PA Public Utility Commission
Winter Reliability Meeting
Propane and Oil Update

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Domestic Propane
- AmeriGas LP (NYSE: APU)
- Largest U.S. retail propane marketer
- 2,000 locations in all 50 states
- Annual sales of 1.2 billion gallons

International Propane
- Antargaz; Flaga, AvantiGas, KosanGas
- France, Austria, UK Belgium, Scandanavia, Switzerland & Eastern Europe
- Annual sales of 680 million gallons

Regulated Utilities
- UGI Utilities, Inc.
- UGI Penn Natural Gas
- UGI Central Penn Gas
- 600,000 natural gas customers
- 62,000 electric customers

Energy Services
- UGI Energy Services, LLC
- UGI Storage Company
- UGI LNG, Inc.
- UGI Development Company (power gen)
- Deliveries to 30+ Mid-Atlantic LDC markets and 19 EDC markets
- 32,000 locations

NYSE: UGI
UGI Energy Services

Retail Energy Sales
- Natural Gas
- Electricity
- Fuel Oil
- Wholesale propane
- Commercial and industrial customer focus
- Serving 32,000 locations

Power Generation
- Conemaugh -- 102 MW coal (PJM)
- Hunlock -- 130 MW natural gas (PJM)
- Broad Mountain – 11 MW landfill gas (PJM)
- 5.5 MW solar

Midstream Services
- Gathering systems
- Pennsylvania Natural gas storage 15 BCF Transco, Tenn., Dom.

Peaking & Asset Mgt.
- Storage & pipeline contract management
- LNG peakshaving
- Propane-air peakshaving
Propane Market Factors

• Greater natural gas production from Marcellus and Utica shale plays has driven gas production capability to exceed demand and therefore keep the price low.

• Low natural gas prices relative to crude have moved drilling to gas plays with a value uplift from natural gas liquids (NGL’s) and condensates.

• Build out of processing plants and infrastructure continues.
  - Dominion, NiSource, Markwest, Caiman, Momentum
  - NGL Pipelines (mostly ethane)
    • Mariner West, Mariner East, ATEX

• Export markets for U.S. NGL’s (propane, butane) expanding as global demand grows.
Propane pipeline projects in Marcellus will maximize producer economics

Image Source: BENETEK
EIA expects residential heating oil prices to average 5% lower this winter than last.

Home heating oil retail price includes taxes.

Source: EIA Short-Term Energy Outlook, October 2013
NYMEX Propane Monthly Settle Price

Dec 2011 $1.45/gallon

Oct 2013 $1.12/gallon
Forecast propane expenditures also higher than last winter because of higher prices

| Regional share of all U.S. households that use propane as primary space heating fuel | Percent change from last winter (forecast) |
|---|---|---|
| | Consumption | Average price | Total expenditures |
| West | 16% | - | - |
| South | 34% | - | - |
| Midwest | 36% | -1 | 10 | 9 |
| Northeast | 14% | 3 | 7 | 11 |

Source: EIA Short-Term Energy Outlook, October 2013
The U.S. winter 2013-14 heating season forecast is very close to last winter and the 10-year average.

U.S. current population-weighted heating degree days


Source: EIA Short-Term Energy Outlook, October 2013
Conclusion

• Propane prices are up from last year

• Crude oil (excluding SPR), gasoline and distillate stocks are all at higher storage levels than last year

• The EIA expects higher average fuel bills this winter for propane users due to the higher price and normal winter weather

• The EIA expects lower fuel bills this winter for heating oil users

• Significant propane supplies are being developed from the Marcellus and Utica shale plays

• Propane stocks for the U.S. in general are in good shape to meet potential supply disruptions or demand increases this winter
  • Propane inventory right on the five year average