | \$ 4,900,000 | \$ 4,900,000 | \$ - | 0.0% | 0.0% |
| XD - Firm | 27 | 17,418,626 | \$ 11,785,496 | \$ 11,785,496 | \$ - | 0.0% | 0.0% |
| Total | 387,919 | 122,384,208 | \$ 330,190,307 | \$ 388,754,232 | \$ 58,563,925 | 17.7% | 100.0% |
| Other Operating Revenue | | | \$ 4,480,000 | \$ 4,480,000 | \$ - | | |
| Total | | | \$ 334,670,307 | \$ 393,234,232 | \$ 58,563,925 | 17.5% | |

Notes:

1) Only Rates R and N and former Rate N customers moving to Rates DS and LFD include the PGC cost of gas.

UGI Utilities, Inc. - Gas Division
Residential Service - Rate Schedules R & RT
Calculation of the Effect of Proposed Rates
12-Months Ending September 30, 2017

Exhibit E
D. Lahoff
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| Description | Number of Bills (1) | Pro Forma Consumption Mcf (2) | Current Rate (3) | Current Revenue (4) | Proposed Rate (6) | Proposed Revenue (7) | Proposed Revenue Change (8) | % Change (9) |
|--|------------------------|-------------------------------------|---------------------|------------------------|----------------------|-------------------------|--------------------------------|-----------------|
| <u>Residential Service & Residential Transportation Service</u> | | | | | | | | |
| Customer Charges | | | | | | | | |
| Rate R | 3,605,184 | | \$ 8.55 | \$ 30,824,323 | \$ 17.50 | \$ 63,090,720 | \$ 32,266,397 | |
| Rate RT | <u>572,256</u> | | \$ 8.55 | <u>\$ 4,892,789</u> | \$ 17.50 | <u>\$ 10,014,480</u> | <u>\$ 5,121,691</u> | |
| | 4,177,440 | | | \$ 35,717,112 | | \$ 73,105,200 | \$ 37,388,088 | |
| GET Gas Customer Charge | 8,268 | | \$ 23.96 | \$ 198,099 | \$ 23.96 | \$ 198,099 | \$ - | |
| Distribution Charges | | | | | | | | |
| First 5 | | 12,112,602 | \$ 3.3082 | \$ 40,070,910 | \$ 3.0123 | \$ 36,486,791 | \$ (3,584,119) | |
| All over 5 | | <u>10,631,546</u> | \$ 2.6634 | <u>\$ 28,316,060</u> | \$ 3.0123 | <u>\$ 32,025,406</u> | <u>\$ 3,709,346</u> | |
| Subtotal | | <u>22,744,148</u> | | <u>\$ 68,386,970</u> | | <u>\$ 68,512,197</u> | <u>\$ 125,227</u> | |
| Slate Tax Adjustment Surcharge (STAS) - Rider A | | | 0.00% | \$ - | 0.00% | \$ - | \$ - | |
| Purchased Gas Costs (PGC) - Rider B | 1/ | 19,067,626 | \$ 4.2662 | \$ 81,346,305 | \$ 4.2662 | \$ 81,346,305 | \$ - | |
| Merchant Function Charge (MFC) - Rider D | | 19,067,626 | 2.19% | \$ 1,781,484 | 2.19% | \$ 1,781,484 | \$ - | |
| Low Income Self-Help Program (LISHP) | | 21,720,661 | 2/ \$ 0.0839 | \$ 1,822,363 | \$ - | \$ - | \$ (1,822,363) | |
| Universal Service Program (USP) - Rider F | | 21,720,661 | \$ - | \$ - | \$ 0.2927 | \$ 6,356,605 | \$ 6,356,605 | |
| Gas Procurement Charge (GPC) - Rider E | | 19,067,626 | \$ 0.0400 | \$ 762,705 | \$ 0.0146 | \$ 278,387 | \$ (484,318) | |
| Energy Efficiency & Conservation Rider (EEC) - Rider G | | <u>22,744,148</u> | \$ - | \$ - | \$ 0.0778 | <u>\$ 1,769,189</u> | <u>\$ 1,769,189</u> | |
| Total Rate R/RT | | <u>22,744,148</u> | | <u>\$ 190,015,038</u> | | <u>\$ 233,347,467</u> | <u>\$ 43,332,429</u> | <u>22.8%</u> |

Notes:

- 1/ The PGC rate is based on rates effective December 1, 2015.
- 2/ The LISHP rate is based on rates effective December 1, 2015.

UGI Utilities, Inc. - Gas Division
Non-Residential Service - Rate Schedules N & NT
Calculation of the Effect of Proposed Rates
12-Months Ending September 30, 2017

Exhibit E
D. Lahoff
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| Description | Number of Bills (1) | Pro Forma Consumption Mct (2) | Current Rate (3) | Current Revenue (4) | Proposed Rate (6) | Proposed Revenue (7) | Proposed Revenue Change (8) | % Change (9) |
|---|------------------------|----------------------------------|---------------------|------------------------|----------------------|-------------------------|--------------------------------|-----------------|
| Non-Residential Service & Non-Residential Transportation Service | | | | | | | | |
| Customer Charges | | | | | | | | |
| Rate N | 335,532 | | \$ 6.55 | \$ 2,868,799 | \$ 32.00 | \$ 10,737,024 | \$ 7,868,225 | |
| Rate NT | 121,368 | | \$ 8.55 | \$ 1,037,696 | \$ 32.00 | \$ 3,883,776 | \$ 2,846,080 | |
| Rate DS - NT | <u>3,828</u> | | \$ 290.00 | <u>\$ 1,110,120</u> | \$ 32.00 | <u>\$ 122,496</u> | <u>\$ (987,624)</u> | |
| | 460,728 | | | \$ 5,016,615 | | \$ 14,743,296 | \$ 9,726,681 | |
| Distribution Charges | | | | | | | | |
| N/NT - N/NT | | | | | | | | |
| First 25 | | 4,835,282 | \$ 4.0268 | \$ 19,470,712 | \$ 3.6932 | \$ 17,857,662 | \$ (1,613,050) | |
| Next 475 | | 7,135,274 | \$ 3.5309 | \$ 25,193,938 | \$ 3.6932 | \$ 26,351,993 | \$ 1,158,055 | |
| All ove 500 Winter | | 1,189,948 | \$ 2.4374 | \$ 2,900,379 | \$ 3.6932 | \$ 4,394,715 | \$ 1,494,336 | |
| All ove 500 Summer | | <u>67,052</u> | \$ 2.2902 | <u>\$ 153,562</u> | \$ 3.6932 | <u>\$ 247,635</u> | <u>\$ 94,074</u> | |
| Subtotal | | 13,227,555 | | \$ 47,718,590 | | \$ 48,852,005 | \$ 1,133,415 | |
| DS - NT | | | | | | | | |
| First 500 | | 488,011 | \$ 2.3000 | \$ 1,122,426 | | | \$ (1,122,426) | |
| All ove 500 Winter | | 335,222 | \$ 2.0700 | \$ 693,910 | | | \$ (693,910) | |
| All ove 500 Summer | | <u>90,285</u> | \$ 1.9500 | <u>\$ 176,055</u> | | | <u>\$ (176,055)</u> | |
| Subtotal | | 913,518 | | \$ 1,992,391 | | | \$ (1,992,391) | |
| DS - NT | | | | | | | | |
| First 25 | | 325,715 | | | \$ 3.6932 | \$ 1,202,929 | \$ 1,202,929 | |
| Next 475 | | 500,993 | | | \$ 3.6932 | \$ 1,850,267 | \$ 1,850,267 | |
| All ove 500 Winter | | 82,180 | | | \$ 3.6932 | \$ 303,507 | \$ 303,507 | |
| All ove 500 Summer | | <u>4,631</u> | | | \$ 3.6932 | <u>\$ 17,102</u> | <u>\$ 17,102</u> | |
| Subtotal | | 913,518 | | | | \$ 3,373,805 | \$ 3,373,805 | |
| State Tax Adjustment Surcharge (STAS) - Rider A | | | | | | | | |
| | | | 0.00% | \$ - | 0.00% | \$ - | \$ - | |
| Purchased Gas Costs (PGC) - Rider B | | | | | | | | |
| | 1/ | 6,732,150 | \$ 4.2662 | \$ 28,720,699 | \$ 4.2662 | \$ 28,720,699 | \$ - | |
| Merchant Function Charge (MFC) - Rider D | | | | | | | | |
| | | 6,732,150 | 0.36% | \$ 103,395 | 0.47% | \$ 134,987 | \$ 31,593 | |
| Gas Procurement Charge (GPC) - Rider E | | | | | | | | |
| | | 6,732,150 | \$ 0.0400 | \$ 269,286 | \$ 0.0146 | \$ 98,289 | \$ (170,997) | |
| Energy Efficiency & Conservation Rider (EEC) - Rider G | | | | | | | | |
| | | <u>14,141,073</u> | \$ - | \$ - | \$ 0.0278 | <u>\$ 393,673</u> | <u>\$ 393,673</u> | |
| Total Rate N/NT | | <u>14,141,073</u> | | <u>\$ 83,820,976</u> | | <u>\$ 96,316,755</u> | <u>\$ 12,495,779</u> | <u>14.9%</u> |

Notes:

1/ The PGC rate is based on rates effective December 1, 2015.

UGI Utilities, Inc. - Gas Division
Delivery Service - Rate Schedule DS
Calculation of the Effect of Proposed Rates
12-Months Ending September 30, 2017

Exhibit E
D. Lahoff
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| <u>Description</u> | <u>Number of Bills (1)</u> | <u>Pro Forma Consumption Mcf (2)</u> | <u>Current Rate (3)</u> | <u>Current Revenue (4)</u> | <u>Proposed Rate (6)</u> | <u>Proposed Revenue (7)</u> | <u>Proposed Revenue Change (8)</u> | <u>% Change (9)</u> |
|--|--------------------------------|--|-----------------------------|--------------------------------|------------------------------|---------------------------------|--|-------------------------|
| <u>Delivery Service</u> | | | | | | | | |
| Customer Charge | | | | | | | | |
| N/NT - DS | 2,844 | | \$ 8.55 | \$ 24,316 | \$ 290.00 | \$ 824,760 | \$ 800,444 | |
| DS - DS | <u>4,260</u> | | \$ 290.00 | <u>\$ 1,235,400</u> | \$ 290.00 | <u>\$ 1,235,400</u> | <u>\$ -</u> | |
| | 7,104 | | | \$ 1,259,716 | | \$ 2,060,160 | \$ 800,444 | |
| Distribution Charges | | | | | | | | |
| N/NT - DS | | | | | | | | |
| First 25 | | 560,088 | \$ 4.0268 | \$ 2,255,364 | \$ 2.9121 | \$ 1,631,033 | \$ (624,331) | |
| Next 475 | | 861,491 | \$ 3.5309 | \$ 3,041,839 | \$ 2.9121 | \$ 2,508,748 | \$ (533,091) | |
| All over 500 Winter | | 141,314 | \$ 2.4374 | \$ 344,438 | \$ 2.9121 | \$ 411,520 | \$ 67,082 | |
| All over 500 Summer | | <u>7,963</u> | \$ 2.2902 | <u>\$ 18,236</u> | \$ 2.9121 | <u>\$ 23,189</u> | <u>\$ 4,952</u> | |
| Subtotal | | 1,570,856 | | \$ 5,659,878 | | \$ 4,574,490 | \$ (1,085,387) | |
| DS - DS | | | | | | | | |
| First 500 | | 896,339 | \$ 2.3000 | \$ 2,061,579 | \$ 2.9121 | \$ 2,610,228 | \$ 548,649 | |
| All over 500 Winter | | 607,274 | \$ 2.0700 | \$ 1,257,057 | \$ 2.9121 | \$ 1,768,443 | \$ 511,385 | |
| All over 500 Summer | | <u>164,903</u> | \$ 1.9500 | <u>\$ 321,560</u> | \$ 2.9121 | <u>\$ 480,213</u> | <u>\$ 158,653</u> | |
| Subtotal | | 1,668,515 | | \$ 3,640,196 | | \$ 4,858,883 | \$ 1,218,687 | |
| State Tax Adjustment Surcharge (STAS) - Rider A | | | | | | | | |
| | | | 0.00% | \$ - | 0.00% | \$ - | | |
| Purchased Gas Costs (PGC) (N - DS) - Rider B | | | | | | | | |
| | 1/ | 766,722 | \$ 4.2662 | \$ 3,270,989 | \$ 4.2662 | \$ 3,270,989 | \$ - | |
| Merchant Function Charge (MFC) (N - DS) - Rider D | | | | | | | | |
| | 2/ | 766,722 | 0.36% | \$ 11,776 | 0.00% | \$ - | \$ (11,776) | |
| Gas Procurement Charge (GPC) (N - DS) - Rider E | | | | | | | | |
| | 3/ | 766,722 | \$ 0.0400 | \$ 30,669 | \$ - | \$ - | \$ (30,669) | |
| Energy Efficiency & Conservation Rider (EEC) - Rider G | | | | | | | | |
| | | 3,239,371 | \$ - | \$ - | \$ 0.0278 | \$ 90,181 | \$ 90,181 | |
| Total Rate DS | | | | | | | | |
| | | <u>3,239,371</u> | | <u>\$ 13,873,223</u> | | <u>\$ 14,854,703</u> | <u>\$ 981,480</u> | <u>7.1%</u> |

Notes:

- 1/ There will be no Purchased Gas Costs in the future year under Rate DS for N customers transitioning to Rate DS.
- 2/ There will be no Merchant Function Charge in the future year under Rate DS for N customers transitioning to Rate DS.
- 3/ There will be no Gas Procurement Charge in the future year under Rate DS for N customers transitioning to Rate DS.

UGI Utilities, Inc. - Gas Division
Large Firm Delivery Service - Rate Schedule LFD
Calculation of the Effect of Proposed Rates
12-Months Ending September 30, 2017

Exhibit E
D. Lahoff
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| Description | Number of Bills (1) | Pro Forma Consumption Mcf (2) | Current Rate (3) | Current Revenue (4) | Proposed Rate (6) | Proposed Revenue (7) | Proposed Revenue Change (8) | % Change (9) |
|--|------------------------|--|---------------------|------------------------|-------------------------|-------------------------|-----------------------------------|-----------------|
| Large Firm Delivery Service | | | | | | | | |
| Customer Charge | | | | | | | | |
| N/NT - LFD | 780 | | \$ 8.55 | \$ 6,669 | \$ 700.00 | \$ 546,000 | \$ 539,331 | |
| DS - LFD | 1,728 | | \$ 290.00 | \$ 501,120 | \$ 700.00 | \$ 1,209,600 | \$ 708,480 | |
| LFD - LFD | 3,060 | | \$ 700.00 | \$ 2,142,000 | \$ 700.00 | \$ 2,142,000 | \$ - | |
| | <u>5,568</u> | | | <u>\$ 2,649,789</u> | | <u>\$ 3,897,600</u> | <u>\$ 1,247,811</u> | |
| Distribution Charges | | | | | | | | |
| N/NT - LFD | | | | | | | | |
| First 25 | | 267,999 | \$ 4.0268 | \$ 1,079,179 | \$ 1.2133 | \$ 325,163 | \$ (754,016) | |
| Next 475 | | 412,219 | \$ 3.5309 | \$ 1,455,503 | \$ 1.2133 | \$ 500,145 | \$ (955,358) | |
| All ove 500 Winter | | 67,618 | \$ 2.4374 | \$ 164,812 | \$ 1.2133 | \$ 82,041 | \$ (82,771) | |
| All ove 500 Summer | | 3,810 | \$ 2.2902 | \$ 8,726 | \$ 1.2133 | \$ 4,623 | \$ (4,103) | |
| Subtotal | | <u>751,646</u> | | <u>\$ 2,708,220</u> | | <u>\$ 911,972</u> | <u>\$ (1,796,248)</u> | |
| DS - LFD | | | | | | | | |
| First 500 | | 1,211,433 | \$ 2.3000 | \$ 2,786,297 | \$ 1.2133 | \$ 1,469,632 | \$ (1,316,465) | |
| All ove 500 Winter | | 832,152 | \$ 2.0700 | \$ 1,722,555 | \$ 1.2133 | \$ 1,009,650 | \$ (712,905) | |
| All ove 500 Summer | | 224,122 | \$ 1.9500 | \$ 437,036 | \$ 1.2133 | \$ 271,927 | \$ (165,111) | |
| Subtotal | | <u>2,267,707</u> | | <u>\$ 4,945,889</u> | | <u>\$ 2,751,409</u> | <u>\$ (2,194,480)</u> | |
| LFD - LFD | | | | | | | | |
| First 1,000 | | 2,873,187 | \$ 1.8430 | \$ 5,295,283 | \$ 1.2133 | \$ 3,486,037 | \$ (1,809,246) | |
| Next 4,000 | | 5,653,932 | \$ 1.1530 | \$ 6,518,983 | \$ 1.2133 | \$ 6,859,915 | \$ 340,932 | |
| All ove 5,000 Winter | | 1,784,284 | \$ 0.7860 | \$ 1,402,447 | \$ 1.2133 | \$ 2,164,871 | \$ 762,424 | |
| All ove 5,000 Summer | | 1,233,829 | \$ 0.5260 | \$ 646,994 | \$ 1.2133 | \$ 1,497,005 | \$ 848,011 | |
| Subtotal | | <u>11,545,232</u> | | <u>\$ 13,865,707</u> | | <u>\$ 14,007,830</u> | <u>\$ 142,123</u> | |
| Demand Charges | | 878,577 | \$ - | \$ - | \$ 5.4500 | \$ 4,788,247 | \$ 4,788,247 | |
| State Tax Adjustment Surcharge (STAS) - Rider A | | | 0.00% | \$ - | 0.00% | \$ - | \$ - | |
| Purchased Gas Costs (PGC) (N - LFD) - Rider B | 1/ | 184,541 | \$ 4.2662 | \$ 787,289 | \$ 4.2662 | \$ 787,289 | \$ (0) | |
| Merchant Function Charge (MFC) (N - LFD) - Rider D | 2/ | 184,541 | 0.36% | \$ 2,834 | 0.00% | \$ - | \$ (2,834) | |
| Gas Procurement Charge (GPC) (N - LFD) - Rider E | 3/ | 184,541 | \$ 0.0400 | \$ 7,382 | \$ - | \$ - | \$ (7,382) | |
| Energy Efficiency & Conservation Rider (EEC) - Rider G | | 14,564,585 | \$ - | \$ - | \$ 0.0278 | \$ 405,463 | \$ 405,463 | |
| Pooling/Minimum Bills | | | | \$ 828,463 | \$ - | \$ - | \$ (828,463) | |
| Total Rate LFD | | <u>14,564,585</u> | | <u>\$ 25,795,573</u> | | <u>\$ 27,549,810</u> | <u>\$ 1,754,237</u> | <u>6.8%</u> |

Notes:

- 1/ There will be no Purchased Gas Costs in the future year under Rate LFD for N customers transitioning to Rate LFD.
- 2/ There will be no Merchant Function Charge in the future year under Rate LFD for N customers transitioning to Rate LFD.
- 3/ There will be no Gas Procurement Charge in the future year under Rate LFD for N customers transitioning to Rate LFD.

UGI Utilities, Inc. - Gas Division
Extended Large Firm Delivery Service - Rate Schedule XD
Calculation of the Effect of Proposed Rates
12-Months Ending September 30, 2017

Exhibit E
D. Lahoff
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| Description | Number of Bills (1) | Pro Forma Consumption Mcf (2) | Current Rate (3) | Current Revenue (4) | Proposed Rate (6) | Proposed Revenue (7) | Proposed Revenue Change (8) | % Change (9) |
|--|------------------------|-------------------------------------|---------------------|------------------------|----------------------|-------------------------|--------------------------------|-----------------|
| <u>Extended Large Firm Delivery Service</u> | | | | | | | | |
| Customer Charge XD | <u>324</u> | | \$ 26.702 | \$ <u>8,651,605</u> | \$ 26,702 | \$ <u>8,651,605</u> | \$ - | |
| Distribution Charges XD | | <u>17,418,626</u> | \$ 0.1607 | \$ <u>2,799,158</u> | \$ 0.1607 | \$ <u>2,799,158</u> | \$ - | |
| Balancing Service/Minimum Bills XD | | | | \$ 334,733 | | \$ - | \$ <u>(334,733)</u> | |
| Demand Charges XD | | <u>1,239,396</u> | \$ - | \$ - | \$ 0.2701 | \$ <u>334,733</u> | \$ <u>334,733</u> | |
| Total Rate XD | | <u>17,418,626</u> | | \$ <u>11,785,496</u> | | \$ <u>11,785,496</u> | \$ - | <u>0.0%</u> |

Notes:

UGI Utilities, Inc. - Gas Division
Interruptible Service - Rate Schedule IS
Calculation of the Effect of Proposed Rates
12-Months Ending September 30, 2017

Exhibit E
D. Lahoff
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| Description | Number of Bills (1) | Pro Forma Consumption Mcf (2) | Current Rate (3) | Current Revenue (4) | Proposed Rate (6) | Proposed Revenue (7) | Proposed Revenue Change (8) | % Change (9) |
|-------------------------------------|------------------------|-------------------------------------|---------------------|------------------------|----------------------|-------------------------|--------------------------------|-----------------|
| <u>Interruptible Service</u> | | | | | | | | |
| Customer Charge | <u>3,864</u> | | \$ 124.22 | \$ 480,000 | \$ 124.22 | \$ 480,000 | \$ - | |
| Distribution Charges | | <u>50,276,404</u> | \$ 0.0879 | \$ 4,420,000 | \$ 0.0879 | \$ 4,420,000 | \$ - | |
| Total Rate IS | | <u>50,276,404</u> | | <u>\$ 4,900,000</u> | | <u>\$ 4,900,000</u> | <u>\$ -</u> | <u>0.0%</u> |

Notes: