



**Gannett Fleming**

*Excellence Delivered As Promised*

March 30, 2015

Honorable Rosemary Chiavetta  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building 2<sup>nd</sup> Floor  
P.O. Box 3265  
Harrisburg, PA 17105-3265

RECEIVED

MAR 30 2015

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Re: UGI Utilities, Inc. – Gas Division

Dear Secretary Chiavetta:

Gannett Fleming Valuation and Rate Consultants, LLC, on behalf of UGI Utilities, Inc. – Gas Division, hereby submits an original and two copies of its Annual Depreciation Report for 2014 in accordance with monitoring of depreciation practices set forth in 52 Pa. Code Chapter 73.9(a). We have also included a CD which contains the electronic files for the report.

A copy of this letter is attached to be date-stamped and forwarded in the enclosed addressed, stamped envelope.

Very truly yours,

GANNETT FLEMING VALUATION  
AND RATE CONSULTANTS, LLC

JOHN F. WIEDMAYER, CDP  
Project Manager, Depreciation

JFW:krm

Enclosure

cc: Johnnie E. Simms, Esq., Bureau of Investigation and Enforcement (w/encl-1)  
Tanya J. McCloskey, Esq., Office of Consumer Advocate (w/encl-1)  
Mr. John R. Evans, Office of Small Business Advocate (w/encl-1)

Gannett Fleming Valuation and Rate Consultants, LLC

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UGI UTILITIES, INC. - GAS DIVISION  
ANNUAL DEPRECIATION REPORT TO THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
(CODE 123100-ADR-2015)

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

UGI UTILITIES, INC. - GAS DIVISION

ANNUAL DEPRECIATION REPORT TO THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
(CODE 123100-ADR-2015)

MARCH 2015

EXECUTIVE SUMMARY

UGI Utilities, Inc. – Gas Division is a regulated public utility engaged in the distribution of natural gas. The regulations of the Pennsylvania Public Utility Commission require that utilities providing gas service and having gross intrastate revenues in excess of \$20 million per year submit an Annual Depreciation Report. This report is prepared in response to the requirements related to the monitoring of depreciation practices set forth in 52 Pa. Code Chapter 73.9(a). In accordance with the requirements, the report presents an explanation of the methods used; a comparison of the annual depreciation and book reserves by function at September 30, 2012, September 30, 2013 and September 30, 2014; a summary of the calculation of remaining life depreciation accrual rates as of September 30, 2014; a summary of plant accounting transactions, including fiscal year 2014 retirements expressed as a percent of the beginning-of-year plant balances; a summary of the depreciation reserve activity, including the reserve expressed as a percent of the plant balance at September 30, 2014; an explanation of any unusual plant or reserve entries; the net salvage amortization amount for fiscal year 2015 based on October 1, 2009 through September 30, 2014 experience; an explanation of exclusions from the experienced net salvage; and the calculation of remaining life depreciation

accruals as of December 31, 2014, using the accrual rates determined at September 30, 2014.

The annual accrual rate calculations are based on the same group procedures and bases as those used in last year's Annual Depreciation Report. The service life estimates, based on a study incorporating data through fiscal year 2011, are the same as those used in last year's report.

Table 1 presents a comparison of the annual depreciation expense and book reserves by function at September 30, 2012, September 30, 2013 and September 30, 2014. The annual accrual rates at the functional plant level at September 30, 2014, are similar to those calculated at September 30, 2013. The changes in accrual rates are mainly the result of changes in the relative proportion of account balances within a functional plant category. The overall composite annual depreciation accrual rate related to depreciable gas plant including common plant as of September 30, 2014, is 2.25 percent in comparison to 2.23 percent and 2.24 percent as of September 30, 2013 and September 30, 2012, respectively.

Table 2 summarizes the calculated annual depreciation accrual rates by account as of September 30, 2014. Tables 3 and 4 present summaries of the plant and reserve activity, respectively, for fiscal year ended September 30, 2014. A review of any unusual entries is set forth in the section "2014 Plant and Reserve Activity". Table 5 sets forth the annual net salvage amortization amount for 2015 as determined by the experience during the prior five-year period, October 1, 2009 through September 30, 2014.

On March 28, 1996, UGI Utilities, Inc. filed a petition with the Pennsylvania Public Utility Commission (Commission) seeking an exemption from the Commission's regulation at 52 Pa. Code Chapter 73.4(6), which requires utilities to use calendar year data to prepare Annual Depreciation Reports. UGI petitioned to use fiscal year data, ended September 30, to compile its Annual Depreciation Reports. On June 20, 1996, the Commission conditionally granted UGI's request. The Commission ordered that UGI is permitted to use fiscal year data to compile its Annual Depreciation Reports, subject to UGI providing to the commission, depreciation schedules as of December 31, based on the accrual rates calculated as of September 30. Table 6 presents the annual depreciation accruals resulting from multiplying the original cost balances surviving at December 31, 2014 by the annual accrual rates calculated as of September 30, 2014.

#### REMAINING LIFE DEPRECIATION ACCRUAL RATES

The annual depreciation accrual rates to be used for book purposes during fiscal year 2015 are calculated as of September 30, 2014, and based on the straight line remaining life method using the average service life procedure for property installed prior to 1982 and the equal life group procedure for property installed subsequent to 1981. The annual depreciation accrual rates for depreciable plant as of September 30, 2014, are set forth in column 9 in Table 2. The annual accrual rate for depreciable plant equals the pro forma annual accrual in column 7 divided by the original cost in column 4.

For the purpose of calculating the composite remaining life accrual rates as of September 30, 2014, the book reserve for each plant account is allocated among vintages in proportion to the calculated accrued depreciation for the account as of September 30, 2014. Descriptions of the derivation of remaining life accruals at a given point in time for the vintages calculated by the average service life (ASL) procedure and for the vintages calculated by the equal life group (ELG) procedure follow. An example of the calculation is presented on pages 5 through 7.

For vintages prior to 1982, for which the ASL procedure is applicable, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the average remaining life (expectancy) of the vintage. The average remaining life is derived directly from the estimated survivor curve in accordance with the average service life procedure.

For vintages beginning with 1982, for which the ELG procedure is applicable, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the composite remaining life for the surviving original cost of that vintage. The composite remaining life is derived by compositing the individual equal life group remaining lives in accordance with the following equation:

$$\text{Composite Remaining Life} = \frac{\sum \left( \frac{\text{Book Cost}}{\text{Life}} \times \text{Remaining Life} \right)}{\sum \frac{\text{Book Cost}}{\text{Life}}}$$

The book costs and lives of the several equal life groups which are summed in the foregoing equation are defined by the estimated survivor curve.

UGI UTILITIES, INC. - GAS DIVISION

ACCOUNT 376 MAINS - PRIMARILY STEEL

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AT SEPTEMBER 30, 2014

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 72-R2.5						
1921	151.04	130	143	8	9.90	1
1922	3,824.95	3,285	3,621	204	10.16	20
1923	10,246.25	8,763	9,660	586	10.42	56
1924	166,012.65	141,365	155,841	10,172	10.69	952
1925	30,552.76	25,898	28,550	2,003	10.97	183
1926	341,326.66	287,994	317,484	23,843	11.25	2,119
1927	61,513.15	51,654	56,943	4,570	11.54	396
1928	216,093.97	180,559	199,048	17,046	11.84	1,440
1929	205,729.27	171,012	188,523	17,206	12.15	1,416
1930	369,058.78	305,189	336,440	32,619	12.46	2,618
1931	223,422.20	183,733	202,547	20,875	12.79	1,632
1932	35,434.23	28,977	31,944	3,490	13.12	266
1933	15,599.91	12,681	13,980	1,620	13.47	120
1934	22,202.88	17,938	19,775	2,428	13.83	176
1935	17,427.92	13,993	15,426	2,002	14.19	141
1936	21,606.95	17,235	19,000	2,607	14.57	179
1937	30,048.66	23,805	26,243	3,806	14.96	254
1938	19,215.46	15,116	16,664	2,551	15.36	166
1939	29,342.29	22,911	25,257	4,085	15.78	259
1940	26,293.03	20,377	22,464	3,829	16.20	236
1941	43,717.53	33,614	37,056	6,662	16.64	400
1942	38,873.89	29,647	32,683	6,191	17.09	362
1943	5,010.90	3,789	4,177	834	17.55	48
1944	6,830.07	5,120	5,644	1,186	18.03	66
1945	17,952.39	13,337	14,703	3,249	18.51	176
1946	377,464.98	277,803	306,250	71,215	19.01	3,746
1947	89,845.31	65,487	72,193	17,652	19.52	904
1948	156,372.65	112,849	124,405	31,968	20.04	1,595
1949	150,003.80	107,128	118,098	31,906	20.58	1,550
1950	1,765,103.56	1,247,346	1,375,072	390,032	21.12	18,467
1951	389,317.69	272,090	299,952	89,366	21.68	4,122
1952	704,066.38	486,587	536,413	167,653	22.24	7,538
1953	798,562.92	545,466	601,321	197,242	22.82	8,643
1954	1,421,310.23	959,185	1,057,404	363,906	23.41	15,545
1955	1,233,310.28	822,038	906,213	327,097	24.01	13,623
1956	1,891,386.51	1,244,646	1,372,096	519,291	24.62	21,092
1957	1,563,576.12	1,015,449	1,119,429	444,147	25.24	17,597
1958	3,036,318.94	1,945,339	2,144,539	891,780	25.87	34,472
1959	1,842,826.61	1,164,556	1,283,805	559,022	26.50	21,095
1960	3,034,018.38	1,889,951	2,083,479	950,539	27.15	35,011
1961	1,846,008.28	1,132,988	1,249,004	597,004	27.81	21,467
1962	1,973,247.85	1,192,986	1,315,146	658,102	28.47	23,116
1963	2,420,221.35	1,440,371	1,587,863	832,358	29.15	28,554

UGI UTILITIES, INC. - GAS DIVISION

ACCOUNT 376 MAINS - PRIMARILY STEEL

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AT SEPTEMBER 30, 2014

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 72-R2.5						
1964	2,366,171.62	1,385,843	1,527,751	838,421	29.83	28,107
1965	2,987,361.65	1,721,049	1,897,282	1,090,080	30.52	35,717
1966	3,103,614.86	1,757,856	1,937,858	1,165,757	31.22	37,340
1967	3,266,884.34	1,818,577	2,004,796	1,262,088	31.92	39,539
1968	3,649,813.85	1,995,244	2,199,554	1,450,260	32.64	44,432
1969	4,082,738.83	2,191,083	2,415,446	1,667,293	33.36	49,979
1970	3,414,416.11	1,797,793	1,981,884	1,432,532	34.09	42,022
1971	3,291,874.19	1,699,891	1,873,957	1,417,917	34.82	40,721
1972	3,118,426.79	1,578,267	1,739,879	1,378,548	35.56	38,767
1973	3,048,399.52	1,511,061	1,665,791	1,382,609	36.31	38,078
1974	3,256,497.80	1,579,857	1,741,632	1,514,866	37.07	40,865
1975	2,393,777.13	1,136,039	1,252,367	1,141,410	37.83	30,172
1976	2,166,371.43	1,004,958	1,107,864	1,058,507	38.60	27,422
1977	2,757,443.96	1,249,288	1,377,213	1,380,231	39.38	35,049
1978	2,937,477.42	1,299,011	1,432,028	1,505,449	40.16	37,486
1979	4,686,749.67	2,021,161	2,228,124	2,458,626	40.95	60,040
1980	9,784,432.22	4,110,831	4,531,773	5,252,659	41.75	125,812
1981	6,910,699.60	2,826,683	3,116,131	3,794,569	42.55	89,179
1982	7,121,993.65	3,284,663	3,621,007	3,500,987	37.68	92,914
1983	1,831,874.98	824,344	908,755	923,120	38.19	24,172
1984	2,350,314.22	1,030,848	1,136,405	1,213,909	38.72	31,351
1985	3,114,820.76	1,320,995	1,456,263	1,658,558	39.72	41,756
1986	4,940,121.82	2,037,306	2,245,923	2,694,199	40.25	66,937
1987	2,068,906.88	828,804	913,672	1,155,235	40.78	28,328
1988	4,225,026.12	1,641,423	1,809,502	2,415,524	41.32	58,459
1989	3,577,709.88	1,336,990	1,473,895	2,103,815	42.32	49,712
1990	3,387,946.65	1,224,065	1,349,407	2,038,540	42.87	47,552
1991	3,167,579.83	1,104,852	1,217,987	1,949,593	43.41	44,911
1992	2,536,890.38	852,395	939,679	1,597,211	43.97	36,325
1993	1,082,131.96	349,312	385,081	697,051	44.85	15,542
1994	988,628.36	308,057	339,602	649,026	45.29	14,330
1995	5,210,698.43	1,554,872	1,714,088	3,496,610	45.86	76,245
1996	5,033,108.29	1,433,933	1,580,765	3,452,343	46.44	74,340
1997	1,973,124.23	535,111	589,905	1,383,219	47.02	29,418
1998	2,348,282.31	600,691	662,201	1,686,081	48.01	35,119
1999	1,206,631.29	291,763	321,639	884,992	48.60	18,210
2000	2,592,607.67	590,078	650,501	1,942,107	49.20	39,474
2001	2,884,151.93	615,190	678,185	2,205,967	49.79	44,305
2002	1,064,369.57	211,597	233,264	831,106	50.39	16,493
2003	3,327,704.36	612,298	674,996	2,652,708	51.00	52,014
2004	1,756,922.59	296,920	327,324	1,429,599	51.61	27,700
2005	1,065,872.35	164,038	180,835	885,037	52.23	16,945
2006	2,703,771.14	374,743	413,116	2,290,655	52.85	43,343



UGI UTILITIES, INC. - GAS DIVISION

ACCOUNT 376 MAINS - PRIMARILY STEEL

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AT SEPTEMBER 30, 2014

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 72-R2.5						
2007	923,548.01	114,335	126,043	797,505	53.10	15,019
2008	2,254,303.32	243,239	268,146	1,986,157	53.74	36,959
2009	2,595,446.32	239,819	264,376	2,331,070	54.02	43,152
2010	2,410,830.67	184,429	203,314	2,207,517	54.32	40,639
2011	1,817,346.67	109,404	120,607	1,696,740	54.64	31,053
2012	2,645,597.12	115,877	127,743	2,517,854	54.64	46,081
2013	3,326,359.57	89,146	98,275	3,228,085	54.37	59,373
2014	4,859,261.86	45,677	50,354	4,808,908	52.41	91,756
	186,267,483.81	74,792,093	82,450,683	103,816,801		2,522,473
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						41.2 1.35

Inasmuch as book cost divided by life equals the whole life annual accrual, the foregoing equation reduces to the following form:

$$\text{Composite Remaining Life} = \frac{\sum \text{Whole Life Future Accruals}}{\sum \text{Whole Life Annual Accruals}}$$

or

$$\text{Composite Remaining Life} = \frac{\sum (\text{Book Cost} - \text{Calc. Reserve})}{\sum \text{Whole Life Annual Accrual.}}$$

The composite remaining life calculations were made using computer software that utilizes detailed ELG calculations of whole life future accruals and annual accruals in order to derive the vintage composite remaining lives for the ELG vintages.

The annual accrual rate for each account is equal to the sum of the remaining life annual accruals divided by the total original cost. The composite remaining life is calculated by dividing the sum of the future book accruals by the sum of the remaining life annual accruals.

#### 2014 PLANT AND RESERVE ACTIVITY

Tables 3 and 4 present summaries by account of the plant and reserve activity for fiscal year 2014. Table 3 sets forth the original cost as of October 1, 2013, the beginning of the fiscal year; additions; retirements; transfers or adjustments; the balance at the end of the year, September 30, 2014; and the retirements expressed as a percent of the beginning plant balance.

Table 4 sets forth the book depreciation reserve balance at the beginning of the year, October 1, 2013; annual accruals; amortization of net salvage; retirements; gross salvage; cost of removal; transfers or adjustments; the balance at the end of

the year, September 30, 2014; and the book reserve as a percent of the plant balance as of September 30, 2014.

There were no extraordinary events occurring in the past year which significantly affected the amount of depreciation reserve or annual depreciation expense for the Gas Division of UGI Utilities, Inc. As a result, there were no proposed changes to the depreciation methods or parameters. The 2014 plant and reserve activity for each account is within the ranges typically experienced in each account.

#### AMORTIZATION OF NET SALVAGE

The amortization amount for net salvage for fiscal year 2015 is \$2,470,455 for Gas, Common and IS plant based on net salvage experienced during the five-year period, October 1, 2009 through September 30, 2014. The calculation of the amortization amount by plant account is set forth in Table 5. The tabulation sets forth the gross salvage, cost of removal, net salvage and the amortization amount which is one-fifth of the total negative net salvage for the five-year period.

The data in Table 5 for the years 2010 through 2013 are the same as the data that were submitted with last year's Annual Depreciation Report in March 2014. There were no exclusions from the 2014 net salvage experience used in the determination of the 2015 net salvage amortization amounts.

The exclusion or inclusion of gross salvage related to a retirement is largely driven by the extent to which the asset or group of assets has lived its full life and had the opportunity for complete recovery of the original cost. In the case of vehicles, an account that typically experiences salvage, the salvage is included in the five year net salvage amortization because the presumption is that the vehicle

has lived a life contemplated by the survivor curve estimate allowing for full recovery under either ELG or ASL.

*In the case of the sale of utility property for continued use in utility or nonutility operations that are sold at an earlier date than anticipated, the life of the property is not over and the recovery of cost is not complete. Thus, the salvage proceeds are required to make the company whole and are excluded from the five year net salvage amortization since it represents the recovery of original cost.*

#### PLANNED REPLACEMENT OF MAJOR COMPUTER SOFTWARE PROJECTS:

Most of UGI's software projects that are shared among the business divisions are included in Accounts 391.3 and 391.4 in Information Services (IS). The investment related to these software projects are individually depreciated over a 10- and 15-year period, respectively. The company plans to replace some of their major software projects in Account 391.4, such as their customer information system (CIS) over the next 3 to 4 years. The replacement of the CIS software is planned to occur in 2018, which is earlier than originally anticipated based on the service life for this account of 15 years. As a result, the company requests PA PUC approval to recover the undepreciated investment related to various software projects over their remaining lives. The investment in software projects to be replaced earlier than originally expected is approximately \$2.993 million with a net book value of \$1.093 million. Annual depreciation expense related to this software investment is approximately \$0.242 million and the incremental increase in annual depreciation expense related to the earlier replacement will be \$0.154 million.

**UGI UTILITIES INC. - GAS DIVISION**

**TABLE 1. ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS BY FUNCTION RELATED TO GAS PLANT AT SEPTEMBER 30, 2012, SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2014**

	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>DISTRIBUTION PLANT</b>			
ORIGINAL COST (DEPRECIABLE)	1,075,215,652	1,153,573,920	1,223,995,276
BOOK ACCRUED DEPRECIATION	357,593,725	369,950,293	381,640,777
BOOK RESERVE % OF O.C.	33.26%	32.07%	31.18%
ORIGINAL COST DEPRECIATED	717,621,927	783,623,627	842,354,499
ANNUAL DEPRECIATION EXPENSE	21,411,726	23,355,418	25,114,351
ANNUAL % OF O.C.	1.99%	2.02%	2.05%
<b>GENERAL PLANT</b>			
ORIGINAL COST (DEPRECIABLE)	36,974,399	37,608,518	38,742,114
BOOK ACCRUED DEPRECIATION	17,988,479	18,805,393	19,556,950
BOOK RESERVE % OF O.C.	48.65%	50.00%	50.48%
ORIGINAL COST DEPRECIATED	18,985,920	18,803,125	19,185,164
ANNUAL DEPRECIATION EXPENSE	1,187,033	1,237,274	1,273,061
ANNUAL % OF O.C.	3.21%	3.29%	3.29%
<b>COMMON PLANT (PRIOR TO ALLOCATION)*</b>			
ORIGINAL COST	39,859,546	39,809,121	41,389,828
BOOK ACCRUED DEPRECIATION	22,568,280	24,461,415	26,990,525
BOOK RESERVE % OF O.C.	56.62%	61.45%	65.21%
ORIGINAL COST DEPRECIATED	17,291,266	15,347,706	14,399,303
ANNUAL DEPRECIATION EXPENSE	3,259,941	2,894,041	2,915,595
ANNUAL % OF O.C.	8.18%	7.27%	7.04%
<b>TOTAL COMPANY (DEPRECIABLE)</b>			
ORIGINAL COST (DEPRECIABLE)	1,152,049,597	1,230,991,559	1,304,127,218
BOOK ACCRUED DEPRECIATION**	398,150,484	413,217,101	428,188,252
BOOK RESERVE % OF O.C.	34.56%	33.57%	32.83%
ORIGINAL COST DEPRECIATED	753,899,113	817,774,458	875,938,966
ANNUAL DEPRECIATION EXPENSE	25,858,700	27,486,733	29,303,007
ANNUAL % OF O.C.	2.24%	2.23%	2.25%
<b>NONDEPRECIABLE PLANT</b>			
LAND AND LAND RIGHTS	4,007,883	4,024,756	4,117,066
<b>TOTAL GAS PLANT</b>	<u>1,156,057,480</u>	<u>1,235,016,315</u>	<u>1,308,244,284</u>

\* COMMON PLANT AND IS ARE ALLOCATED TO GAS, ELECTRIC, CPG AND PNG DIVISIONS FOR RATEMAKING PURPOSES.

\*\* THE ACCUMULATED DEPRECIATION RELATED TO FORMER MANUFACTURED GAS PLANT SITES IS EXCLUDED FOR EACH YEAR.

UGI UTILITIES, INC. - GAS DIVISION

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND  
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AT SEPTEMBER 30, 2014

ACCOUNT (1)	SURVIVOR CURVE (2)	ORIGINAL COST (3)	BOOK RESERVE+ (4)	FUTURE ACCRUALS (5)	ANNUAL ACCRUAL AMOUNT (6)	COMPOSITE REMAINING LIFE (7)	ANNUAL ACCRUAL RATE PERCENT (8)	
<b>GAS PLANT</b>								
<b>DISTRIBUTION PLANT</b>								
375	STRUCTURES AND IMPROVEMENTS	55 - S0.5	2,179,407	1,362,064	817,343	29,417	27.8	1.35
376.1	MAINS - PRIMARILY STEEL	72 - R2.5	186,267,484	82,450,683	103,816,801	2,522,473	41.2	1.35
376.2	MAINS - CAST IRON	70 - R1	3,485,407	1,295,367	2,190,040	116,137	18.9	3.33
376.3	MAINS - PLASTIC	65 - R3	398,726,637	91,388,342	307,338,295	6,654,472	46.2	1.67
376.5	MAINS - PRIMARILY WROUGHT IRON	70 - R1	294,940	244,280	50,660	3,715	13.6	1.26
378	MEASURING AND REGULATING STATION EQUIPMENT - GENERAL	50 - S0.5	21,863,277	5,725,441	16,137,836	533,513	30.2	2.44
378.1	MEASURING AND REGULATING STATION EQUIPMENT - SCADA	13 - S2	1,254,788	311,986	942,802	123,202	7.7	9.82
379	MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE	40 - R3	4,184,130	3,113,712	1,070,418	52,896	20.2	1.26
380	SERVICES	47 - R2	470,701,499	142,881,937	327,819,562	11,485,588	28.5	2.44
381	METERS	36 - R1.5	44,226,019	14,339,984	29,886,035	1,486,280	20.1	3.36
381.2	ELECTRONIC METERS	20 - S2	8,915,628	5,778,046	3,137,582	335,798	9.3	3.77
382	METER INSTALLATIONS	47 - R2	57,055,802	20,224,626	36,831,176	1,278,827	28.8	2.24
383	HOUSE REGULATORS	47 - R2	4,514,093	2,075,582	2,438,511	93,511	26.1	2.07
384	HOUSE REGULATOR INSTALLATIONS	47 - R2	9,350,174	3,875,483	5,474,711	189,574	28.9	2.03
385	INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT	42 - R2	6,275,937	3,373,152	2,902,785	128,111	22.7	2.04
386	OTHER PROPERTY ON CUSTOMERS PREMISES	47 - R2	337,967	109,127	228,840	7,572	30.2	2.24
386.1	OTHER PROPERTY ON CUSTOMERS PREMISES - FARM TAPS	47 - R2	945,238	535,243	409,995	16,526	24.8	1.75
386.2	OTHER PROPERTY ON CUSTOMERS PREMISES - GAS LIGHTS	25 - R3	24,705	22,578	2,127	373	5.7	1.51
386.3	OTHER PROPERTY ON CUSTOMER PREMISES - CNG REFUELING STATION			2,588	(2,588)			
387	OTHER EQUIPMENT	32 - L2	1,901,480	1,100,137	801,343	51,561	15.5	2.71
387.1	OTHER EQUIPMENT - GRAPHIC DATA BASE	25 - SQ	1,490,664	1,430,439	60,225	4,805	12.5	0.32
<b>TOTAL DISTRIBUTION PLANT</b>			<b>1,223,995,276</b>	<b>381,640,777</b>	<b>842,354,499</b>	<b>25,114,351</b>	<b>33.5</b>	<b>2.05</b>
<b>GENERAL PLANT</b>								
390.1	STRUCTURES AND IMPROVEMENTS	VARIOUS **	27,644,185	13,868,368	13,775,817	726,397	19.0	2.63
390.2	STRUCTURES AND IMPROVEMENTS - LEASED PROPERTY	SQUARE	237,959	237,959	0	0		0.00
391	OFFICE FURNITURE AND EQUIPMENT - FURNITURE	20 - SQ	1,683,099	1,016,082	667,017	81,030	8.2	4.81
391.1	OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	5 - SQ	68,885	67,815	1,070	306	3.5	0.44
392.1	TRANSPORTATION EQUIPMENT - CARS	7 - L2.5	40,643	38,068	2,575	1,561	1.6	3.64
392.2	TRANSPORTATION EQUIPMENT - TRUCKS	11 - L3	44,832	40,994	3,838	528	7.3	1.18
392.4	TRANSPORTATION EQUIPMENT - HEAVY TRUCKS	14 - L4	12,549	12,549	0	0		
394	TOOLS, SHOP AND GARAGE EQUIPMENT	20 - SQ	6,441,455	2,484,208	3,957,247	326,415	12.1	5.07
396	POWER OPERATED EQUIPMENT	14 - L2.5	1,385,070	1,282,235	102,835	17,828	5.8	1.29
397	COMMUNICATION EQUIPMENT	10 - SQ	563,043	302,702	260,341	58,588	4.4	10.41
398	MISCELLANEOUS EQUIPMENT	10 - SQ	604,362	189,938	414,424	60,408	6.9	10.00
399	OTHER TANGIBLE PROPERTY	5 - SQ	16,032	16,032	0	0		0.00
<b>TOTAL GENERAL PLANT</b>			<b>38,742,114</b>	<b>19,556,950</b>	<b>19,185,164</b>	<b>1,273,061</b>	<b>15.1</b>	<b>3.29</b>
<b>TOTAL DEPRECIABLE GAS PLANT</b>			<b>1,262,737,390</b>	<b>401,197,727</b>	<b>861,539,663</b>	<b>26,387,412</b>	<b>32.6</b>	<b>2.09</b>

UGI UTILITIES, INC. - GAS DIVISION

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AT SEPTEMBER 30, 2014

ACCOUNT (1)	SURVIVOR CURVE (2)	ORIGINAL COST (3)	BOOK RESERVE+ (4)	FUTURE ACCRUALS (5)	ANNUAL ACCRUAL AMOUNT (6)	COMPOSITE REMAINING LIFE (7)	ANNUAL ACCRUAL RATE PERCENT (8)
<b>NONDEPRECIABLE PLANT</b>							
302.1	FRANCHISES AND CONSENTS - PERPETUAL	20,149					
302.2	FRANCHISES AND CONSENTS - LIMITED TERM	8,107					
304.1	LAND AND LAND RIGHTS - LAND	375,198					
304.2	LAND AND LAND RIGHTS - LAND RIGHTS	6,454					
374.1	LAND AND LAND RIGHTS - LAND	232,579					
374.2	LAND AND LAND RIGHTS - LAND RIGHTS	1,904,625					
389.1	LAND AND LAND RIGHTS - LAND	1,429,677					
389.2	LAND AND LAND RIGHTS - LAND RIGHTS	1,313					
<b>TOTAL NONDEPRECIABLE PLANT</b>		<b>3,978,102</b>					
<b>TOTAL GAS PLANT</b>		<b>1,256,715,492</b>					
<b>OTHER PLANT (PRIOR TO ALLOCATION)*</b>							
<b>COMMON PLANT</b>							
301	ORGANIZATION (NONDEPRECIABLE)	138,964					
390.2	STRUCTURES AND IMPROVEMENTS						
	EXPENDITURES TO LEASED PROPERTY						
391	OFFICE FURNITURE AND EQUIPMENT - FURNITURE						
	20 - SQ	1,448,677	1,448,677	0	0	6.3	6.12
391.1	OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT						
	5 - SQ	1,699,227	1,039,082	660,145	103,985	1.7	19.74
392.1	TRANSPORTATION EQUIPMENT - CARS						
	7 - L2.5	882,847	586,132	296,715	174,262	3.5	11.01
397	COMMUNICATION EQUIPMENT						
	FULLY ACCRUED	71,637	43,963	27,674	7,884		
398	MISCELLANEOUS EQUIPMENT						
	FULLY ACCRUED	0	0	0	0		
		0	0	0	0		
<b>TOTAL COMMON PLANT</b>		<b>4,241,352</b>	<b>3,117,854</b>	<b>984,534</b>	<b>286,131</b>	<b>3.4</b>	<b>6.97</b>
<b>INFORMATION SERVICES (IS)</b>							
391	OFFICE FURNITURE AND EQUIPMENT - FURNITURE						
	20 - SQ	121,194	96,454	24,740	6,015	4.1	4.96
391.1	OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT						
	5 - SQ	4,857,732	2,667,563	2,190,169	897,890	2.4	18.48
391.3	OFFICE FURNITURE AND EQUIPMENT - SYSTEM DEV. COSTS - 10 YEARS						
	10 - SQ	21,813,599	18,562,168	5,251,431	1,027,102	5.1	***
391.4	OFFICE FURNITURE & EQUIPMENT - SYSTEM DEV. COSTS - 15 YEARS						
	15 - SQ	10,494,915	4,546,486	5,948,429	698,457	8.5	***
<b>TOTAL INFORMATION SERVICES</b>		<b>37,287,440</b>	<b>23,872,671</b>	<b>13,414,769</b>	<b>2,629,464</b>	<b>5.1</b>	<b>7.05</b>
<b>TOTAL OTHER PLANT</b>		<b>41,528,792</b>	<b>26,990,525</b>	<b>14,399,303</b>	<b>2,915,595</b>		<b>7.02</b>
<b>TOTAL GAS AND OTHER PLANT</b>		<b>1,308,244,284</b>	<b>428,188,252</b>	<b>875,938,966</b>	<b>29,303,007</b>		<b>2.24</b>

\* COMMON PLANT AND IS ARE ALLOCATED TO GAS, ELECTRIC, CPG AND PNG DIVISIONS FOR RATEMAKING PURPOSES.

\*\* SURVIVOR CURVES FOR ACCOUNT 390.1 ARE INTERIM SURVIVOR CURVES. INDIVIDUAL BUILDINGS ARE LIFE SPANNED.

\*\*\* ASSETS IN ACCOUNTS 391.3 AND 391.4 ARE INDIVIDUALLY DEPRECIATED BASED ON THE SERVICE LIVES SHOWN IN THIS REPORT. ADDITIONALLY, UGI PLANS TO REPLACE SOME OF THEIR MAJOR SOFTWARE PROJECTS IN ACCOUNT 391.4 OVER THE NEXT THREE TO FOUR YEARS, WHICH IS EARLIER THAN ANTICIPATED BASED ON THE ESTIMATED SERVICE LIFE FOR THIS ACCOUNT. BEGINNING IN 2015, UGI PLANS TO AMORTIZE THE UNRECOVERED COSTS OF THESE SOFTWARE PROJECTS OVER THEIR REMAINING LIVES.

+ THE ACCUMULATED DEPRECIATION RELATED TO FORMER MANUFACTURED GAS PLANT SITES IS EXCLUDED.

UGI UTILITIES, INC. - GAS DIVISION

TABLE 3. SUMMARY OF PLANT IN SERVICE ACTIVITY FOR THE YEAR ENDED SEPTEMBER 30, 2014

ACCOUNT (1)	BALANCE AT BEGINNING OF YEAR (2)	ADDITIONS (3)	RETIREMENTS (4)	TRANSFERS AND ADJUSTMENTS (5)	BALANCE AT END OF YEAR (6)	PERCENT OF ORIGINAL COST RETIRED (7)
<b>GAS PLANT</b>						
<b>DEPRECIABLE GAS PLANT</b>						
375 STRUCTURES AND IMPROVEMENTS	1,990,504	188,903	0	0	2,179,407	0.00
376.1 MAINS - PRIMARILY STEEL	182,175,876	4,142,367	(775,573)	724,814	186,267,484	0.43
376.2 MAINS - CAST IRON	3,731,357	35,859	(281,809)	0	3,485,407	7.55
376.3 MAINS - PLASTIC	372,705,130	26,011,421	(630,903)	640,989	398,726,637	0.17
376.5 MAINS - PRIMARILY WROUGHT IRON	294,940	0	0	0	294,940	0.00
378 MEASURING AND REGULATING STATION EQUIPMENT - GENERAL	20,682,461	1,263,716	(82,900)	0	21,863,277	0.40
378.1 MEASURING AND REGULATING STATION EQUIPMENT - SCADA	1,253,813	975	0	0	1,254,788	0.00
379 MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE	4,030,911	153,219	0	0	4,184,130	0.00
380 SERVICES	437,445,668	41,407,784	(7,425,348)	(726,605)	470,701,499	1.70
381 METERS	41,219,683	3,806,830	(800,494)	0	44,226,019	1.94
381.2 ELECTRONIC METERS	8,915,628	0	0	0	8,915,628	0.00
382 METER INSTALLATIONS	54,982,842	2,073,247	(287)	0	57,055,802	0.00
383 HOUSE REGULATORS	4,513,295	798	0	0	4,514,093	0.00
384 HOUSE REGULATOR INSTALLATIONS	8,883,311	466,918	(55)	0	9,350,174	0.00
385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT	6,058,623	217,314	0	0	6,275,937	0.00
386.0 OTHER PROPERTY ON CUSTOMERS PREMISES	337,967	0	0	0	337,967	0.00
386.1 OTHER PROPERTY ON CUSTOMERS PREMISES - FARM TAPS	935,062	10,176	0	0	945,238	0.00
386.2 OTHER PROPERTY ON CUSTOMERS PREMISES - GAS LIGHTS	24,705	0	0	0	24,705	0.00
387 OTHER EQUIPMENT	1,901,480	0	0	0	1,901,480	0.00
387.1 OTHER EQUIPMENT - GRAPHIC DATA BASE	1,490,664	0	0	0	1,490,664	0.00
390.1 STRUCTURES AND IMPROVEMENTS	26,716,832	927,353	0	0	27,644,185	0.00
390.2 STRUCTURES AND IMPROVEMENTS - LEASED PROPERTY	237,959	0	0	0	237,959	0.00
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	1,912,400	68,572	(297,873)	0	1,683,099	15.58
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	159,433	0	(90,547)	(1)	68,885	56.79
392.1 TRANSPORTATION EQUIPMENT - CARS	40,643	0	0	0	40,643	0.00
392.2 TRANSPORTATION EQUIPMENT - TRUCKS	44,832	0	0	0	44,832	0.00
392.4 TRANSPORTATION EQUIPMENT - HEAVY TRUCKS	12,549	0	0	0	12,549	0.00
394 TOOLS, SHOP AND GARAGE EQUIPMENT	6,080,222	463,118	(101,885)	0	6,441,455	1.68
396 POWER OPERATED EQUIPMENT	1,392,081	(859)	(6,152)	0	1,385,070	0.44
397 COMMUNICATION EQUIPMENT	547,453	16,634	(1,044)	0	563,043	0.19
398 MISCELLANEOUS EQUIPMENT	448,082	156,280	0	0	604,362	0.00
399 OTHER TANGIBLE PROPERTY	16,032	0	0	0	16,032	0.00
<b>TOTAL DEPRECIABLE GAS PLANT</b>	<b>1,191,182,438</b>	<b>81,410,625</b>	<b>(10,494,870)</b>	<b>639,197</b>	<b>1,262,737,390</b>	<b>0.88</b>
<b>NONDEPRECIABLE PLANT</b>						
302.1 FRANCHISES AND CONSENTS - PERPETUAL	20,149	0	0	0	20,149	0.00
302.2 FRANCHISES AND CONSENTS - LIMITED TERM	8,107	0	0	0	8,107	0.00
304.1 LAND AND LAND RIGHTS - LAND	375,198	0	0	0	375,198	0.00
304.2 LAND AND LAND RIGHTS - LAND RIGHTS	6,454	0	0	0	6,454	0.00
374.1 LAND AND LAND RIGHTS - LAND	232,579	0	0	0	232,579	0.00
374.2 LAND AND LAND RIGHTS - LAND RIGHTS	1,812,315	92,310	0	0	1,904,625	0.00
389.1 LAND AND LAND RIGHTS - LAND	1,429,677	0	0	0	1,429,677	0.00
389.2 LAND AND LAND RIGHTS - LAND RIGHTS	1,313	0	0	0	1,313	0.00
<b>TOTAL NONDEPRECIABLE PLANT</b>	<b>3,885,792</b>	<b>92,310</b>	<b>0</b>	<b>0</b>	<b>3,978,102</b>	<b>0.00</b>
<b>TOTAL GAS PLANT</b>	<b>1,195,068,230</b>	<b>81,502,935</b>	<b>(10,494,870)</b>	<b>639,197</b>	<b>1,266,715,492</b>	<b>0.88</b>



UGI UTILITIES, INC. - GAS DIVISION

TABLE 3. SUMMARY OF PLANT IN SERVICE ACTIVITY FOR THE YEAR ENDED SEPTEMBER 30, 2014

ACCOUNT (1)	BALANCE AT BEGINNING OF YEAR (2)	ADDITIONS (3)	RETIREMENTS (4)	TRANSFERS AND ADJUSTMENTS (5)	BALANCE AT END OF YEAR (6)	PERCENT OF ORIGINAL COST RETIRED (7)
<b>OTHER PLANT (PRIOR TO ALLOCATION)*</b>						
<b>COMMON PLANT</b>						
301 ORGANIZATION (NONDEPRECIABLE)	138,964	0	0	0	138,964	0.00
390.2 STRUCTURES AND IMPROVEMENTS EXPENDITURES TO LEASED PROPERTY	1,448,677	0	0	0	1,448,677	0.00
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	1,703,767	0	(4,540)	0	1,699,227	0.27
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	889,629	5,647	(12,429)	0	882,847	1.40
392.1 TRANSPORTATION EQUIPMENT - CARS	49,412	22,225	0	0	71,637	0.00
<b>TOTAL COMMON PLANT</b>	<b>4,230,449</b>	<b>27,872</b>	<b>(16,969)</b>	<b>0</b>	<b>4,241,352</b>	<b>0.40</b>
<b>INFORMATION SERVICES (IS)</b>						
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	126,004	0	(4,810)	0	121,194	3.82
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	4,710,136	928,628	(781,032)	0	4,857,732	16.58
391.3 OFFICE FURNITURE AND EQUIPMENT - SYSTEM DEV. COSTS - 10 YEARS	21,184,538	802,425	0	(173,364)	21,813,599	0.00
391.4 OFFICE FURNITURE & EQUIPMENT - SYSTEM DEV. COSTS - 15 YEARS	9,696,958	720,778	0	77,179	10,494,915	0.00
<b>TOTAL INFORMATION SERVICES</b>	<b>35,717,636</b>	<b>2,451,831</b>	<b>(785,842)</b>	<b>(96,185)</b>	<b>37,287,440</b>	<b>2.20</b>
<b>TOTAL OTHER PLANT</b>	<b>39,948,085</b>	<b>2,479,703</b>	<b>(802,811)</b>	<b>(96,185)</b>	<b>41,528,792</b>	<b>2.01</b>
<b>TOTAL GAS AND OTHER PLANT</b>	<b>1,235,016,315</b>	<b>83,982,638</b>	<b>(11,297,681)</b>	<b>543,012</b>	<b>1,308,244,284</b>	<b>0.91</b>

\* COMMON PLANT AND IS ARE ALLOCATED TO GAS, ELECTRIC, CPG AND PNG DIVISIONS FOR RATEMAKING PURPOSES.

UGI UTILITIES, INC. - GAS DIVISION

TABLE 4. SUMMARY OF BOOK RESERVE ACTIVITY FOR THE YEAR ENDED SEPTEMBER 30, 2014

ACCOUNT (1)	BOOK RESERVE AT BEGINNING OF YEAR (2)	ANNUAL ACCRUAL (3)	AMORTIZATION OF NET SALVAGE (4)	RETIREMENTS (5)	GROSS SALVAGE (6)	COST OF REMOVAL (7)	TRANSFERS AND ADJUSTMENTS (8)	BOOK RESERVE AT END OF YEAR (9)	BOOK RESERVE AS A PERCENT OF ORIGINAL COST (10)
<b>DEPRECIABLE GAS PLANT</b>									
305 MANUFACTURED GAS PLANT SITE REMEDIATION	(303,467)	0	248,939	0	0	(223,599)	(1)	(278,128)	
375 STRUCTURES AND IMPROVEMENTS	1,337,385	24,679	0	0	0	0	0	1,362,064	62.50
376.1 MAINS - PRIMARILY STEEL	79,909,527	3,203,844	223,973	(775,573)	(3,004)	(108,084)	0	82,450,683	44.26
376.2 MAINS - CAST IRON	1,535,524	130,327	67,260	(281,809)	0	(155,935)	0	1,295,367	37.17
376.3 MAINS - PLASTIC	85,846,098	6,391,556	10,108	(630,903)	0	(28,517)	0	91,388,342	22.92
376.5 MAINS - PRIMARILY WROUGHT IRON	240,254	4,026	0	0	0	0	0	244,280	82.82
378 MEASURING AND REGULATING STATION EQUIPMENT - GENERAL	5,255,186	529,377	63,499	(82,900)	27,231	(66,952)	0	5,725,441	26.19
378.1 MEASURING AND REGULATING STATION EQUIPMENT - SCADA	183,241	128,745	0	0	0	0	0	311,986	24.86
379 MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE	3,062,616	49,147	1,949	0	0	0	0	3,113,712	74.42
380 SERVICES	142,763,036	10,545,159	1,209,976	(7,425,348)	0	(4,210,886)	0	142,881,937	30.36
381 METERS	13,703,414	1,421,881	15,183	(800,494)	0	0	0	14,339,984	32.42
381.2 ELECTRONIC METERS	5,422,312	355,734	0	0	0	0	0	5,778,046	64.81
382 METER INSTALLATIONS	18,948,253	1,270,612	17,466	(287)	0	(11,418)	0	20,224,626	35.45
383 HOUSE REGULATORS	1,876,164	102,809	96,875	0	0	(266)	0	2,075,582	45.98
384 HOUSE REGULATOR INSTALLATIONS	3,708,060	181,753	4,932	(55)	0	(19,227)	0	3,875,463	41.45
385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT	3,244,476	128,676	0	0	0	0	0	3,373,152	53.75
386 OTHER PROPERTY ON CUSTOMERS PREMISES	101,387	7,740	0	0	0	0	0	109,127	32.29
386.1 OTHER PROPERTY ON CUSTOMERS PREMISES - FARM TAPS	518,327	16,916	0	0	0	0	0	535,243	56.63
386.2 OTHER PROPERTY ON CUSTOMERS PREMISES - GAS LIGHTS	22,143	435	0	0	0	0	0	22,578	91.39
386.3 OTHER PROPERTY ON CUSTOMER PREMISES - CNG REFUELING STATION	11,628	0	(9,040)	0	0	0	0	2,588	
387 OTHER EQUIPMENT	1,044,984	54,287	866	0	0	0	0	1,100,137	57.86
387.1 OTHER EQUIPMENT - GRAPHIC DATA BASE	1,416,278	14,161	0	0	0	0	0	1,430,439	95.96
390.1 STRUCTURES AND IMPROVEMENTS	13,245,301	672,072	42,834	0	0	(91,839)	0	13,868,368	50.17
390.2 STRUCTURES AND IMPROVEMENTS - LEASED PROPERTY	237,959	0	0	0	0	0	0	237,959	100.00
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	1,220,971	92,984	0	(297,873)	0	0	0	1,016,082	60.37
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	79,975	78,622	(235)	(90,547)	0	0	0	67,815	98.45
392.1 TRANSPORTATION EQUIPMENT - CARS	34,715	3,353	0	0	0	0	0	38,068	93.66
392.2 TRANSPORTATION EQUIPMENT - TRUCKS	32,994	455	(900)	0	8,445	0	0	40,994	91.44
392.4 TRANSPORTATION EQUIPMENT - HEAVY TRUCKS	12,549	0	0	0	0	0	0	12,549	100.00
394 TOOLS, SHOP AND GARAGE EQUIPMENT	2,274,207	314,708	(2,822)	(101,885)	0	0	0	2,484,208	38.57
396 POWER OPERATED EQUIPMENT	1,267,311	21,166	(90)	(6,152)	0	0	0	1,282,235	92.58
397 COMMUNICATION EQUIPMENT	244,803	58,943	0	(1,044)	0	0	0	302,702	53.76
398 MISCELLANEOUS EQUIPMENT	138,576	51,362	0	0	0	0	0	189,938	31.43
399 SFAS 143 ASSET RETIREMENT COST	16,032	0	0	0	0	0	0	16,032	100.00
<b>TOTAL DEPRECIABLE GAS PLANT</b>	<b>388,452,219</b>	<b>25,855,529</b>	<b>1,980,773</b>	<b>(10,494,870)</b>	<b>32,672</b>	<b>(4,916,723)</b>	<b>(1)</b>	<b>400,919,599</b>	<b>31.75</b>

UGI UTILITIES, INC. - GAS DIVISION

TABLE 4. SUMMARY OF BOOK RESERVE ACTIVITY FOR THE YEAR ENDED SEPTEMBER 30, 2014

ACCOUNT (1)	BOOK RESERVE AT BEGINNING OF YEAR (2)	ANNUAL ACCRUAL (3)	AMORTIZATION OF NET SALVAGE (4)	RETIREMENTS (5)	GROSS SALVAGE (6)	COST OF REMOVAL (7)	TRANSFERS AND ADJUSTMENTS (8)	BOOK RESERVE AT END OF YEAR (9)	BOOK RESERVE AS A PERCENT OF ORIGINAL COST (10)
<b>OTHER PLANT (PRIOR TO ALLOCATION)*</b>									
<b>COMMON PLANT</b>									
390.2 STRUCTURES AND IMPROVEMENTS EXPENDITURES TO LEASED PROPERTY	1,448,677	0	0	0	0	0	0	1,448,677	100.00
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	1,156,079	29,030	(141,487)	(4,540)	0	0	0	1,039,082	61.15
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	455,531	143,030	0	(12,429)	0	0	0	586,132	86.39
392.1 TRANSPORTATION EQUIPMENT - CARS	38,939	5,024	0	0	0	0	0	43,963	61.37
<b>TOTAL COMMON PLANT</b>	<b>3,099,226</b>	<b>177,084</b>	<b>(141,487)</b>	<b>(16,969)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,117,854</b>	<b>76.00</b>
<b>INFORMATION SERVICES (IS)</b>									
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	95,046	6,218	0	(4,810)	0	0	0	96,454	79.59
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	2,483,655	964,940	0	(781,032)	0	0	0	2,667,563	54.91
391.3 OFFICE FURNITURE AND EQUIPMENT - SYSTEM DEV. COSTS - 10 YEARS	14,918,353	1,643,815	0	0	0	0	0	16,562,168	75.93
391.4 OFFICE FURNITURE & EQUIPMENT - SYSTEM DEV. COSTS - 15 YEARS	3,865,135	681,351	0	0	0	0	0	4,546,486	43.32
<b>TOTAL INFORMATION SERVICES</b>	<b>21,362,189</b>	<b>3,296,324</b>	<b>0</b>	<b>(785,842)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,872,671</b>	<b>64.02</b>
<b>TOTAL OTHER PLANT</b>	<b>24,461,415</b>	<b>3,473,408</b>	<b>(141,487)</b>	<b>(802,811)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,990,525</b>	<b>85.21</b>
<b>TOTAL GAS AND OTHER PLANT</b>	<b>412,913,634</b>	<b>29,328,937</b>	<b>1,849,288</b>	<b>(11,297,681)</b>	<b>32,672</b>	<b>(4,916,723)</b>	<b>(1)</b>	<b>427,910,124</b>	<b>32.81</b>

\* COMMON PLANT AND IS ARE ALLOCATED TO GAS, ELECTRIC, CPG AND PNG DIVISIONS FOR RATEMAKING PURPOSES.

UGI UTILITIES, INC. - GAS DIVISION

TABLE 5. CALCULATION OF NET SALVAGE ACCRUAL FOR THE YEAR 2015.

ACCOUNT (1)	2010		2011		2012		2013		2014		NET SALVAGE (12)*	NET SALVAGE ACCRUAL (13)=(12)/5
	GROSS SALVAGE (2)	COST OF REMOVAL (3)	GROSS SALVAGE (4)	COST OF REMOVAL (5)	GROSS SALVAGE (6)	COST OF REMOVAL (7)	GROSS SALVAGE (8)	COST OF REMOVAL (9)	GROSS SALVAGE (10)	COST OF REMOVAL (11)		
<b>GAS PLANT</b>												
305	0	168,048	0	154,467	0	439,982	0	56,278	0	223,599	1,042,374	208,475
375	0	0	0	0	0	0	0	0	0	0	0	0
376.1	0	43,863	0	199,265	0	221,790	40,693	350,176	3,004	108,084	966,875	193,375
376.2	0	15,342	0	5,480	0	122,349	0	169,031	0	155,935	468,137	93,627
376.3	0	9,026	0	10,285	0	11,061	0	17,575	0	28,517	76,464	15,293
376.5	0	0	0	0	0	0	0	0	0	0	0	0
378	0	133,668	0	37,270	(18,148)	96,905	(19,268)	87,047	(27,231)	66,952	357,215	71,443
378.1	0	0	0	0	0	0	0	0	0	0	0	0
379	0	0	0	0	0	0	0	0	0	0	0	0
380	0	936,301	0	1,321,529	0	1,067,901	(16,310)	1,861,217	0	4,210,886	9,381,524	1,876,305
381	0	0	0	0	(11,238)	13,752	0	3,554	0	0	6,068	1,214
381.2	0	0	0	0	0	0	0	0	0	0	0	0
382	0	6,581	0	8,440	0	3,072	0	23,765	0	11,418	53,276	10,655
383	0	123,256	0	281,192	0	41,383	0	21,364	0	266	467,461	93,492
384	0	8,176	0	5,772	0	1,357	0	3,620	0	19,227	38,152	7,630
385	0	0	0	0	0	0	0	0	0	0	0	0
386	0	0	0	0	0	0	0	0	0	0	0	0
386.1	0	0	0	0	0	0	0	0	0	0	0	0
386.2	0	0	0	0	0	0	0	0	0	0	0	0
386.3	0	0	0	0	0	0	0	0	0	0	0	0
387	0	0	0	4,330	0	0	0	0	0	0	4,330	866
387.1	0	0	0	0	0	0	0	0	0	0	0	0
390.1	0	70,776	0	0	0	39,977	0	21,204	0	91,839	223,796	44,759
390.2	0	0	0	0	0	0	0	0	0	0	0	0
391	0	0	0	0	0	0	0	0	0	0	0	0
391.1	0	0	0	0	0	0	0	0	0	0	0	0
392.1	0	0	0	0	0	0	0	0	0	0	0	0
392.2	0	0	0	0	0	0	(4,509)	10	(8,445)	0	(12,944)	(2,589)
392.4	0	0	0	0	0	0	0	0	0	0	0	0
393	0	0	0	0	0	0	0	0	0	0	0	0
394	0	0	0	0	0	0	(12,050)	(965)	0	0	(13,015)	(2,603)
396	0	0	0	0	0	0	0	0	0	0	0	0
397	0	0	0	0	0	0	0	0	0	0	0	0
398	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>1,515,057</b>	<b>0</b>	<b>2,028,030</b>	<b>(29,386)</b>	<b>2,059,529</b>	<b>(11,444)</b>	<b>2,613,876</b>	<b>(32,672)</b>	<b>4,916,723</b>	<b>13,059,713</b>	<b>2,611,942</b>

UGI UTILITIES, INC. - GAS DIVISION

TABLE 5. CALCULATION OF NET SALVAGE ACCRUAL FOR THE YEAR 2015

ACCOUNT (1)	2010		2011		2012		2013		2014		NET SALVAGE (12)*	NET SALVAGE ACCRUAL (13)=(12)/5
	GROSS SALVAGE (2)	COST OF REMOVAL (3)	GROSS SALVAGE (4)	COST OF REMOVAL (5)	GROSS SALVAGE (6)	COST OF REMOVAL (7)	GROSS SALVAGE (8)	COST OF REMOVAL (9)	GROSS SALVAGE (10)	COST OF REMOVAL (11)		
<b>OTHER PLANT (PRIOR TO ALLOCATION):*</b>												
<b>COMMON PLANT</b>												
390.2	0	0	0	0	0	0	0	0	0	0	0	0
391	0	(340,614)	(366,822)	0	0	0	0	0	0	0	0	(707,436)
391.1	0	0	0	0	0	0	0	0	0	0	0	(141,487)
392.1	0	0	0	0	0	0	0	0	0	0	0	0
397	0	0	0	0	0	0	0	0	0	0	0	0
398	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>(340,614)</b>	<b>(366,822)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(707,436)</b>
<b>INFORMATION SERVICES</b>												
391	0	0	0	0	0	0	0	0	0	0	0	0
391.1	0	0	0	0	0	0	0	0	0	0	0	0
391.2	0	0	0	0	0	0	0	0	0	0	0	0
391.3	0	0	0	0	0	0	0	0	0	0	0	0
391.4	0	0	0	0	0	0	0	0	0	0	0	0
398	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OTHER PLANT</b>												
<b>PLANT</b>	<b>0</b>	<b>(340,614)</b>	<b>(366,822)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(707,436)</b>
<b>TOTAL</b>	<b>0</b>	<b>1,174,443</b>	<b>(366,822)</b>	<b>2,028,030</b>	<b>(29,386)</b>	<b>2,059,529</b>	<b>(11,444)</b>	<b>2,613,876</b>	<b>(32,672)</b>	<b>4,916,723</b>	<b>12,352,277</b>	<b>2,470,455</b>

\* COLUMN (12) EQUALS THE SUMMATION OF COLUMNS (2) THROUGH (11).

\*\* COMMON PLANT AND IS ARE ALLOCATED TO GAS, ELECTRIC, CPG AND PNG DIVISIONS FOR RATEMAKING PURPOSES.

UGI UTILITIES, INC. - GAS DIVISION

TABLE 6. ORIGINAL COST, CALCULATED ANNUAL ACCRUAL RATES AND AMOUNTS  
RELATED TO GAS PLANT IN SERVICE AT DECEMBER 31, 2014

ACCOUNT (1)	ORIGINAL COST AT 12/31/2014 (2)	ANNUAL ACCRUAL RATE PERCENT (3)	ANNUAL ACCRUAL AMOUNT (4)
<b>GAS PLANT</b>			
<b>DISTRIBUTION PLANT</b>			
375 STRUCTURES AND IMPROVEMENTS	2,179,647	1.35	29,425
376.1 MAINS - PRIMARILY STEEL	188,800,655	1.35	2,548,809
376.2 MAINS - CAST IRON	3,378,430	3.33	112,502
376.3 MAINS - PLASTIC	412,615,494	1.67	6,890,679
376.5 MAINS - PRIMARILY WROUGHT IRON	294,940	1.26	3,716
378 MEASURING AND REGULATING STATION EQUIPMENT - GENERAL	22,477,444	2.44	548,450
378.1 MEASURING AND REGULATING STATION EQUIPMENT - SCADA	1,254,788	9.82	123,220
379 MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE	4,184,130	1.26	52,720
380 SERVICES	481,201,994	2.44	11,741,329
381 METERS	44,674,499	3.36	1,501,063
381.2 ELECTRONIC METERS	8,915,628	3.77	336,119
382 METER INSTALLATIONS	57,789,505	2.24	1,294,485
383 HOUSE REGULATORS	4,514,093	2.07	93,442
384 HOUSE REGULATOR INSTALLATIONS	9,545,074	2.03	193,765
385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT	6,275,937	2.04	128,029
386 OTHER PROPERTY ON CUSTOMERS PREMISES	337,967	2.24	7,570
386.1 OTHER PROPERTY ON CUSTOMERS PREMISES - FARM TAPS	946,750	1.75	16,568
386.2 OTHER PROPERTY ON CUSTOMERS PREMISES - GAS LIGHTS	24,705	1.51	373
386.3 OTHER PROPERTY ON CUSTOMER PREMISES - CNG REFUELING STATION	0	0.00	0
387 OTHER EQUIPMENT	1,901,480	2.71	51,530
387.1 OTHER EQUIPMENT - GRAPHIC DATA BASE	1,490,664	0.32	4,770
<b>TOTAL DISTRIBUTION PLANT</b>	<b>1,252,803,824</b>	<b>2.05</b>	<b>25,678,564</b>
<b>GENERAL PLANT</b>			
390.1 STRUCTURES AND IMPROVEMENTS	27,802,587	2.63	731,208
390.2 STRUCTURES AND IMPROVEMENTS - LEASED PROPERTY	237,959	0.00	0
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	1,812,748	4.81	87,193
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	68,885	0.44	303
392.1 TRANSPORTATION EQUIPMENT - CARS	40,643	3.84	1,561
392.2 TRANSPORTATION EQUIPMENT - TRUCKS	44,832	1.18	528
392.4 TRANSPORTATION EQUIPMENT - HEAVY TRUCKS	12,549	0.00	0
393 STORES EQUIPMENT	0	0.00	0
394 TOOLS, SHOP AND GARAGE EQUIPMENT	6,472,367	5.07	328,149
396 POWER OPERATED EQUIPMENT	1,385,070	1.29	17,867
397 COMMUNICATION EQUIPMENT	563,043	10.41	58,613
398 MISCELLANEOUS EQUIPMENT	615,007	10.00	61,501
399 OTHER TANGIBLE PROPERTY - SFAS 143	16,032	0.00	0
<b>TOTAL GENERAL PLANT</b>	<b>39,071,722</b>	<b>3.29</b>	<b>1,286,923</b>
<b>TOTAL DEPRECIABLE PLANT IN SERVICE</b>	<b>1,291,875,546</b>	<b>2.09</b>	<b>26,965,487</b>

UGI UTILITIES, INC. - GAS DIVISION

TABLE 6. ORIGINAL COST, CALCULATED ANNUAL ACCRUAL RATES AND AMOUNTS  
RELATED TO GAS PLANT IN SERVICE AT DECEMBER 31, 2014

ACCOUNT (1)	ORIGINAL COST AT 12/31/2014 (2)	ANNUAL ACCRUAL RATE PERCENT (3)	ANNUAL ACCRUAL AMOUNT (4)
<b>NONDEPRECIABLE PLANT</b>			
302.1 FRANCHISES AND CONSENTS - PERPETUAL	20,149		
302.2 FRANCHISES AND CONSENTS - LIMITED TERM	8,107		
304.1 LAND AND LAND RIGHTS - LAND	375,198		
304.2 LAND AND LAND RIGHTS - LAND RIGHTS	6,454		
374.1 LAND AND LAND RIGHTS - LAND	232,579		
374.2 LAND AND LAND RIGHTS - LAND RIGHTS	1,993,779		
389.1 LAND AND LAND RIGHTS - LAND	1,429,677		
389.2 LAND AND LAND RIGHTS - LAND RIGHTS	1,313		
<b>TOTAL NONDEPRECIABLE PLANT</b>	<b>4,067,256</b>		
<b>TOTAL GAS PLANT</b>	<b>1,295,942,802</b>		
<b>OTHER PLANT (PRIOR TO ALLOCATION)*</b>			
<b>COMMON PLANT</b>			
301 ORGANIZATION (NONDEPRECIABLE)	138,964		
390.2 STRUCTURES AND IMPROVEMENTS			
EXPENDITURES TO LEASED PROPERTY	1,448,677	0.00	0
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	1,699,227	6.12	103,993
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	890,127	19.74	175,711
392.1 TRANSPORTATION EQUIPMENT - CARS	71,637	11.01	7,887
397 COMMUNICATION EQUIPMENT	0	0.00	0
398 MISCELLANEOUS EQUIPMENT	0	0.00	0
<b>TOTAL COMMON PLANT</b>	<b>4,248,632</b>	<b>7.00</b>	<b>287,591</b>
<b>INFORMATION SERVICES (IS)</b>			
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	121,194	4.96	6,011
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	4,857,845	**	897,730
391.3 OFFICE FURNITURE AND EQUIPMENT - SYSTEM DEV. COSTS - 10 YEARS	22,007,321	**	1,036,545
391.4 OFFICE FURNITURE & EQUIPMENT - SYSTEM DEV. COSTS - 15 YEARS	10,494,915	6.66	698,961
398 MISCELLANEOUS EQUIPMENT	0	0.00	0
<b>TOTAL INFORMATION SERVICES</b>	<b>37,481,275</b>	<b>7.04</b>	<b>2,639,247</b>
<b>TOTAL OTHER PLANT</b>	<b>41,729,907</b>	<b>7.01</b>	<b>2,926,838</b>
<b>TOTAL GAS AND OTHER PLANT</b>	<b>1,337,672,709</b>	<b>2.23</b>	<b>29,892,325</b>

\* COMMON PLANT AND IS ARE ALLOCATED TO GAS, ELECTRIC, CPG AND PNG DIVISIONS FOR RATEMAKING PURPOSES.

\*\* ASSETS IN ACCOUNTS 391.3 AND 391.4 ARE INDIVIDUALLY DEPRECIATED BASED ON THE SERVICE LIVES SHOWN IN THIS REPORT. ADDITIONALLY, UGI PLANS TO REPLACE SOME OF THEIR MAJOR SOFTWARE PROJECTS IN ACCOUNT 391.4 OVER THE NEXT THREE TO FOUR YEARS, WHICH IS EARLIER THAN ANTICIPATED BASED ON THE ESTIMATED SERVICE LIFE FOR THIS ACCOUNT. BEGINNING IN 2015, UGI PLANS TO AMORTIZE THE UNRECOVERED COSTS OF THESE SOFTWARE PROJECTS OVER THEIR REMAINING LIVES.