

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 D

**COST OF SERVICE ALLOCATION
STUDY AS OF SEPTEMBER 30, 2021**

Witness: Paul R. Herbert

**Prepared by: Gannett Fleming
Valuation and Rate Consultants, LLC**

**UGI UTILITIES, INC. – GAS DIVISION – PA P.U.C. NOS. 7 & 7S
SUPPLEMENT NO. 6**

DOCKET NO. R-2019-3015162

Issued: January 28, 2020

Effective: March 28, 2020

UGI Gas Exhibit D
Witness: P.R. Herbert

UGI UTILITIES, INC. – GAS DIVISION

Docket No. R-2019-3015162

COST OF SERVICE ALLOCATION STUDY

AS OF SEPTEMBER 30, 2021

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC
Harrisburg, Pennsylvania



*Excellence Delivered **As Promised***

January 23, 2020

UGI Utilities, Inc. – Gas Division
1 UGI Drive
Denver, PA 17517

Attention: Mr. Paul J. Szykman
Chief Regulatory Officer

Ladies and Gentlemen:

Pursuant to your request, we have prepared a cost of service allocation study based on pro forma revenue requirements for the twelve months ended September 30, 2021, for UGI Utilities, Inc. – Gas Division.

The attached report presents the results of the study, as well as supporting schedules which set forth the detailed allocation calculations. Schedule A, on page 5, presents a comparison of the cost of service by service classification with the revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC

A handwritten signature in black ink that reads "Paul R. Herbert".

PAUL R. HERBERT
Senior Consultant

A handwritten signature in black ink that reads "Constance E. Heppenstall".

CONSTANCE E. HEPPENSTALL
Senior Project Manager

PRH:mle
066475.200

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PART I. INTRODUCTION

UGI UTILITIES, INC. – GAS DIVISION
COST OF SERVICE ALLOCATION STUDY
AS OF SEPTEMBER 30, 2021

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study prepared for UGI Utilities, Inc. – Gas Division, based on the twelve months ended September 30, 2021 (FPFTY). Part I, Introduction, includes statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Service Classification, presents the detailed schedules of the allocation of costs to service classifications, the bases for the allocations, and the development of certain customer and demand costs.

BASIS OF THE STUDY

The purpose of the study was to allocate costs of UGI Gas Division to the several customer classifications based on considerations of quantity of gas consumed; sales and transportation; demand characteristics; and costs associated with metering, billing, and accounting. The allocation study was based on recognized procedures for allocating costs to customer classifications in proportion to each classification's use of the facilities, commodity, and services which entail the total cost of providing gas service.

ALLOCATION PROCEDURES

The allocation study was based on the Average and Extra Demand Method for allocating costs to service classifications. The method is identified as the "Average and

Excess Demand Method" in "Gas Rate Fundamentals," (published in 1987 by the American Gas Association's Rate Committee) in which it is described. The three basic categories of cost responsibility are commodity, capacity, and customer costs. In the Average and Extra Demand Method, the capacity costs are allocated to service classifications on a combined basis of average use and use above average at peak demands. The following presents a brief discussion of costs and the manner in which they were allocated.

Commodity Costs are the costs that tend to vary with the quantity of gas used. Commodity costs in this study include production plant expenses and associated costs. Commodity costs were allocated to service classifications on the basis of average daily sales volumes.

Capacity Costs are costs associated with meeting the peak demands of the system. Capacity costs attributable to sales and transportation service include Distribution expenses and capital costs not associated with the customer costs category. The capacity costs were allocated to service classifications on a combined basis of average use and extra demand (demand in excess of average use). For presentation purposes, the commodity and capacity costs are combined into the volumetric function for each classification.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the expenses and capital costs related to meters, regulators, and services and expenses related to meter reading and billing. The customer costs were allocated to service classifications on the bases of the number of meters, services and customers.

The allocation of costs to service classifications and the bases for the allocations are presented in Part II, Cost of Service by Service Classification.

RESULTS OF STUDY

The data summarized in Schedule A, "Comparison of Cost of Service with Revenues Under Present and Proposed Rates by Service Classification for the Twelve Months Ended September 30, 2021," constitute the principal results of the allocation study. Schedules B through F in Part II of the report present the details of the allocation of costs of service, including the return based on the allocated measure of value, by service classification as well as the bases for the allocation factors. Schedule G presents the development of customer costs per bill by service classification. Schedule H presents a cost analysis of the LFD and XD Service demand charges.

UGI UTILITIES, INC. - GAS DIVISION

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
BY SERVICE CLASSIFICATION FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2021
WITHOUT GAS COSTS

Service Classification (1)	Pro Forma Cost of Service		Pro Forma Margin Revenues,				Revenue Increase	
	Amount (2)	Percent (3)	Under Present Rates		Under Proposed Rates		Amount (8)	Percent Increase (9)
			Amount (4)	Percent (5)	Amount (6)	Percent (7)		
Rate R	\$ 427,324,774	65.0%	\$ 327,136,119	56.3%	\$ 388,362,569	59.2%	\$ 61,226,450	18.7%
Rate N	131,985,619	20.1%	129,248,645	22.2%	141,876,206	21.6%	12,627,561	9.8%
Rate DS	28,235,514	4.3%	33,898,607	5.8%	34,595,077	5.3%	696,470	2.1%
Rate LFD	29,363,139	4.5%	38,351,109	6.6%	38,351,109	5.8%	-	0.0%
Rate XD Firm	24,066,376	3.7%	29,856,105	5.1%	29,856,105	4.5%	-	0.0%
Interruptible	15,578,528	2.4%	23,442,353	4.0%	23,442,353	3.6%	-	0.0%
Total	<u>\$ 656,553,950</u>	<u>100.0%</u>	<u>\$ 581,932,937</u>	<u>100.0%</u>	<u>\$ 656,483,418</u>	<u>100.0%</u>	<u>\$ 74,550,482</u>	12.8%
Other Operating Revenues	6,297,000		6,297,000		6,297,000		0	
Total	<u>\$662,850,950</u>		<u>\$588,229,937</u>		<u>\$662,780,418</u>		<u>\$74,550,482</u>	12.7%

PART II. COST OF SERVICE
BY SERVICE CLASSIFICATION

UGI UTILITIES, INC. - GAS DIVISION

DEVELOPMENT OF RATE OF RETURN BY SERVICE CLASSIFICATION
UNDER PRESENT RATES

Item (1)	Cost of Service (2)	Rate R (3)	Rate N (4)	Rate DS (5)	Rate LFD (6)	Rate XD-Firm (7)	Interruptible (8)
1. Revenues From Tariff Sales and Transportation	\$ 581,932,937	\$ 327,136,119	\$ 129,248,645	\$ 33,898,607	\$ 38,351,109	\$ 29,856,105	\$ 23,442,353
2. Other Revenues	6,297,060	4,061,094	1,511,013	244,177	206,860	115,851	158,065
3. Total Operating Revenues	588,229,997	331,197,213	130,759,658	34,142,784	38,557,969	29,971,956	23,600,418
4. Less: Operating Expenses	404,076,605	275,629,796	74,811,590	15,099,526	15,144,967	14,822,625	8,568,101
5. Return and Income Taxes	184,153,392	55,567,416	55,948,068	19,043,258	23,413,002	15,149,331	15,032,317
6. Less: Interest Expense	55,213,000	33,100,194	12,599,607	2,871,076	3,097,449	2,009,753	1,534,921
7. Taxable Income	128,940,392	22,467,222	43,348,461	16,172,182	20,315,553	13,139,578	13,497,396
8. Less: Income Taxes	28,409,878	4,949,001	9,551,401	3,562,599	4,477,397	2,894,967	2,974,514
9. Net Return (Ln 5 - Ln 8)	155,743,514	50,618,415	46,396,667	15,480,659	18,935,605	12,254,364	12,057,803
10. Original Cost Measure of Value (Factor 15.)	2,616,729,638	1,568,532,163	597,033,472	136,192,098	146,823,155	95,274,909	72,873,841
11. Rate of Return, Percent	5.95%	3.23%	7.77%	11.37%	12.90%	12.86%	16.55%
12. Relative Rate of Return	1.00	0.54	1.31	1.91	2.17	2.16	2.78

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UGI UTILITIES, INC. - GAS DIVISION

DEVELOPMENT OF RATE OF RETURN BY SERVICE CLASSIFICATION
UNDER PROPOSED RATES

Item (1)	Cost of Service (2)	Rate R (3)	Rate N (4)	Rate DS (5)	Rate LFD (6)	Rate XD-Firm (7)	Interruptible (8)
1. Revenues From Tariff Sales and Transportation	\$ 656,483,418	\$ 388,362,569	\$ 141,876,206	\$ 34,595,077	\$ 38,351,109	\$ 29,856,105	\$ 23,442,353
2. Other Revenues	6,297,000	4,056,374	1,513,424	245,086	208,031	115,693	158,392
3. Total Operating Revenues	662,780,418	392,418,943	143,389,630	34,840,163	38,559,140	29,971,798	23,600,745
4. Less: Operating Expenses	405,205,956	276,897,209	74,755,984	15,083,060	15,117,286	14,803,792	8,548,625
5. Return and Income Taxes	257,574,463	115,521,733	68,633,646	19,757,103	23,441,854	15,168,006	15,052,120
6. Less: Interest Expense	55,213,000	33,105,715	12,594,085	2,871,076	3,097,449	2,009,753	1,534,921
7. Taxable Income	202,361,463	82,416,018	56,039,561	16,886,027	20,344,405	13,158,253	13,517,199
8. Less: Income Taxes	49,616,000	20,213,558	13,738,670	4,137,974	4,986,408	3,225,040	3,314,349
9. Net Return (Ln 5 - Ln 8)	207,958,463	95,308,175	54,894,976	15,619,129	18,455,446	11,942,966	11,737,771
10. Original Cost Measure of Value (Factor 15.)	2,616,718,905	1,569,076,401	596,798,602	136,120,966	146,716,455	95,203,775	72,802,706
11. Rate of Return, Percent	7.95%	6.07%	9.20%	11.47%	12.58%	12.54%	16.12%
12. Relative Rate of Return	1.00	0.76	1.16	1.44	1.58	1.58	2.03

UGI UTILITIES, INC. - GAS DIVISION

SUMMARY OF COST OF SERVICE BY SERVICE CLASSIFICATION

<u>Cost Function</u> (1)	<u>Cost of Service</u> <u>(Schedule E)</u> (2)	<u>Rate R</u> (3)	<u>Rate N</u> (4)	<u>Rate DS</u> (5)	<u>Rate LFD</u> (6)	<u>Rate XD Firm</u> (7)	<u>Interruptible</u> (8)
<u>Volumetric Costs</u>							
Rate R	\$ 195,092,709	\$ 195,092,709					
Rate N	87,753,818		\$ 87,753,818				
Rate DS	22,751,073			\$ 22,751,073			
Rate LFD	26,332,376				\$ 26,332,376		
Rate XD Firm	23,365,765					\$ 23,365,765	
Rate IS/IL	13,775,549						\$ 13,775,549
Total Volumetric Costs	<u>369,071,290</u>	<u>195,092,709</u>	<u>87,753,818</u>	<u>22,751,073</u>	<u>26,332,376</u>	<u>23,365,765</u>	<u>13,775,549</u>
<u>Customer Costs</u>							
Rate R	\$ 232,232,065	\$ 232,232,065					
Rate N	44,231,801		\$ 44,231,801				
Rate DS	5,484,441			\$ 5,484,441			
Rate LFD	3,030,763				\$ 3,030,763		
Rate XD Firm	700,611					\$ 700,611	
Rate IS/IL	1,802,979						\$ 1,802,979
Total Customer Costs	<u>287,482,660</u>	<u>232,232,065</u>	<u>44,231,801</u>	<u>5,484,441</u>	<u>3,030,763</u>	<u>700,611</u>	<u>1,802,979</u>
Total Excluding Gas Costs	<u>\$ 656,553,950</u>	<u>\$ 427,324,774</u>	<u>\$ 131,985,619</u>	<u>\$ 28,235,514</u>	<u>\$ 29,363,139</u>	<u>\$ 24,066,376</u>	<u>\$ 15,578,528</u>

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2021, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Volumetric Costs							Customer Costs				
			Rate R (4)	Rate N (5)	Rate DS (6)	Rate LFD (7)	Rate XD Firm (8)	Interruptible (9)	Rate R (10)	Rate N (11)	Rate DS (12)	Rate LFD (13)	Rate XD Firm (14)	Interruptible (15)
OPERATION AND MAINTENANCE EXPENSES														
NATURAL GAS PRODUCTION EXPENSES														
<u>Manufactured Gas Production Expenses</u>														
710		0	-	-	-	-	-	-	-	-	-	-	-	-
717		0	-	-	-	-	-	-	-	-	-	-	-	-
725-736		40,000	28,488	11,512	-	-	-	-	-	-	-	-	-	-
740-742		6,770,667	4,822,069	1,948,598	-	-	-	-	-	-	-	-	-	-
		6,810,667	4,850,557	1,960,110	-	-	-	-	-	-	-	-	-	-
<u>Production and Gathering</u>														
750 - 760		-	-	-	-	-	-	-	-	-	-	-	-	-
761 - 769		-	-	-	-	-	-	-	-	-	-	-	-	-
770 - 783		-	-	-	-	-	-	-	-	-	-	-	-	-
784 - 791		-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Other Gas Supply Expenses</u>														
800 - 803		-	-	-	-	-	-	-	-	-	-	-	-	-
804		-	-	-	-	-	-	-	-	-	-	-	-	-
805.1		-	-	-	-	-	-	-	-	-	-	-	-	-
805		-	-	-	-	-	-	-	-	-	-	-	-	-
808.1		-	-	-	-	-	-	-	-	-	-	-	-	-
808.2		-	-	-	-	-	-	-	-	-	-	-	-	-
812		-	-	-	-	-	-	-	-	-	-	-	-	-
813		-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-
		6,810,667	4,850,557	1,960,110	-	-	-	-	-	-	-	-	-	-
Total Natural Gas Production Expenses														
OTHER STORAGE EXPENSE														
840		-	-	-	-	-	-	-	-	-	-	-	-	-
841		-	-	-	-	-	-	-	-	-	-	-	-	-
842 - 842.3		-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Natural Gas Storage Expense														
TRANSMISSION EXPENSE														
850 - 860		-	-	-	-	-	-	-	-	-	-	-	-	-
861 - 867		-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Transmission Expense														
DISTRIBUTION EXPENSES														
<u>Operation</u>														
870		14,423,010	2,890,371	1,798,549	499,036	555,286	936,053	377,883	5,167,764	1,651,435	271,153	155,769	28,846	90,865
871		2,122,817	652,129	406,519	110,386	108,901	677,603	167,278	-	-	-	-	-	-
872		-	-	-	-	-	-	-	-	-	-	-	-	-
873		-	-	-	-	-	-	-	-	-	-	-	-	-
874		-	-	-	-	-	-	-	-	-	-	-	-	-
		4,586,231	2,193,594	1,365,321	381,116	437,068	-	209,132	-	-	-	-	-	-
		8,325,455	3,634,061	2,261,194	631,069	724,315	725,147	349,669	-	-	-	-	-	-
		11,951,579	-	-	-	-	-	-	10,431,338	1,415,067	56,172	27,489	3,585	17,927
875		2,098,084	644,531	401,783	109,100	107,632	669,708	165,329	-	-	-	-	-	-
876		266,214	-	-	-	-	-	-	-	-	-	-	-	-
877		1,070,826	328,958	205,063	55,683	54,933	341,808	84,381	-	-	131,270	76,057	14,402	44,484
878		3,687,754	-	-	-	-	-	-	-	-	-	-	-	-
879		3,091,758	-	-	-	-	-	-	-	-	-	-	-	-
880		4,537,352	909,285	565,808	156,992	174,688	294,474	118,879	1,575,777	1,546,644	278,794	161,524	30,608	94,407
881		237,040	47,503	29,559	8,202	9,126	15,384	6,210	1,321,108	1,296,683	233,737	135,419	25,662	79,149
		237,040	47,503	29,559	8,202	9,126	15,384	6,210	84,931	27,141	4,456	2,560	474	1,493
		56,398,120	11,300,432	7,033,796	1,951,584	2,171,949	3,660,177	1,478,761	20,206,651	6,456,497	1,060,884	607,821	112,652	356,910

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2021, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Volumetric Costs						Customer Costs							
			Rate R (4)	Rate N (5)	Rate DS (6)	Rate LFD (7)	Rate XD Firm (8)	Interruptible (9)	Rate R (10)	Rate N (11)	Rate DS (12)	Rate LFD (13)	Rate XD Firm (14)	Interruptible (15)		
Maintenance																
885		Supervision - Engineering and Labor	11	3,775,066	1,409,987	877,703	244,624	277,467	280,110	153,645	339,378	111,742	39,638	23,028	4,153	13,590
886		Structures & Improvements	18	404,299	182,096	113,365	31,657	36,266	23,449	17,466	-	-	-	-	-	-
887		Mains - Small	5	6,257,238	2,992,837	1,862,780	519,976	596,315	-	285,330	-	-	-	-	-	-
		Mains - Large	17	11,358,859	4,958,142	3,085,066	861,002	988,221	989,357	477,072	-	-	-	-	-	-
888		Maintenance of Compressor Station Equipment	4	59,000	28,220	17,564	4,903	5,623	-	2,690	-	-	-	-	-	-
889		M & R Equip - General	4A	1,577,803	484,701	302,149	82,046	80,941	503,635	124,331	-	-	-	-	-	-
890		M & R Equip - Industrial	6B	314,487	-	-	-	-	-	-	-	155,074	89,849	17,014	52,551	
891		M & R Equip - City Gate	4A	775,272	238,164	148,465	40,314	39,771	247,467	61,091	-	-	-	-	-	-
892		Services	6C	1,889,875	-	-	-	-	-	-	1,649,483	223,761	8,882	4,347	567	2,835
893		Meters & House Regulators	6	1,144,888	-	-	-	-	-	-	489,211	480,166	86,554	50,146	9,503	29,309
894		Other Expenses	11	597,777	223,270	138,983	38,736	43,937	44,355	24,330	53,740	17,694	6,277	3,646	658	2,152
895		Construction and Maintenance	11	-	-	-	-	-	-	-	-	-	-	-	-	-
		Total Maintenance		28,154,564	10,517,417	6,546,075	1,823,258	2,068,541	2,088,373	1,145,955	2,531,812	833,363	296,425	171,016	31,895	100,437
		Total Distribution Expenses		84,552,684	21,817,849	13,579,871	3,774,842	4,240,490	5,748,550	2,624,716	22,738,463	7,289,860	1,357,309	778,837	144,547	457,347
CUSTOMER ACCOUNTING EXPENSES																
<u>Operation</u>																
901		Supervision	7	430,000	-	-	-	-	-	-	383,818	44,548	989	344	43	258
902		Meter Reading Expenses	7	2,740,299	-	-	-	-	-	-	2,445,991	283,895	6,303	2,192	274	1,644
903		Customer Records & Coll Expenses	7	20,355,331	-	-	-	-	-	-	18,169,168	2,108,812	46,817	16,284	2,036	12,213
903.1		Universal Service Program	DA	12,315,000	12,315,000	-	-	-	-	-	-	-	-	-	-	-
904		Uncollectible Accounts	19	13,654,244	4,452,150	232,101	-	-	-	-	8,415,610	402,821	6,827	30,039	99,676	15,020
905		Miscellaneous Cust Accts Expenses	7	2,053,058	-	-	-	-	-	-	1,832,560	212,697	4,722	1,642	205	1,232
		Total Customer Accounting Expenses		51,547,932	16,767,150	232,101	-	-	-	-	31,247,147	3,052,773	65,658	50,501	102,234	30,367
CUSTOMER SERVICE AND INFORMATION EXPENSES																
<u>Operation</u>																
907		Supervision	7	223,679	-	-	-	-	-	-	199,656	23,173	514	179	22	134
908		Customer Assistance Expenses	9	1,795,205	-	-	-	-	-	-	1,795,205	-	-	-	-	-
909		Informational and Instructional Advertising	7	1,143,000	-	-	-	-	-	-	1,020,242	118,415	2,629	914	114	686
910		Miscellaneous Customer Service & Informational Exp.	7	(3,784,842)	-	-	-	-	-	-	(3,378,350)	(392,110)	(8,705)	(3,028)	(378)	(2,271)
910.1		Energy Efficiency and Conservation Programs	7	12,900,623	11,344,601	1,322,940	4,161	228,921	-	-	-	-	-	-	-	-
		Total Customer Service & Info Expenses		12,277,665	11,344,601	1,322,940	4,161	228,921	-	-	(363,247)	(250,522)	(5,562)	(1,935)	(242)	(1,451)
SALES EXPENSES																
<u>Operation</u>																
911		Supervision	8	115,433	-	-	-	-	-	-	103,428	12,005	-	-	-	-
912		Demonstrating and Selling Expenses	8	1,296,787	-	-	-	-	-	-	1,161,921	134,866	-	-	-	-
908/912		Service Representatives	7A	244,334	-	-	-	-	-	-	-	-	150,827	50,748	5,400	37,359
913		Advertising Expenses	8	1,069,000	-	-	-	-	-	-	957,824	111,176	-	-	-	-
916		Miscellaneous	8	190,000	-	-	-	-	-	-	170,240	19,760	-	-	-	-
		Total Sales Expenses		2,915,554	-	-	-	-	-	-	2,393,413	277,807	150,827	50,748	5,400	37,359
ADMINISTRATIVE AND GENERAL EXPENSES																
<u>Operation</u>																
920		Administrative & General Salaries	12	23,945,084	7,901,878	2,394,508	598,627	706,380	909,913	414,250	8,866,865	1,640,238	249,029	138,881	40,707	83,808
921		Office Supplies and Expenses	12	27,866,527	9,195,954	2,786,653	696,663	822,063	1,058,928	482,091	10,318,975	1,908,857	289,812	161,626	47,373	97,533
922		Administrative Expenses Transferred-Credit		-	-	-	-	-	-	-	-	-	-	-	-	-
923		Outside Services Employed - Other	12	20,494,478	6,763,178	2,049,448	512,362	604,587	778,790	354,554	7,589,105	1,403,872	213,143	118,868	34,841	71,731
924		Property Damage Insurance	12	265,000	87,450	26,500	6,625	7,818	10,070	4,585	98,130	18,153	2,756	1,537	451	928
925		Injuries and Damages	12	9,317,169	3,074,666	931,717	232,929	274,856	354,052	161,187	3,450,148	638,226	96,899	54,040	15,839	32,610
926		Employee Pensions and Benefits	13	27,854,838	5,690,743	2,715,847	732,582	830,074	1,211,685	526,456	12,738,017	2,685,206	359,327	203,340	41,782	119,776
927		Franchise Requirements		-	-	-	-	-	-	-	-	-	-	-	-	-
928		Regulatory Commission Expenses	16	1,677,000	494,380	222,370	57,689	66,745	59,198	34,882	597,012	115,378	14,422	8,050	2,012	4,863
929		Duplicate Charges-Credit		-	-	-	-	-	-	-	-	-	-	-	-	-
930		Miscellaneous General Expenses	12	998,000	329,340	99,800	24,950	29,441	37,924	17,265	369,559	68,363	10,379	5,788	1,697	3,493
930		Miscellaneous Company Charges	12	5,844,924	1,862,825	564,492	141,123	166,525	214,507	97,657	2,090,315	386,677	58,707	32,741	9,596	19,757
931		Other	12	254,000	83,820	25,400	6,350	7,493	9,652	4,394	94,056	17,399	2,642	1,473	432	889
		Total Operation		118,317,020	35,484,234	11,816,735	3,009,900	3,515,982	4,644,719	2,097,321	46,212,182	8,882,369	1,297,116	726,344	194,730	435,388

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2021, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Volumetric Costs						Customer Costs							
			Rate R (4)	Rate N (5)	Rate DS (6)	Rate LFD (7)	Rate XD Firm (8)	Interruptible (9)	Rate R (10)	Rate N (11)	Rate DS (12)	Rate LFD (13)	Rate XD Firm (14)	Interruptible (15)		
Maintenance																
932		Maintenance of General Plant	12	3,541,000	1,168,530	354,100	88,525	104,460	134,558	61,259	1,311,232	242,559	36,826	20,538	6,020	12,394
935		Maintenance of General Plant	12	1,152,000	380,160	115,200	28,800	33,984	43,776	19,930	426,586	78,912	11,981	6,682	1,958	4,032
		Total Maintenance		4,693,000	1,548,690	469,300	117,325	138,444	178,334	81,189	1,737,818	321,471	48,807	27,220	7,978	16,426
		Total Administrative & General Expenses		123,010,020	37,032,924	12,286,035	3,127,225	3,654,426	4,823,053	2,178,510	47,950,000	9,203,840	1,345,923	753,564	202,708	451,814
		Total Operation and Maintenance Expenses		281,114,522	91,813,081	29,381,057	6,906,228	8,123,837	10,571,603	4,803,226	103,965,776	19,573,758	2,914,155	1,631,715	454,647	975,436
DEPRECIATION AND AMORTIZATION EXPENSE																
PRODUCTION PLANT																
305		Manufactured Gas Plant Site Remediation	2	-	-	-	-	-	-	-	-	-	-	-	-	-
325.2		Production Leaseholds	2	14,858	2,238	1,379	461	984	7,332	2,465	-	-	-	-	-	-
325.4		Rights-Of-Way	2	19	3	2	1	1	9	3	-	-	-	-	-	-
328		Field Measuring and Regulating Station Equipment	2	-	-	-	-	-	-	-	-	-	-	-	-	-
329		Other Structures	2	-	-	-	-	-	-	-	-	-	-	-	-	-
330		Producing Gas Wells - Well Construction	2	-	-	-	-	-	-	-	-	-	-	-	-	-
331		Producing Gas Wells - Well Equipment	2	-	-	-	-	-	-	-	-	-	-	-	-	-
332		Field Lines	2	1,004	151	93	31	66	495	167	-	-	-	-	-	-
334		Field Measuring and Regulating Station Equipment	2	614	92	57	19	41	303	102	-	-	-	-	-	-
335		Drilling and Cleaning Equipment	2	19	3	2	1	1	9	3	-	-	-	-	-	-
337		Other Equipment	2	-	-	-	-	-	-	-	-	-	-	-	-	-
		Total Production Plant		16,514	2,487	1,533	513	1,093	8,148	2,740	-	-	-	-	-	-
		STORAGE PLANT														
352.01		Well Construction	2	15,970	2,405	1,482	495	1,057	7,881	2,649	-	-	-	-	-	-
		TRANSMISSION PLANT														
365.2		Rights-Of-Way	4	11,864	5,675	3,532	986	1,131	-	541	-	-	-	-	-	-
366		Structures and Improvements	4	5,869	2,807	1,747	488	559	-	268	-	-	-	-	-	-
367		Mains	4	450,280	215,369	134,048	37,418	42,912	-	20,533	-	-	-	-	-	-
369		Measuring and Regulating Station Equipment	4	94,864	45,373	28,241	7,883	9,041	-	4,326	-	-	-	-	-	-
370		Communication Equipment	4	111,341	53,254	33,146	9,252	10,611	-	5,077	-	-	-	-	-	-
371		Other Equipment	4	1,232	589	367	102	117	-	56	-	-	-	-	-	-
371.1		Testing Equipment	4	5,258	2,515	1,565	437	501	-	240	-	-	-	-	-	-
		Total Transmission Plant		680,708	325,582	202,646	56,566	64,872	-	31,041	-	-	-	-	-	-
		DISTRIBUTION PLANT														
305		Manufactured Gas Plant Site Remediation	1	-	-	-	-	-	-	-	-	-	-	-	-	-
374.2		Rights of Way	18	43,109	19,416	12,088	3,375	3,867	2,500	1,862	-	-	-	-	-	-
375		Structures And Improvements	18	89,444	40,286	25,080	7,003	8,023	5,188	3,864	-	-	-	-	-	-
376		Mains - Small	5	11,601,548	5,549,020	3,453,781	964,089	1,105,628	-	529,031	-	-	-	-	-	-
		Mains - Large	4	21,060,468	10,073,222	6,269,701	1,750,125	2,007,063	-	960,357	-	-	-	-	-	-
		Mains - Direct Assign	DA	2,020,196	-	-	-	-	2,010,917	9,279	-	-	-	-	-	-
378		Measuring & Regulating Equipment - General	18	4,363,753	1,965,434	1,223,596	341,682	391,429	253,098	188,514	-	-	-	-	-	-
379		Measuring & Regulating Equipment - City Gate	18	479,346	215,897	134,409	37,533	42,997	27,802	20,708	-	-	-	-	-	-
380		Services	6C	34,514,619	-	-	-	-	-	-	30,124,359	4,086,531	162,219	79,384	10,354	51,772
381		Meters	6	4,988,399	-	-	-	-	-	-	2,131,543	2,092,135	377,123	218,492	41,404	127,703
382		Meter Installations	6	2,773,029	-	-	-	-	-	-	1,184,915	1,163,008	209,641	121,459	23,016	70,990
383		House Regulators	6A	1,173,664	-	-	-	-	-	-	1,033,294	140,370	-	-	-	-
384		House Regulator Installations	6A	457,028	-	-	-	-	-	-	402,367	54,661	-	-	-	-
385		Industrial Measuring & Regulating Equipment	6	724,401	-	-	-	-	-	-	309,537	303,814	54,765	31,729	6,013	18,545
386		Other Property on Customer Premises	6C	22,576	-	-	-	-	-	-	19,704	2,673	106	52	7	34
387		Other Equipment	10	100,854	20,211	12,576	3,490	3,883	6,545	2,642	36,136	11,548	1,896	1,089	202	635
387.1		Other Equipment	10	4,400	882	549	152	169	286	115	1,577	504	83	48	9	28
		Total Distribution Plant		84,416,834	17,884,368	11,131,780	3,107,449	3,563,059	2,306,336	1,716,372	35,243,432	7,855,244	805,833	452,253	81,005	269,707
		GENERAL PLANT														
390		Structures And Improvements	12	4,917,752	1,622,858	491,775	122,944	145,074	186,875	85,077	1,821,044	336,866	51,145	28,523	8,360	17,212
391		Office Furniture And Equipment	12	642,086	211,888	64,209	16,052	18,942	24,399	11,108	237,764	43,983	6,678	3,724	1,092	2,247
392		Transportation Equipment	12	4,718,115	1,556,978	471,812	117,953	139,184	179,288	81,623	1,747,118	323,191	49,068	27,365	8,021	16,513
393		Stores Equipment	12	885	292	89	22	26	34	15	328	61	9	5	2	3
394		Tools, Shop And Garage Equipment	12	1,793,913	591,991	179,391	44,848	52,920	68,169	31,035	664,286	122,883	18,657	10,405	3,050	6,279
395		Laboratory Equipment	12	22,099	7,293	2,210	552	652	840	382	8,183	1,514	230	128	38	77

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2021, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Volumetric Costs						Customer Costs					
			Rate R (4)	Rate N (5)	Rate DS (6)	Rate LFD (7)	Rate XD Firm (8)	Interruptible (9)	Rate R (10)	Rate N (11)	Rate DS (12)	Rate LFD (13)	Rate XD Firm (14)	Interruptible (15)
396		527,199	173,976	52,720	13,180	15,552	20,034	9,121	195,222	36,113	5,483	3,058	896	1,845
397		102,110	33,696	10,211	2,553	3,012	3,880	1,767	37,811	6,995	1,062	592	174	357
398		635,997	209,879	63,600	15,900	18,762	24,168	11,003	235,510	43,566	6,614	3,689	1,081	2,226
Total General Plant		13,360,156	4,408,851	1,336,017	334,004	394,124	507,687	231,131	4,947,266	915,172	138,946	77,489	22,714	46,759
COMMON PLANT ALLOCATED @ 88.43%														
390.2		767,722	253,348	76,772	19,193	22,648	29,173	13,282	284,287	52,589	7,984	4,453	1,305	2,687
391		68,133	22,484	6,813	1,703	2,010	2,589	1,179	25,230	4,667	709	395	116	238
392.1		310	102	31	8	9	12	5	115	21	3	2	1	1
Total Common Plant		836,165	275,934	83,616	20,904	24,667	31,774	14,466	309,632	57,277	8,696	4,850	1,422	2,926
INFORMATION SERVICES (IS) ALLOCATED @ 91.72%														
391		15,637,000	5,160,210	1,563,700	390,925	461,291	594,206	270,520	5,790,381	1,071,134	162,625	90,695	26,583	54,729
391.1		4,778,982	-	-	-	-	-	-	4,265,720	495,103	10,992	3,823	478	2,867
Total Information Services		20,415,982	5,160,210	1,563,700	390,925	461,291	594,206	270,520	10,056,101	1,566,237	173,617	94,518	27,061	57,596
Less:														
		(7,166,000)	(2,364,780)	(716,600)	(179,150)	(211,397)	(272,308)	(123,972)	(2,653,570)	(490,871)	(74,526)	(41,563)	(12,182)	(25,081)
390.1		(6,659)	(2,198)	(666)	(166)	(196)	(253)	(115)	(2,466)	(456)	(69)	(39)	(11)	(23)
390.1		(58,343)	(19,253)	(5,834)	(1,459)	(1,721)	(2,217)	(1,009)	(21,604)	(3,996)	(607)	(338)	(99)	(204)
Total Depreciation & Amortization Expense		112,511,327	25,673,606	13,597,674	3,730,081	4,296,849	3,181,254	2,143,823	47,878,791	9,898,607	1,051,890	587,170	119,910	351,680
TAXES OTHER THAN INCOME TAXES														
408.10		-	-	-	-	-	-	-	-	-	-	-	-	-
408.10		957,000	282,124	126,898	32,921	38,089	33,782	19,906	340,692	65,842	8,230	4,594	1,148	2,775
408.10		6,327,100	1,292,627	616,892	166,403	188,548	275,229	119,582	2,893,383	609,932	81,620	46,188	9,491	27,207
408.10		3,540,000	1,043,592	469,404	121,776	140,892	124,962	73,632	1,260,240	243,552	30,444	16,992	4,248	10,266
408.10		756,000	220,525	127,915	34,625	39,766	26,989	19,429	232,772	44,453	4,687	2,646	529	1,663
408.10		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Taxes Other Than Income		11,580,100	2,838,868	1,341,109	355,725	407,295	460,962	232,549	4,727,087	963,779	124,981	70,420	15,416	41,911
Total Operating Expenses		405,205,949	120,325,555	44,319,840	10,992,034	12,827,981	14,213,819	7,179,598	156,571,654	30,436,144	4,091,026	2,289,305	589,973	1,369,027
INCOME TAXES		49,616,000	14,472,987	8,395,027	2,272,413	2,609,802	1,771,291	1,275,131	15,276,766	2,917,421	307,619	173,656	34,731	109,155
OPERATING INCOME AVAILABLE FOR RETURN		208,028,997	60,682,058	35,198,506	9,527,728	10,942,325	7,426,635	5,346,345	64,052,128	12,232,105	1,289,780	728,101	145,620	457,664
TOTAL COST OF SERVICE		662,850,946	195,480,600	87,913,373	22,792,175	26,380,108	23,411,745	13,801,074	235,900,548	45,585,670	5,688,425	3,191,062	770,324	1,935,846
Less: Other Revenues														
Reconnection Charges	6C	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent From Gas Property	12	308,000	101,640	30,800	7,700	9,086	11,704	5,328	114,052	21,098	3,203	1,786	524	1,078
Forfeited Discounts/Penalties	20	5,018,000	-	-	-	-	-	-	3,208,755	1,265,966	192,430	153,852	68,024	128,973
Other Miscellaneous Revenues	16	971,000	286,251	128,755	33,402	38,646	34,276	20,197	345,676	66,805	8,351	4,661	1,165	2,816
Subtotal		6,297,000	387,891	159,555	41,102	47,732	45,980	25,525	3,668,483	1,353,869	203,984	160,299	69,713	132,867
TOTAL COST OF SERVICE RELATED TO TARIFF SALES AND TRANSPORTATION		\$ 656,553,946	\$ 195,092,709	\$ 87,753,818	\$ 22,751,073	\$ 26,332,376	\$ 23,365,765	\$ 13,775,549	\$ 232,232,065	\$ 44,231,801	\$ 5,484,441	\$ 3,030,763	\$ 700,611	\$ 1,802,979

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTORS 1 and 1A. ALLOCATION OF COSTS WHICH VARY DIRECTLY WITH PGC AND CHOICE SALES.

Factors are based on the pro forma average daily PGC sales volumes for each service classification.

Service Classification	Pro Forma Average Daily PGC Volumes (Mcf)	Allocation Factor 1	PGC and Choice Volumes (Mcf)	Allocation Factor 1A
(1)	(2)	(3)		
<u>Volumetric Costs</u>				
Rate R	120,105	0.7122	138,446	0.6188
Rate N	48,526	0.2878	85,282	0.3812
Rate DS		-		
Rate LFD		-		
Rate XD	-	-		
Interruptible	-	-		
 Total	 <u>168,631</u>	 <u>1.0000</u>	 <u>223,728</u>	 <u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTORS 2 . ALLOCATION OF COMPRESSOR STATION FUEL.

Factors are based on the pro forma average daily throughput volumes for each service classification.

<u>Service Classification</u> (1)	<u>Pro Forma Average Daily Throughput Volumes (Mcf)</u> (2)	<u>Allocation Factor 2</u> (3)
<u>Volumetric Costs</u>		
Rate R	138,446	0.1506
Rate N	85,282	0.0928
Rate DS	28,500	0.0310
Rate LFD	60,891	0.0662
Rate XD Firm	453,691	0.4935
Interruptible	<u>152,534</u>	<u>0.1659</u>
Total	<u><u>919,344</u></u>	<u><u>1.0000</u></u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTORS 3 and 3A. CALCULATION OF MAXIMUM DAY EXTRA DEMAND FACTORS.

Factors are based on the maximum day extra demand throughput for each classification.

Service Classification	Pro Forma Average Daily Throughput Volumes (Mcf)	Peak Day Capacity (Mcf)	Extra Capacity (Mcf)	Allocation Factor 3	Allocation Factor 3A
(1)	(2)	(3)	(4)=(3)-(2)	(5)	(6)
<u>Volumetric Costs</u>					
Rate R	138,446	663,322	524,876	0.4486	0.5353
Rate N	85,282	413,629	328,347	0.2806	0.3348
Rate DS	28,500	111,672	83,172	0.0711	0.0848
Rate LFD	60,891	105,160	44,269	0.0378	0.0451
Subtotal	313,119	1,293,783	980,664	0.8381	1.0000
Rate XD Firm	453,691	643,062	189,371	0.1619	-
Total	766,810	1,936,845	1,170,035	1.0000	1.0000
Firm Service Load Factor	0.3959		0.6041		

FACTOR 3B. CALCULATION OF MAXIMUM DAY EXTRA DEMAND FACTORS FOR SMALL MAINS ALLOCATION.

Factors are based on the maximum day extra demand throughput for each classification, excluding XD and Interruptible classifications.

Service Classification	Pro Forma Average Daily Throughput Volumes (Mcf)	Peak Day Capacity (Mcf)	Extra Capacity (Mcf)	Allocation Factor 3B
(1)	(2)	(3)	(4)=(3)-(2)	(5)
<u>Volumetric Costs</u>				
Rate R	138,446	663,322	524,876	0.5353
Rate N	85,282	413,629	328,347	0.3348
Rate DS	28,500	111,672	83,172	0.0848
Rate LFD	60,891	105,160	44,269	0.0451
Total	313,119	1,293,783	980,664	1.0000

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND LARGE DISTRIBUTION MAINS.

Factors are based on the weighting of the factors derived from average daily throughput volumes and from maximum day extra capacity demand for each service classification, as follows:

Service Classification	Average Daily Throughput			Maximum Day Extra Demand		Allocation Factor 4 (7)=(4)+(6)
	MCF/Day (2)	Allocation Factor (3)	Weighted Factor* (4)=(3)x 0.3959	Allocation Factor 3A (5)	Weighted Factor* (6)=(5)x 0.6041	
<u>Volumetric Costs</u>						
Rate R	138,446	0.3912	0.1549	0.5353	0.3234	0.4783
Rate N	85,282	0.2410	0.0954	0.3348	0.2023	0.2977
Rate DS	28,500	0.0805	0.0319	0.0848	0.0512	0.0831
Rate LFD	60,891	0.1721	0.0681	0.0451	0.0272	0.0953
Rate XD Firm	-	-	-	-	-	-
Interruptible**	40,770	0.1152	0.0456	-	-	0.0456
Total	353,889	1.0000	0.3959	1.0000	0.6041	1.0000

* The weighting of the factors is based on the system load factor for firm service. See Factor 3.

** Excludes XD-I volumes for customers who are 100% interruptible.

FACTOR 4A. ALLOCATION OF COSTS ASSOCIATED WITH LOAD DISPATCHING AND M&R STATION EQUIPMENT.

Factors are based on the weighting of the factors derived from average daily throughput volumes and from maximum day extra capacity demand for each service classification, as follows:

Service Classification	Throughput (2)	Average Daily Throughput		Maximum Day Extra Demand		Allocation Factor (7)=(4)+(6)
		Allocation Factor 2 (3)	Weighted Factor (4)=(3)x 0.4747	Allocation Factor 3 (5)	Weighted Factor (6)=(5)x 0.5253	
<u>Volumetric</u>						
Rate R	138,446	0.1506	0.0715	0.4486	0.2357	0.3072
Rate N	85,282	0.0928	0.0441	0.2806	0.1474	0.1915
Rate DS	28,500	0.0310	0.0147	0.0711	0.0373	0.0520
Rate LFD	60,891	0.0662	0.0314	0.0378	0.0199	0.0513
Rate XD-Firm	453,691	0.4935	0.2342	0.1619	0.0850	0.3192
Interruptible	152,534	0.1659	0.0788	-	-	0.0788
Total	919,344	1.0000	0.4747	1.0000	0.5253	1.0000

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH SMALL DISTRIBUTION MAINS.

Factors are based on the weighting of the factors derived from average daily throughput volumes and from maximum day extra capacity demand for each service classification, as follows:

Service Classification (1)	Average Daily Throughput			Maximum Day Extra Demand		Allocation Factor 5 (7)
	Volumes (Mcf) (2)	Allocation Factor (3)	Weighted Factor (4)=(3)x 0.3959	Allocation Factor 3B (5)	Weighted Factor (6)=(5)x 0.6041	
<u>Volumetric Costs</u>						
Rate R	138,446	0.3912	0.1549	0.5353	0.3234	0.4783
Rate N	85,282	0.2410	0.0954	0.3348	0.2023	0.2977
Rate DS	28,500	0.0805	0.0319	0.0848	0.0512	0.0831
Rate LFD	60,891	0.1721	0.0681	0.0451	0.0272	0.0953
Rate XD - Firm Interruptible	40,770	0.1152	0.0456	-	-	0.0456
Total	<u>353,889</u>	<u>1.0000</u>	<u>0.3959</u>	<u>1.0000</u>	<u>0.6041</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH ACCOUNTS 381 and 385.

Factors are based on the cost of meters by class included in Accounts 381 and 385, Meters and M&R Equipment.

Service Classification (1)	Meter Costs SDR-COS-7	Projected M&R Equipment	Cost of Meters and M&R Equip.	Allocation Factor (3)
<u>Customer Costs</u>				
Rate R	\$ 66,676,074	\$ -	\$ 66,676,074	0.4273
Rate N	65,444,587	-	65,444,587	0.4194
Rate DS	10,033,144	1,761,991	11,795,135	0.0756
Rate LFD	6,241,299	592,776	6,834,075	0.0438
Rate XD-Firm	1,231,689	63,012	1,294,701	0.0083
Interruptible	<u>3,559,398</u>	<u>436,414</u>	<u>3,995,812</u>	<u>0.0256</u>
Total	<u>\$ 153,186,190</u>	<u>\$ 2,854,193</u>	<u>\$ 156,040,383</u>	<u>1.0000</u>

FACTOR 6A. ALLOCATION OF COSTS ASSOCIATED WITH HOUSE REGULATORS

Factors are based on the number of weighted house regulators for customers served.

Service Classification (1)	Number of Regulators (2)	Factor (3)	Weighted Regulators (4)	Allocation Factor (5)
<u>Customer</u>				
Rate R	598,337	1.00	598,337	0.8804
Rate N	<u>69,452</u>	1.17	<u>81,259</u>	<u>0.1196</u>
Total	<u>667,789</u>		<u>679,596</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 6B. ALLOCATION OF COSTS ASSOCIATED WITH INDUSTRIAL MEASURING AND REGULATING EQUIPMENT.

Factors are based on the cost of Meters and M&R equipment by class included in Accounts 381 and 385.

<u>Service Classification</u> (1)	<u>Cost of Meters & M&R Equipment</u> (2)	<u>Allocation Factor</u> (3)
<u>Customer Costs</u>		
Rate DS	\$ 11,795,135	0.4931
Rate LFD	6,834,075	0.2857
Rate XD - Firm	1,294,701	0.0541
Interruptible	<u>3,995,812</u>	<u>0.1671</u>
Total	<u>\$ 23,919,722</u>	<u>1.0000</u>

FACTOR 6C. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the cost of services by class included in Account 380, Service Lines.

<u>Service Classification</u> (1)	<u>Cost of Service Lines SDR-COS-6</u> (2)	<u>Allocation Factor</u> (3)
<u>Customer Costs</u>		
Rate R	\$ 959,395,527	0.8728
Rate N	130,187,496	0.1184
Rate DS	5,163,641	0.0047
Rate LFD	2,571,817	0.0023
Rate XD - Firm	342,485	0.0003
Interruptible	<u>1,624,055</u>	<u>0.0015</u>
Total	<u>\$1,099,285,021</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH CUSTOMER ACCOUNTING AND METER READING.

Factors are based on the number of customers for each classification, as follows.

<u>Service Classification</u> (1)	<u>Number of Customers</u> (2)	<u>Allocation Factor 7</u> (3)	<u>Allocation Factor 7A</u> (4)
<u>Customer Costs</u>			
Rate R	598,337	0.8926	
Rate N	69,452	0.1036	
Rate DS	1,510	0.0023	0.6173
Rate LFD	508	0.0008	0.2077
Rate XD Firm	54	0.0001	0.0221
Interruptible	<u>374</u>	<u>0.0006</u>	<u>0.1529</u>
Total	<u><u>670,235</u></u>	<u><u>1.0000</u></u>	<u><u>1.0000</u></u>

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH SALES EXPENSES.

Factors are based on the number of Rate R and Rate N customers.

<u>Service Classification</u> (1)	<u>Number of Customers</u> (2)	<u>Allocation Factor</u> (3)
<u>Customer Costs</u>		
Rate R	598,337	0.8960
Rate N	<u>69,452</u>	<u>0.1040</u>
Total	<u><u>667,789</u></u>	<u><u>1.0000</u></u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 9 (DA). ALLOCATION OF CUSTOMER ASSISTANCE EXPENSES.

These costs are directly assigned to the Residential Classification.

<u>Service Classification</u> (1)	<u>Allocation Factor</u> (3)
<u>Customer Costs</u> Rate R	<u><u>1.0000</u></u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 10. ALLOCATION OF DISTRIBUTION OPERATION OTHER EXPENSES AND RENT.

Factors are based on distribution operation expenses other than those being allocated.

<u>Service Classification</u> (1)	<u>Operation Expenses</u> (2)	<u>Allocation Factor</u> (3)
<u>Volumetric Costs</u>		
Rate R	\$ 7,453,273	0.2004
Rate N	4,639,880	0.1247
Rate DS	1,287,354	0.0346
Rate LFD	1,432,849	0.0385
Rate XD Firm	2,414,266	0.0649
Interruptible	975,789	0.0262
<u>Customer Costs</u>		
Rate R	13,328,223	0.3583
Rate N	4,258,394	0.1145
Rate DS	699,973	0.0188
Rate LFD	400,489	0.0108
Rate XD Firm	74,257	0.0020
Interruptible	235,967	0.0063
Total	<u>\$ 37,200,714</u>	<u>1.0000</u>

FACTOR 11. ALLOCATION OF DISTRIBUTION MAINTENANCE OTHER EXPENSES.

Factors are based on distribution maintenance expenses other than those being allocated.

<u>Service Classification</u> (1)	<u>Maintenance Expenses</u> (2)	<u>Allocation Factor</u> (3)
<u>Volumetric Costs</u>		
Rate R	\$ 8,884,160	0.3735
Rate N	5,529,389	0.2325
Rate DS	1,539,898	0.0648
Rate LFD	1,747,137	0.0735
Rate XD Firm	1,763,908	0.0742
Interruptible	967,980	0.0407
<u>Customer Costs</u>		
Rate R	2,138,694	0.0899
Rate N	703,927	0.0296
Rate DS	250,510	0.0105
Rate LFD	144,342	0.0061
Rate XD Firm	27,084	0.0011
Interruptible	84,695	0.0036
Total	<u>\$ 23,781,724</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 12. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

Factors are based on the allocation of operation and maintenance expenses.

<u>Service Classification</u> (1)	<u>Operation & Maintenance Expenses</u> (2)	<u>Allocation Factor</u> (3)
<u>Volumetric Costs</u>		
Rate R	\$ 49,929,600	0.3300
Rate N	15,134,912	0.1000
Rate DS	3,779,003	0.0250
Rate LFD	4,469,411	0.0295
Rate XD Firm	5,748,550	0.0380
Interruptible	2,624,716	0.0173
<u>Customer Costs</u>		
Rate R	56,015,776	0.3703
Rate N	10,369,918	0.0685
Rate DS	1,568,232	0.0104
Rate LFD	878,151	0.0058
Rate XD Firm	251,939	0.0017
Interruptible	523,622	0.0035
Total	<u>\$ 151,293,830</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 13. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of total operation and maintenance direct labor expense to service classifications as shown on the following page.

Service Classification (1)	Total Labor Expense (2)	Allocation Factor (3)
<u>Volumetric Costs</u>		
Rate R	\$ 17,072,788	0.2043
Rate N	8,145,300	0.0975
Rate DS	2,196,922	0.0263
Rate LFD	2,492,519	0.0298
Rate XD Firm	3,636,206	0.0435
Interruptible	1,577,029	0.0189
<u>Customer Costs</u>		
Rate R	38,204,982	0.4573
Rate N	8,055,415	0.0964
Rate DS	1,078,520	0.0129
Rate LFD	607,014	0.0073
Rate XD Firm	126,683	0.0015
Interruptible	360,405	0.0043
Total	<u>\$ 83,553,783</u>	<u>1.0000</u>

FACTOR 14. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation excluding the items being allocated, as follows:

Service Classification (1)	Original Cost Less Depreciation (2)	Allocation Factor (3)
<u>Volumetric Costs</u>		
Rate R	\$ 939,585,198	0.2917
Rate N	545,001,985	0.1692
Rate DS	147,492,161	0.0458
Rate LFD	169,428,260	0.0526
Rate XD Firm	114,872,393	0.0357
Interruptible	82,697,148	0.0257
<u>Customer Costs</u>		
Rate R	991,755,721	0.3081
Rate N	189,503,034	0.0588
Rate DS	20,035,532	0.0062
Rate LFD	11,110,823	0.0034
Rate XD Firm	2,316,091	0.0007
Interruptible	6,896,078	0.0021
Total	<u>\$3,220,694,424</u>	<u>1.0000</u>

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2021, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Volumetric Costs						Customer Costs					
			Rate R (4)	Rate N (5)	Rate DS (6)	Rate LFD (7)	Rate XD Firm (8)	Interruptible (9)	Rate R (10)	Rate N (11)	Rate DS (12)	Rate LFD (13)	Rate XD Firm (14)	
DIRECT LABOR EXPENSE														
725 - 736	Total Gas Fuels Expenses	1	0	-	-	-	-	-	-	-	-	-	-	-
750-760	Total Production & Gathering Operation Expenses	1	0	-	-	-	-	-	-	-	-	-	-	-
761 - 769	Total Gas Raw Materials Expenses	1	-	-	-	-	-	-	-	-	-	-	-	-
813	Other Gas Supply Expenses	1	-	-	-	-	-	-	-	-	-	-	-	-
840	Storage	1A	-	-	-	-	-	-	-	-	-	-	-	-
850 - 860	Total Transmission Operation Expenses	4	-	-	-	-	-	-	-	-	-	-	-	-
861 - 867	Total Transmission Maintenance Expenses	4	-	-	-	-	-	-	-	-	-	-	-	-
870	Operation Supervision and Engineering	10	12,449,010	2,494,782	1,552,392	430,736	479,287	807,941	326,164	4,460,480	1,425,412	234,041	134,449	24,898
871	Distribution Load Dispatching	4A	288,817	88,725	55,308	15,018	14,816	92,190	22,759	-	-	-	-	-
874	Mains And Services Expenses													
	Mains - Small	5	1,929,850	923,047	574,516	160,371	183,915	-	88,001	-	-	-	-	-
	Mains - Large	17	3,503,285	1,529,184	951,492	265,549	304,786	305,136	147,138	-	-	-	-	-
	Services	6C	5,029,130	-	-	-	-	-	-	4,389,425	595,449	23,637	11,567	1,509
875	M & R Station Expenses -General	4A	1,217,084	373,888	233,072	63,288	62,436	388,493	95,906	-	-	-	-	-
876	Measuring and Regulating Station Expenses-Industrial	6B	16,214	-	-	-	-	-	-	-	-	7,995	4,632	877
877	Measuring and Regulating Station Expenses-City Gate	4A	667,826	205,156	127,889	34,727	34,259	213,170	52,625	-	-	-	-	-
878	Meter And House Regulator Expenses	6	2,856,754	-	-	-	-	-	-	1,220,691	1,198,123	215,971	125,126	23,711
879	Customer Installation Expenses	6	1,797,758	-	-	-	-	-	-	768,182	753,980	135,911	78,742	14,921
880	Other Expenses	10	2,145,352	429,929	267,525	74,229	82,596	139,233	56,208	768,680	245,643	40,333	23,170	4,291
881	Rent	10	3,040	609	379	105	117	197	80	1,089	348	57	33	6
885	Supervision - Engineering and Labor	11	3,183,066	1,188,875	740,063	206,263	233,955	236,183	129,551	286,158	94,219	33,422	19,417	3,501
886	Structures & Improvements	18	325,299	146,515	91,214	25,471	29,179	18,867	14,053	-	-	-	-	-
887	Mains - Small	5	1,238,972	592,600	368,842	102,959	118,074	-	56,497	-	-	-	-	-
	Mains - Large	17	2,249,125	981,743	610,862	170,484	195,674	195,899	94,463	-	-	-	-	-
889	M & R Equip - General	4A	968,803	297,616	185,526	50,378	49,700	309,242	76,342	-	-	-	-	-
890	M & R Equip - Ind	6B	112,487	-	-	-	-	-	-	-	-	55,467	32,138	6,086
891	M & R Equip - CG Check Station	4A	96,272	29,575	18,436	5,006	4,939	30,730	7,586	-	-	-	-	-
892	Services	6C	595,875	-	-	-	-	-	-	520,080	70,552	2,801	1,371	179
893	Meters & House Regulators	6	596,888	-	-	-	-	-	-	255,050	250,335	45,125	26,144	4,954
895	Other Equipment	11	58,777	21,953	13,666	3,809	4,320	4,361	2,392	5,284	1,740	617	359	65
894	Other Equipment	11	-	-	-	-	-	-	-	-	-	-	-	-
901	Supervision	7	-	-	-	-	-	-	-	-	-	-	-	-
902	Meter Reading Expenses	7	2,141,299	-	-	-	-	-	-	1,911,323	221,839	4,925	1,713	214
903	Customer Records & Coll Expenses	7	12,283,331	-	-	-	-	-	-	10,964,101	1,272,553	28,252	9,827	1,228
905	Miscellaneous Cust Accts Expenses	7	1,669,058	-	-	-	-	-	-	1,489,801	172,914	3,839	1,335	167
907	Supervision	7	202,679	-	-	-	-	-	-	180,911	20,998	466	162	20
908	Customer Assistance Expenses	9	1,243,433	-	-	-	-	-	-	1,243,433	-	-	-	-
910	Miscellaneous Customer Service & Info. Exp.	7	361,781	-	-	-	-	-	-	322,926	37,481	832	289	36
911	Supervision	8	108,433	-	-	-	-	-	-	97,156	11,277	-	-	-
912	Demonstrating And Selling Expenses	8	672,893	-	-	-	-	-	-	602,912	69,981	-	-	-
920	Administrative & General Salaries	12	21,247,084	7,011,538	2,124,708	531,177	626,789	807,389	367,575	7,867,795	1,455,425	220,970	123,233	36,120
921	Office Supplies And Expenses	12	342,527	113,034	34,253	8,563	10,105	13,016	5,926	126,838	23,463	3,562	1,987	582
922	Administrative Expenses Transferred-Credit	12	-	-	-	-	-	-	-	-	-	-	-	-
923	Outside Service Employed	12	187,478	61,868	18,748	4,687	5,531	7,124	3,243	69,423	12,842	1,950	1,087	319
924	Property Insurance	12	-	-	-	-	-	-	-	-	-	-	-	-
925	Injuries and Damages	12	1,072,169	353,816	107,217	26,804	31,629	40,742	18,549	397,024	73,444	11,151	6,219	1,823
927	Franchise Requirements	12	-	-	-	-	-	-	-	-	-	-	-	-
928	Regulatory Commission Expenses	12	-	-	-	-	-	-	-	-	-	-	-	-
929	Duplicate Charges-Credit	12	-	-	-	-	-	-	-	-	-	-	-	-
930	Miscellaneous General Expenses	12	-	-	-	-	-	-	-	-	-	-	-	-
930	Miscellaneous Intercompany Charges	12	69,924	23,075	6,992	1,748	2,063	2,657	1,210	25,893	4,790	727	406	119
932	Maintenance of General Plant	12	622,000	205,260	62,200	15,550	18,349	23,636	10,761	230,327	42,607	6,469	3,608	1,057
	Total Direct Labor Expense		\$ 83,553,773	\$ 17,072,788	\$ 8,145,300	\$ 2,196,922	\$ 2,492,519	\$ 3,636,206	\$ 1,577,029	\$ 38,204,982	\$ 8,055,415	\$ 1,078,520	\$ 607,014	\$ 126,683

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 15. ALLOCATION OF RETURN AND TAXES.

Factors are based on the result of allocating the original cost measure of value, as presented on the following pages.

Service Classification <u>(1)</u>	Original Cost Less Depreciation <u>(2)</u>	Allocation Factor <u>(3)</u>
<u>Volumetric Costs</u>		
Rate R	\$ 763,405,538	0.2917
Rate N	442,809,328	0.1692
Rate DS	119,830,083	0.0458
Rate LFD	137,659,148	0.0526
Rate XD Firm	93,310,466	0.0357
Interruptible	67,174,976	0.0257
<u>Customer Costs</u>		
Rate R	805,670,863	0.3079
Rate N	153,989,274	0.0588
Rate DS	16,290,883	0.0062
Rate LFD	9,057,307	0.0035
Rate XD Firm	1,893,309	0.0007
Interruptible	5,627,730	0.0022
Total	<u>\$ 2,616,718,905</u>	<u>1.0000</u>

FACTOR 16. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER REVENUES.

Factors are based on the allocated cost of service excluding those items being allocated.

Service Classification <u>(1)</u>	Total Cost of Service <u>(2)</u>	Allocation Factor <u>(3)</u>
<u>Volumetric Costs</u>		
Rate R	\$ 193,660,504	0.2948
Rate N	87,094,701	0.1326
Rate DS	22,579,789	0.0344
Rate LFD	26,134,382	0.0398
Rate XD Firm	23,193,803	0.0353
Interruptible	13,672,654	0.0208
<u>Customer Costs</u>		
Rate R	233,702,604	0.3560
Rate N	45,160,898	0.0688
Rate DS	5,635,329	0.0086
Rate LFD	3,161,426	0.0048
Rate XD Firm	762,916	0.0012
Interruptible	1,917,942	0.0029
Total	<u>\$ 656,676,948</u>	<u>1.0000</u>

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2021, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Volumetric Costs						Customer Costs						
			Rate R (4)	Rate N (5)	Rate DS (6)	Rate LFD (7)	Rate XD Firm (8)	Interruptible (9)	Rate R (10)	Rate N (11)	Rate DS (12)	Rate LFD (13)	Rate XD Firm (14)	Interruptible (15)	
RATE BASE															
PRODUCTION PLANT															
305	Manufactured Gas Plant Site Remediation	2	14,821	2,232	1,375	459	981	7,314	2,459	-	-	-	-	-	-
325.1	Producing Lands	2	13,029	1,962	1,209	404	863	6,430	2,162	-	-	-	-	-	-
325.2	Production Leaseholds	2	1,030	155	96	32	68	508	171	-	-	-	-	-	-
325.4	Rights-Of-Way	2	596	90	55	18	39	294	99	-	-	-	-	-	-
325.5	Other Lands	2	1,134	171	105	35	75	560	188	-	-	-	-	-	-
328	Field Measuring and Regulating Station Equipment	2	-	-	-	-	-	-	-	-	-	-	-	-	-
329	Other Structures	2	2	-	-	-	-	1	-	-	-	-	-	-	-
330	Producing Gas Wells - Well Construction	2	(1)	-	-	-	-	-	-	-	-	-	-	-	-
331	Producing Gas Wells - Well Equipment	2	-	-	-	-	-	-	-	-	-	-	-	-	-
332	Field Lines	2	25,886	3,898	2,402	802	1,714	12,775	4,294	-	-	-	-	-	-
334	Field Measuring and Regulating Station Equipment	2	9,890	1,489	918	307	655	4,881	1,641	-	-	-	-	-	-
335	Drilling and Cleaning Equipment	2	143	22	13	4	9	71	24	-	-	-	-	-	-
337	Other Equipment	2	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Production Plant		66,530	10,019	6,173	2,061	4,404	32,834	11,038	-	-	-	-	-	-
STORAGE PLANT															
352.01	Well Construction	2	19,964	3,007	1,853	619	1,322	9,852	3,312	-	-	-	-	-	-
TRANSMISSION PLANT															
365	Land	4	47,323	22,635	14,088	3,933	4,510	-	2,158	-	-	-	-	-	-
365.2	Rights-Of-Way	4	343,571	164,330	102,281	28,551	32,742	-	15,667	-	-	-	-	-	-
366	Structures and Improvements	4	95,639	45,744	28,472	7,948	9,114	-	4,361	-	-	-	-	-	-
367	Mains	4	17,101,182	8,179,495	5,091,022	1,421,108	1,629,743	-	779,814	-	-	-	-	-	-
369	Measuring and Regulating Station Equipment	4	2,301,113	1,100,622	685,041	191,222	219,296	-	104,931	-	-	-	-	-	-
370	Communication Equipment	4	1,468,840	702,546	437,274	122,061	139,980	-	66,979	-	-	-	-	-	-
371	Other Equipment	4	12,421	5,941	3,698	1,032	1,184	-	566	-	-	-	-	-	-
371.1	Testing Equipment	4	62,994	30,130	18,753	5,235	6,003	-	2,873	-	-	-	-	-	-
	Total Transmission Plant		21,433,083	10,251,443	6,380,629	1,781,090	2,042,572	-	977,349	-	-	-	-	-	-
DISTRIBUTION PLANT															
374	Land	18	849,347	382,546	238,157	66,504	76,186	49,262	36,692	-	-	-	-	-	-
374	Land Rights of Way	18	7,094,605	3,195,410	1,989,327	555,508	636,386	411,487	306,487	-	-	-	-	-	-
374	Rights of Way	4	2,013,279	962,951	599,353	167,303	191,865	-	91,806	-	-	-	-	-	-
375	Structures And Improvements	18	2,150,548	968,607	603,014	168,388	192,904	124,732	92,904	-	-	-	-	-	-
376	Mains - Small	5	538,519,097	257,573,684	160,317,135	44,750,937	51,320,870	-	24,556,471	-	-	-	-	-	-
	Mains - Large	4	977,581,964	467,577,453	291,026,151	81,237,061	93,163,561	-	44,577,738	-	-	-	-	-	-
	Mains - Direct Assign	DA	93,773,177	-	-	-	-	93,342,444	430,733	-	-	-	-	-	-
378	Measuring & Regulating Equipment - General	18	112,325,293	50,591,312	31,496,012	8,795,070	10,075,579	6,514,867	4,852,453	-	-	-	-	-	-
379	Measuring & Regulating Equipment - SCADA	18	-	-	-	-	-	-	-	-	-	-	-	-	-
379	Measuring & Regulating Equipment - City Gate	18	12,902,053	5,811,085	3,617,736	1,010,231	1,157,314	748,319	557,369	-	-	-	-	-	-
380	Services	6C	835,111,732	-	-	-	-	-	-	728,885,520	98,877,229	3,925,025	1,920,757	250,534	1,252,668
381	Meters	6	88,003,676	-	-	-	-	-	-	37,603,971	36,908,742	6,653,078	3,854,561	730,431	2,252,894
382	Meter Installations	6	69,190,371	-	-	-	-	-	-	29,565,046	29,018,442	5,230,792	3,030,538	574,280	1,771,273
383	House Regulators	6A	4,647,886	-	-	-	-	-	-	4,091,999	555,887	-	-	-	-
384	House Regulator Installations	6A	11,591,107	-	-	-	-	-	-	10,204,811	1,386,296	-	-	-	-
385	Industrial Measuring & Regulating Equipment	6	18,862,507	-	-	-	-	-	-	8,059,949	7,910,935	1,426,006	826,178	156,559	482,880
386	Other Property on Customer Premises	6C	477,996	-	-	-	-	-	-	417,195	56,595	2,247	1,099	143	717
387	Other Equipment	10	1,872,405	375,230	233,489	64,785	72,088	121,519	49,057	670,883	214,390	35,201	20,222	3,745	11,796
387	Other Equipment - Graphic Data Base	10	26,238	5,258	3,272	908	1,010	1,703	687	9,401	3,004	493	283	52	165
	Total Distribution Plant		2,776,993,281	787,443,536	490,123,646	136,816,695	156,887,763	101,314,333	75,552,397	819,508,775	174,931,520	17,272,842	9,653,638	1,715,744	5,772,393
GENERAL PLANT															
389	Land and Land Rights	12	3,275,141	1,080,797	327,514	81,879	96,617	124,455	56,660	1,212,785	224,347	34,061	18,996	5,568	11,463
390	Structures And Improvements	12	78,691,589	25,968,225	7,869,159	1,967,290	2,321,402	2,990,280	1,361,364	29,139,496	5,390,374	818,393	456,411	133,776	275,421
391	Office Furniture And Equipment	12	7,950,644	2,623,713	795,064	198,766	234,544	302,124	137,546	2,944,123	544,619	82,687	46,114	13,516	27,827
392	Transportation Equipment	12	24,127,180	7,961,969	2,412,718	603,180	711,752	916,833	417,400	8,934,295	1,652,712	250,923	139,938	41,016	84,445
393	Stores Equipment	12	12,260	4,046	1,226	307	362	466	212	4,540	840	128	71	21	43
394	Tools, Shop And Garage Equipment	12	21,736,148	7,172,929	2,173,615	543,404	641,216	825,974	376,035	8,048,896	1,488,926	226,056	126,070	36,951	76,077
393	Laboratory Equipment	12	347,738	114,754	34,774	8,693	10,258	13,214	6,016	128,767	23,820	3,616	2,017	591	1,217
396	Power Operated Equipment	12	5,008,462	1,652,792	500,846	125,212	147,750	190,322	86,646	1,854,633	343,080	52,088	29,049	8,514	17,530
397	Communication Equipment	12	534,688	176,447	53,469	13,367	15,773	20,318	9,250	197,995	36,626	5,561	3,101	909	1,871
398	Miscellaneous Equipment	12	7,825,405	2,582,384	782,541	195,635	230,849	297,365	135,380	2,897,747	536,040	81,384	45,387	13,303	27,389
	Total General Plant		149,509,255	49,338,056	14,950,926	3,737,733	4,410,523	5,681,351	2,586,509	55,363,277	10,241,384	1,554,897	867,154	254,165	523,283
	Total Plant		2,948,022,113	847,046,061	511,463,227	142,338,198	163,346,584	107,038,370	79,130,605	874,872,052	185,172,904	18,827,739	10,520,792	1,969,909	6,295,676

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2021, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Volumetric Costs						Customer Costs					
			Rate R (4)	Rate N (5)	Rate DS (6)	Rate LFD (7)	Rate XD Firm (8)	Interruptible (9)	Rate R (10)	Rate N (11)	Rate DS (12)	Rate LFD (13)	Rate XD Firm (14)	Interruptible (15)
COMMON PLANT ALLOCATED @ 88.43%														
301	Organization	122,886	35,846	20,792	5,628	6,464	4,387	3,158	37,861	7,226	762	418	86	258
389.1	Land and Land Rights	6,143,327	2,027,298	614,333	153,583	181,228	233,446	106,280	2,274,874	420,818	63,891	35,631	10,444	21,502
390.2	Structures and Improvements	24,183,871	7,980,677	2,418,387	604,597	713,424	918,987	418,381	8,955,287	1,656,595	251,512	140,266	41,113	84,644
391	Office Furniture and Equipment	574,685	189,646	57,469	14,367	16,953	21,838	9,942	212,806	39,366	5,977	3,333	977	2,011
392.1	Transportation Equipment	606	200	61	15	18	23	10	224	41	6	4	1	2
	Total Common Plant	<u>31,025,375</u>	<u>10,233,667</u>	<u>3,111,042</u>	<u>778,190</u>	<u>918,087</u>	<u>1,178,681</u>	<u>537,771</u>	<u>11,481,052</u>	<u>2,124,046</u>	<u>322,148</u>	<u>179,652</u>	<u>52,621</u>	<u>108,417</u>
INFORMATION SERVICES (IS) ALLOCATED @ 94.12%														
391	Office Furniture and Equipment	5,714,028	1,885,629	571,403	142,851	168,564	217,133	98,853	2,115,905	391,411	59,426	33,141	9,714	19,999
391.1	Office Furniture and Equip. - CIS	51,374,060	-	-	-	-	-	-	45,856,486	5,322,353	118,160	41,099	5,137	30,824
391.2	Office Furniture and Equip. - System Development Cos	127,013,729	41,914,531	12,701,373	3,175,343	3,746,905	4,826,522	2,197,338	47,033,184	8,700,440	1,320,943	736,680	215,923	444,548
	Total Information Services	<u>184,101,817</u>	<u>43,800,160</u>	<u>13,272,776</u>	<u>3,318,194</u>	<u>3,915,469</u>	<u>5,043,655</u>	<u>2,296,191</u>	<u>95,005,575</u>	<u>14,414,204</u>	<u>1,498,529</u>	<u>810,920</u>	<u>230,774</u>	<u>495,371</u>
INTANGIBLE PLANT														
301	Organization	166,477	48,561	28,168	7,625	8,757	5,943	4,278	51,292	9,789	1,032	566	117	350
302	Franchises And Consents	193,597	56,472	32,757	8,867	10,183	6,911	4,975	59,647	11,384	1,200	658	136	407
303	Miscellaneous Intangible Plant	289,868	84,554	49,046	13,276	15,247	10,348	7,450	89,308	17,044	1,797	986	203	609
304	Land and Land Rights	381,652	111,328	64,576	17,480	20,075	13,625	9,808	117,587	22,441	2,366	1,298	267	801
305	Manufactured Gas Plant Remediation Total Nondepreciable Plant	<u>-</u> <u>1,031,594</u>	<u>-</u> <u>300,915</u>	<u>-</u> <u>174,547</u>	<u>-</u> <u>47,248</u>	<u>-</u> <u>54,262</u>	<u>-</u> <u>36,827</u>	<u>-</u> <u>26,511</u>	<u>-</u> <u>317,834</u>	<u>-</u> <u>60,658</u>	<u>-</u> <u>6,395</u>	<u>-</u> <u>3,508</u>	<u>-</u> <u>723</u>	<u>-</u> <u>2,167</u>
	Total Intangible Plant in Service	<u>3,164,180,899</u>	<u>901,380,803</u>	<u>528,021,592</u>	<u>146,481,830</u>	<u>168,234,402</u>	<u>113,297,533</u>	<u>81,991,078</u>	<u>981,676,513</u>	<u>201,771,812</u>	<u>20,654,811</u>	<u>11,514,872</u>	<u>2,254,027</u>	<u>6,901,631</u>
OTHER RATE BASE ELEMENTS														
1A	Gas Storage Inventory	23,026,000	14,248,489	8,777,511	-	-	-	-	-	-	-	-	-	-
12	Cash Working Capital	27,927,268	9,215,999	2,792,727	698,182	823,854	1,061,236	483,142	10,341,467	1,913,018	290,444	161,978	47,476	97,745
1	Cash Working Capital - Purchased Gas Related	14,403,732	10,258,338	4,145,394	-	-	-	-	-	-	-	-	-	-
12	Materials & Supplies	14,601,000	4,818,330	1,460,100	365,025	430,730	554,838	252,597	5,406,750	1,000,169	151,850	84,686	24,822	51,104
14	Deferred Taxes	(605,130,000)	(176,516,421)	(102,387,996)	(27,714,954)	(31,829,838)	(21,603,141)	(15,551,841)	(186,440,553)	(35,581,644)	(3,751,806)	(2,057,442)	(423,591)	(1,270,773)
21	Customer Deposits	(22,290,000)	-	-	-	-	-	-	(5,313,314)	(15,114,081)	(1,054,416)	(646,787)	(9,425)	(151,977)
14	Investment Tax Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Other Rate Base Elements	<u>(547,462,000)</u>	<u>(137,975,265)</u>	<u>(85,212,264)</u>	<u>(26,651,747)</u>	<u>(30,575,254)</u>	<u>(19,987,067)</u>	<u>(14,816,102)</u>	<u>(176,005,650)</u>	<u>(47,782,538)</u>	<u>(4,363,928)</u>	<u>(2,457,565)</u>	<u>(360,718)</u>	<u>(1,273,901)</u>
	Total Measure of Value	\$ 2,616,718,899	\$ 763,405,538	\$ 442,809,328	\$ 119,830,083	\$ 137,659,148	\$ 93,310,466	\$ 67,174,976	\$ 805,670,863	\$ 153,989,274	\$ 16,290,883	\$ 9,057,307	\$ 1,893,309	\$ 5,627,730

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 17. ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES
ASSOCIATED WITH LARGE MAINS.

Factors are based on the allocation of rate base for large and directly assigned mains.

Service Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
<u>Volumetric Costs</u>		
Rate R	\$ 467,577,453	0.4365
Rate N	291,026,151	0.2716
Rate DS	81,237,061	0.0758
Rate LFD	93,163,561	0.0870
Rate XD Firm	93,342,444	0.0871
Interruptible	45,008,471	0.0420
 Total	 <u>\$ 1,071,355,141</u>	 <u>1.0000</u>

FACTOR 18. ALLOCATION OF RATE BASE ASSOCIATED WITH M&R STATION
EQUIPMENT.

Factors are based on the composite allocation of all mains.

Service Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
<u>Volumetric Costs</u>		
Rate R	\$ 725,151,137	0.4504
Rate N	451,343,286	0.2804
Rate DS	125,987,998	0.0783
Rate LFD	144,484,431	0.0897
Rate XD Firm	93,342,444	0.0580
Interruptible	69,564,942	0.0432
 Total	 <u>\$ 1,609,874,238</u>	 <u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 19. ALLOCATION OF UNCOLLECTIBLE ACCOUNTS.

Factors are based on history of net write-offs by class.

Service Classification	3-Yr. Average of Net Write-offs	Allocation Factor
(1)	(2)	(3)
<u>Customer Costs</u>		
Rate R	\$ 10,707,727	0.9424
Rate N	528,150	0.0465
Rate DS	5,443	0.0005
Rate LFD	24,573	0.0022
Rate XD Firm	82,479	0.0073
Interruptible	12,796	0.0011
Total	<u>\$ 11,361,167</u>	<u>1.0000</u>

FACTOR 20. ALLOCATION OF PENALTY REVENUE.

Factors are based on an analysis of penalty revenue, by class.

Service Classification	Penalty Revenue	Allocation Factor
(1)	(2)	(3)
<u>Customer Costs</u>		
Rate R	\$ 3,208,595	0.6394
Rate N	1,265,902	0.2523
Rate DS	192,421	0.0383
Rate LFD	153,846	0.0307
Rate XD Firm	68,020	0.0136
Interruptible	128,965	0.0257
Total	<u>\$ 5,017,749</u>	<u>1.0000</u>

FACTOR 21. ALLOCATION OF CUSTOMER DEPOSITS.

Factors are based on an analysis of customer deposits for 2018, by class.

Service Classification	2018 Customer Deposits	Allocation Factor
(1)	(2)	(3)
<u>Customer Costs</u>		
Rate R	\$ 4,510,000	0.2384
Rate N	12,829,000	0.6781
Rate DS	895,000	0.0473
Rate LFD	549,000	0.0290
Rate XD Firm	8,000	0.0004
Interruptible	129,000	0.0068
Total	<u>\$ 18,920,000</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

CALCULATION OF CUSTOMER COSTS PER BILL BY SERVICE CLASSIFICATION

	Cost of Service (1)	Rate R (2)	Rate N (3)	Rate DS (4)	Rate LFD (5)	Rate XD Firm (6)	Interruptible (7)
Fully Allocated Customer Costs							
Customer Costs	287,482,660	\$ 232,232,065	\$ 44,231,801	\$ 5,484,441	\$ 3,030,763	\$ 700,611	\$ 1,802,979
Number of bills	8,042,820	7,180,044	833,424	18,120	6,096	648	4,488
Customer Cost per bill		\$ 32.34	\$ 53.07	\$ 302.67	\$ 497.17	\$ 1,081.19	\$ 401.73
Direct Customer Costs							
<u>O & M Expenses:</u>							
874 Mains And Services Expenses							
Mains	-	-	-	-	-	-	-
Services	11,951,578	10,431,338	1,415,067	56,172	27,489	3,585	17,927
876 M & R Station Expenses - Industrial	266,213	-	-	131,270	76,057	14,402	44,484
878 Meter and House Regulator Expenses	3,687,754	1,575,777	1,546,644	278,794	161,524	30,608	94,407
879 Customer Installations Expenses	3,091,758	1,321,108	1,296,683	233,737	135,419	25,662	79,149
890 M & R Equip - Industrial	314,488	-	-	155,074	89,849	17,014	52,551
892 Services	1,889,875	1,649,483	223,761	8,882	4,347	567	2,835
893 Meters & House Regulators	1,144,889	489,211	480,166	86,554	50,146	9,503	29,309
901 Supervision	430,000	383,818	44,548	989	344	43	258
902 Meter Reading Expenses	2,740,299	2,445,991	283,895	6,303	2,192	274	1,644
903 Customer Records & Coll Expenses	20,355,330	18,169,168	2,108,812	46,817	16,284	2,036	12,213
903.1 Universal Service Program	-	-	-	-	-	-	-
904 Uncollectible Accounts	8,969,993	8,415,610	402,821	6,827	30,039	99,676	15,020
905 Miscellaneous Cust Accts Expenses	2,053,058	1,832,560	212,697	4,722	1,642	205	1,232
907 Supervision	223,678	199,656	23,173	514	179	22	134
908 Customer Assistance Expenses	1,795,205	1,795,205	-	-	-	-	-
910 Miscellaneous Customer Service Exp.	-	-	-	-	-	-	-
911 Supervision	115,433	103,428	12,005	-	-	-	-
912 Demonstrating and Selling Expenses	1,296,787	1,161,921	134,866	-	-	-	-
912.1 Energy Efficiency and Conservation	244,334	-	-	150,827	50,748	5,400	37,359
913 Advertising Expenses	1,069,000	957,824	111,176	-	-	-	-
916 Miscellaneous	190,000	170,240	19,760	-	-	-	-
926 Employee Pensions and Benefits	16,147,448 *	12,738,017	2,685,206	359,327	203,340	41,782	119,776
408 Payroll Taxes	3,667,821 *	2,893,383	609,932	81,620	46,188	9,491	27,207
Subtotal O & M Expenses	81,644,941	66,733,738	11,611,212	1,608,429	895,787	260,270	535,505

UGI UTILITIES, INC. - GAS DIVISION

CALCULATION OF CUSTOMER COSTS PER BILL BY SERVICE CLASSIFICATION

	Cost of Service (1)	Rate R (2)	Rate N (3)	Rate DS (4)	Rate LFD (5)	Rate XD Firm (6)	Interruptible (7)
Depreciation Expense							
380 Services	34,514,619	30,124,359	4,086,531	162,219	79,384	10,354	51,772
381 Meters	4,988,400	2,131,543	2,092,135	377,123	218,492	41,404	127,703
382 Meter Installations	2,773,029	1,184,915	1,163,008	209,641	121,459	23,016	70,990
383 House Regulators	1,173,664	1,033,294	140,370	-	-	-	-
384 House Regulator Installations	457,028	402,367	54,661	-	-	-	-
385 Industrial M & R Equipment	724,403	309,537	303,814	54,765	31,729	6,013	18,545
390 Structures and Improvements	2,263,150 *	1,821,044	336,866	51,145	28,523	8,360	17,212
391 Office Furniture And Equipment	12,301,973 *	10,319,095	1,614,887	181,004	98,637	28,269	60,081
Subtotal Depreciation	59,196,266	47,326,154	9,792,272	1,035,897	578,224	117,416	346,303
Rate Base							
380 Services	835,111,733	728,885,520	98,877,229	3,925,025	1,920,757	250,534	1,252,668
381 Meters	88,003,677	37,603,971	36,908,742	6,653,078	3,854,561	730,431	2,252,894
382 Meter Installations	69,190,371	29,565,046	29,018,442	5,230,792	3,030,538	574,280	1,771,273
383 House Regulators	4,647,886	4,091,999	555,887	-	-	-	-
384 House Regulator Installations	11,591,107	10,204,811	1,386,296	-	-	-	-
385 Industrial M & R Equipment	18,862,507	8,059,949	7,910,935	1,426,006	826,178	156,559	482,880
390 Structures And Improvements	36,213,871 *	29,139,496	5,390,374	818,393	456,411	133,776	275,421
391 Office Furniture and Equipment	116,378,729 *	98,162,504	14,998,189	1,587,193	860,367	245,267	525,209
Deferred Taxes	(229,525,809) *	(186,440,553)	(35,581,644)	(3,751,806)	(2,057,442)	(423,591)	(1,270,773)
Customer Deposits	(22,290,000)	(5,313,314)	(15,114,081)	(1,054,416)	(646,787)	(9,425)	(151,977)
Subtotal Rate Base	928,184,072	753,959,429	144,350,369	14,834,265	8,244,583	1,657,831	5,137,595
Taxes and Return @ 9.8%	91,390,016	74,235,668	14,212,895	1,460,598	811,771	163,232	505,853
Total Direct Customer Costs	<u>\$ 232,231,223</u>	<u>\$ 188,295,559</u>	<u>\$ 35,616,379</u>	<u>\$ 4,104,924</u>	<u>\$ 2,285,782</u>	<u>\$ 540,918</u>	<u>\$ 1,387,661</u>
Number of bills	8,042,820	7,180,044	833,424	18,120	6,096	648	4,488
Direct Costs per bill		\$ 26.22	\$ 42.74	\$ 226.54	\$ 374.96	\$ 834.75	\$ 309.19

* Customer cost portion of account.

UGI UTILITIES, INC. - GAS DIVISION

CALCULATION OF COSTS RELATED TO LFD AND XD DEMAND CHARGES

<u>Capital Costs</u>	<u>Rate LFD</u>	<u>Rate XD Firm</u>
Depreciation	\$ 4,296,849	\$ 3,181,254
Taxes Other Than Income	407,295	460,962
Income Taxes	2,609,802	1,771,291
Income Available for Return	<u>10,942,325</u>	<u>7,426,635</u>
Total	<u>\$ 18,256,271</u>	<u>\$ 12,840,142</u>
Cost Per Month	\$ 1,521,356	\$ 1,070,012
Demand Volume Units per Month	105,160	643,062
Demand Costs per MCF	\$ 14.47	\$ 1.66