

**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, 2020**

**Witness: Paul R. Herbert  
Prepared by: Gannett Fleming  
Valuation and Rate Consultants, LLC**

**DOCKET NO. R-2018-3006814**

**Issued: January 28, 2019**

**Effective: March 29, 2019**

UGI Gas Exhibit D  
Witness: P.R. Herbert

UGI UTILITIES, INC. – GAS DIVISION (COMBINED)

Docket No. R-2018-3006814

COST OF SERVICE ALLOCATION STUDY

AS OF SEPTEMBER 30, 2020

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC  
Harrisburg, Pennsylvania



*Excellence Delivered **As Promised***

January 23, 2019

UGI Utilities, Inc. – Gas Division  
2525 N. 12<sup>th</sup> Street  
P.O. Box 12677  
Reading, PA 19612-2677

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, 2020, for UGI Utilities, Inc. – Gas Division (Combined).

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  
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## PART I. INTRODUCTION

## UGI UTILITIES, INC. – GAS DIVISION (COMBINED)

### COST OF SERVICE ALLOCATION STUDY AS OF SEPTEMBER 30, 2020

#### 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 (Combined), based on the twelve months ended September 30, 2020 (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 the combined UGI Gas Division rate districts 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

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, 2020," 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 (COMBINED)

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES  
BY SERVICE CLASSIFICATION FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2020  
**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	\$ 395,724,589	66.1%	\$ 290,378,178	55.0%	\$ 344,928,839	57.6%	\$ 54,550,662	18.8%
Rate N	121,537,888	20.3%	119,324,783	22.6%	133,115,267	22.2%	13,790,484	11.6%
Rate DS	24,808,376	4.1%	34,184,844	6.5%	35,475,880	5.9%	1,291,036	3.8%
Rate LFD	23,059,965	3.8%	35,824,069	6.8%	36,426,971	6.1%	602,902	1.7%
Rate XD Firm	22,644,111	3.8%	33,397,806	6.3%	34,350,074	5.7%	952,268	2.9%
Interruptible	11,432,390	1.9%	15,007,007	2.8%	14,906,916	2.5%	(100,091)	-0.7%
Total	<u>\$ 599,207,319</u>	<u>100.0%</u>	<u>\$ 528,116,687</u>	<u>100.0%</u>	<u>\$ 599,203,948</u>	<u>100.0%</u>	<u>\$ 71,087,261</u>	13.5%
Other Operating Revenues	5,880,000		5,880,000		5,880,000		0	
Total	<u>\$605,087,319</u>		<u>\$533,996,687</u>		<u>\$605,083,948</u>		<u>\$71,087,261</u>	13.3%

PART II. COST OF SERVICE  
BY SERVICE CLASSIFICATION

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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	\$ 528,116,687	\$ 290,378,178	\$ 119,324,783	\$ 34,184,844	\$ 35,824,069	\$ 33,397,806	\$ 15,007,007
2. Other Revenues	5,879,813	3,922,806	1,536,622	326,748	36,599	37,789	19,249
3. Total Operating Revenues	533,996,500	294,300,984	120,861,405	34,511,592	35,860,668	33,435,595	15,026,256
4. Less: Operating Expenses	363,605,913	249,680,817	68,410,922	13,346,116	11,875,405	13,734,029	6,558,624
5. Return and Income Taxes	170,390,587	44,620,167	52,450,483	21,165,476	23,985,263	19,701,566	8,467,632
6. Less: Interest Expense	50,580,000	31,293,846	11,512,008	2,488,536	2,362,086	1,891,692	1,031,832
7. Taxable Income	119,810,587	13,326,321	40,938,475	18,676,940	21,623,177	17,809,874	7,435,800
8. Less: Income Taxes	23,831,790	2,647,712	8,143,322	3,715,376	4,301,638	3,543,787	1,479,954
9. Net Return (Ln 5 - Ln 8)	146,558,798	41,972,455	44,307,161	17,450,100	19,683,625	16,157,779	6,987,678
10. Original Cost Measure of Value (Factor 15.)	2,363,568,692	1,462,405,176	537,859,940	116,177,061	110,401,099	88,430,925	48,294,491
11. Rate of Return, Percent	6.20%	2.87%	8.24%	15.02%	17.83%	18.27%	14.47%
12. Relative Rate of Return	1.00	0.46	1.33	2.42	2.88	2.95	2.33

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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	599,203,948	\$ 344,928,839	\$ 133,115,267	\$ 35,475,880	\$ 36,426,971	\$ 34,350,074	\$ 14,906,916
2. Other Revenues	5,880,007	3,920,360	1,538,146	327,287	37,269	37,661	19,284
3. Total Operating Revenues	605,083,955	348,849,199	134,653,413	35,803,167	36,464,240	34,387,735	14,926,200
4. Less: Operating Expenses	364,580,323	250,771,114	68,360,691	13,326,770	11,865,557	13,710,861	6,545,330
5. Return and Income Taxes	240,503,632	98,078,086	66,292,722	22,476,397	24,598,683	20,676,874	8,380,870
6. Less: Interest Expense	50,580,000	31,309,020	11,501,892	2,483,478	2,362,086	1,891,692	1,031,832
7. Taxable Income	189,923,632	66,769,066	54,790,830	19,992,919	22,236,597	18,785,182	7,349,038
8. Less: Income Taxes	44,094,000	15,499,041	12,721,119	4,643,098	5,163,407	4,360,897	1,706,438
9. Net Return (Ln 5 - Ln 8)	196,409,632	82,579,045	53,571,603	17,833,299	19,435,276	16,315,977	6,674,432
10. Original Cost Measure of Value (Factor 15.)	2,363,572,323	1,462,896,734	537,585,480	116,116,070	110,340,106	88,369,934	48,263,999
11. Rate of Return, Percent	8.31%	5.64%	9.97%	15.36%	17.61%	18.46%	13.83%
12. Relative Rate of Return	1.00	0.68	1.20	1.85	2.12	2.22	1.66

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

SUMMARY OF COST OF SERVICE BY SERVICE CLASSIFICATION

Cost Function (1)	Cost of Service (Schedule E) (2)	Rate R (3)	Rate N (4)	Rate DS (5)	Rate LFD (6)	Rate XD Firm (7)	Interruptible (8)
<u>Volumetric Costs</u>							
Rate R	\$ 174,957,754	\$ 174,957,754					
Rate N	78,285,490		\$ 78,285,490				
Rate DS	19,475,344			\$ 19,475,344			
Rate LFD	19,205,291				\$ 19,205,291		
Rate XD Firm	21,928,080					\$ 21,928,080	
Rate IS/IL	9,378,980						\$ 9,378,980
Total Volumetric Costs	<u>323,230,940</u>	<u>174,957,754</u>	<u>78,285,490</u>	<u>19,475,344</u>	<u>19,205,291</u>	<u>21,928,080</u>	<u>9,378,980</u>
<u>Customer Costs</u>							
Rate R	\$ 220,766,835	\$ 220,766,835					
Rate N	43,252,398		\$ 43,252,398				
Rate DS	5,333,032			\$ 5,333,032			
Rate LFD	3,854,674				\$ 3,854,674		
Rate XD Firm	716,031					\$ 716,031	
Rate IS/IL	2,053,410						\$ 2,053,410
Total Customer Costs	<u>275,976,379</u>	<u>220,766,835</u>	<u>43,252,398</u>	<u>5,333,032</u>	<u>3,854,674</u>	<u>716,031</u>	<u>2,053,410</u>
Total Excluding Gas Costs	<u>\$ 599,207,319</u>	<u>\$ 395,724,589</u>	<u>\$ 121,537,888</u>	<u>\$ 24,808,376</u>	<u>\$ 23,059,965</u>	<u>\$ 22,644,111</u>	<u>\$ 11,432,390</u>

UGI UTILITIES INC. - GAS DIVISION (COMBINED)

COST OF SERVICE AS OF SEPTEMBER 30, 2020, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD, 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)
<b>OPERATION AND MAINTENANCE EXPENSES</b>														
<b>NATURAL GAS PRODUCTION EXPENSES</b>														
<u>Manufactured Gas Production Expenses</u>														
710		0	-	-	-	-	-	-	-	-	-	-	-	-
717	1	0	-	-	-	-	-	-	-	-	-	-	-	-
725-736	1	97,091	69,469	27,622	-	-	-	-	-	-	-	-	-	-
740-742	1	4,826,667	3,453,480	1,373,187	-	-	-	-	-	-	-	-	-	-
		4,923,758	3,522,949	1,400,809	-	-	-	-	-	-	-	-	-	-
<u>Production and Gathering</u>														
750 - 760	1	-	-	-	-	-	-	-	-	-	-	-	-	-
761 - 769	1	-	-	-	-	-	-	-	-	-	-	-	-	-
770 - 783	1	-	-	-	-	-	-	-	-	-	-	-	-	-
784 - 791	1	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Other Gas Supply Expenses</u>														
800 - 803	1	-	-	-	-	-	-	-	-	-	-	-	-	-
804	1	-	-	-	-	-	-	-	-	-	-	-	-	-
805.1	1	-	-	-	-	-	-	-	-	-	-	-	-	-
805	1	-	-	-	-	-	-	-	-	-	-	-	-	-
808.1	1	-	-	-	-	-	-	-	-	-	-	-	-	-
808.2	1	-	-	-	-	-	-	-	-	-	-	-	-	-
812	1	-	-	-	-	-	-	-	-	-	-	-	-	-
813	1	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Natural Gas Production Expenses</b>		<b>4,923,758</b>	<b>3,522,949</b>	<b>1,400,809</b>	-	-	-	-	-	-	-	-	-	-
<b>OTHER STORAGE EXPENSE</b>														
840	1A	-	-	-	-	-	-	-	-	-	-	-	-	-
841	4	-	-	-	-	-	-	-	-	-	-	-	-	-
842 - 842.3	4	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Natural Gas Storage Expense</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TRANSMISSION EXPENSE</b>														
850 - 860	4	-	-	-	-	-	-	-	-	-	-	-	-	-
861 - 867	4	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Transmission Expense</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>DISTRIBUTION EXPENSES</b>														
<u>Operation</u>														
870	10	8,138,991	1,742,558	961,215	261,262	258,820	554,265	180,686	2,839,694	952,262	181,499	116,388	22,789	67,554
871	4A	1,859,361	600,574	331,896	90,737	91,666	597,227	147,261	-	-	-	-	-	-
872		-	-	-	-	-	-	-	-	-	-	-	-	-
873	2	-	-	-	-	-	-	-	-	-	-	-	-	-
874		-	-	-	-	-	-	-	-	-	-	-	-	-
	5	3,980,619	2,085,048	1,150,001	311,682	306,508	-	127,380	-	-	-	-	-	-
	17	7,337,603	3,497,102	1,929,056	523,171	514,366	656,715	217,193	-	-	-	-	-	-
	6C	10,235,358	-	-	-	-	-	-	8,921,138	1,191,396	50,153	53,224	4,094	15,353
875	4A	2,012,199	649,940	359,178	98,195	99,201	646,318	159,366	-	-	-	-	-	-
876	6B	567,878	-	-	-	-	-	-	-	-	268,266	164,174	33,902	101,537
877	4A	1,252,600	404,590	223,589	61,127	61,753	402,335	99,206	-	-	-	-	-	-
878	6	4,604,244	-	-	-	-	-	-	2,018,961	1,940,228	304,801	186,472	38,676	115,106
879	6	1,957,160	-	-	-	-	-	-	858,215	824,747	129,564	79,265	16,440	48,929
880	10	5,177,861	1,108,580	611,505	166,209	164,656	352,612	114,949	1,806,556	605,810	115,466	74,043	14,498	42,976
881	10	239,651	51,309	28,303	7,693	7,621	16,320	5,320	83,614	28,039	5,344	3,427	671	1,989
		47,363,525	10,139,701	5,594,743	1,520,076	1,504,591	3,225,792	1,051,361	16,528,178	5,542,482	1,055,093	676,993	131,070	393,444

UGI UTILITIES INC. - GAS DIVISION (COMBINED)

COST OF SERVICE AS OF SEPTEMBER 30, 2020, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD, 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)	
<b>Maintenance</b>															
885	Supervision - Engineering and Labor	11	2,246,478	756,164	417,171	113,222	111,650	147,594	58,858	438,962	125,578	36,168	23,139	4,493	13,479
886	Structures & Improvements	18	26,066	12,830	7,077	1,918	1,887	1,561	792	-	-	-	-	-	-
887	Mains - Small	5	5,840,155	3,059,073	1,687,221	457,284	449,692	-	186,885	-	-	-	-	-	-
	Mains - Large	17	10,765,346	5,130,764	2,830,209	767,569	754,651	963,498	318,654	-	-	-	-	-	-
888	Maintenance of Compressor Station Equipment	4	-	-	-	-	-	-	-	-	-	-	-	-	-
889	M & R Equip - General	4A	1,396,061	450,928	249,197	68,128	68,826	448,415	110,568	-	-	-	-	-	-
890	M & R Equip - Industrial	6B	553,342	-	-	-	-	-	-	-	261,399	159,971	33,035	98,938	
891	M & R Equip - City Gate	4A	1,064,990	343,992	190,101	51,972	52,504	342,075	84,347	-	-	-	-	-	-
892	Services	6C	4,881,537	-	-	-	-	-	-	4,254,748	568,211	23,920	25,384	1,953	7,322
893	Meters & House Regulators	6	2,199,420	-	-	-	-	-	-	964,446	928,836	145,602	89,077	18,475	54,986
894	Other Expenses	11	788,727	265,486	146,467	39,752	39,200	51,819	20,665	154,117	44,090	12,699	8,124	1,577	4,732
895	Construction and Maintenance	11	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Maintenance</b>		<b>29,762,122</b>	<b>10,019,237</b>	<b>5,527,443</b>	<b>1,499,845</b>	<b>1,478,410</b>	<b>1,954,962</b>	<b>780,769</b>	<b>5,812,273</b>	<b>1,664,715</b>	<b>479,788</b>	<b>305,695</b>	<b>59,533</b>	<b>179,457</b>
	<b>Total Distribution Expenses</b>		<b>77,125,647</b>	<b>20,158,938</b>	<b>11,122,186</b>	<b>3,019,921</b>	<b>2,983,001</b>	<b>5,180,754</b>	<b>1,832,130</b>	<b>22,340,451</b>	<b>7,207,197</b>	<b>1,534,881</b>	<b>982,688</b>	<b>190,603</b>	<b>572,901</b>
<b>CUSTOMER ACCOUNTING EXPENSES</b>															
<b>Operation</b>															
901	Supervision	7	831,895	-	-	-	-	-	-	743,298	85,519	1,913	582	83	499
902	Meter Reading Expenses	7	2,601,112	-	-	-	-	-	-	2,324,094	267,394	5,983	1,821	260	1,561
903	Customer Records & Coll Expenses	7	18,964,711	-	-	-	-	-	-	16,944,969	1,949,572	43,619	13,275	1,896	11,379
903.1	Universal Service Program	DA	8,297,000	8,297,000	-	-	-	-	-	-	-	-	-	-	-
904	Uncollectible Accounts	19	11,731,645	3,969,296	182,120	-	-	-	-	7,148,784	328,207	7,039	72,736	23,463	-
905	Miscellaneous Cust Accts Expenses	7	3,464,722	-	-	-	-	-	-	3,095,729	356,173	7,969	2,425	346	2,079
	<b>Total Customer Accounting Expenses</b>		<b>45,891,085</b>	<b>12,266,296</b>	<b>182,120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,256,874</b>	<b>2,986,865</b>	<b>66,523</b>	<b>90,839</b>	<b>26,048</b>	<b>15,518</b>
<b>CUSTOMER SERVICE AND INFORMATION EXPENSES</b>															
<b>Operation</b>															
907	Supervision	7	198,524	-	-	-	-	-	-	177,381	20,408	457	139	20	119
908	Customer Assistance Expenses	9	1,635,559	-	-	-	-	-	-	1,635,559	-	-	-	-	-
909	Informational and Instructional Advertising	7	1,327,098	-	-	-	-	-	-	1,185,762	136,426	3,052	929	133	796
910	Miscellaneous Customer Service & Informational Exp.	7	(5,617,187)	-	-	-	-	-	-	(5,018,957)	(577,447)	(12,920)	(3,932)	(562)	(3,370)
910.1	Energy Efficiency and Conservation Programs	7	7,922,910	6,261,450	1,641,961	4,351	15,148	-	-	-	-	-	-	-	-
	<b>Total Customer Service &amp; Info Expenses</b>		<b>5,466,904</b>	<b>6,261,450</b>	<b>1,641,961</b>	<b>4,351</b>	<b>15,148</b>	<b>-</b>	<b>-</b>	<b>(2,020,255)</b>	<b>(420,613)</b>	<b>(9,411)</b>	<b>(2,864)</b>	<b>(409)</b>	<b>(2,455)</b>
<b>SALES EXPENSES</b>															
<b>Operation</b>															
911	Supervision	8	54,503	-	-	-	-	-	-	48,878	5,625	-	-	-	-
912	Demonstrating and Selling Expenses	8	1,838,016	-	-	-	-	-	-	1,648,333	189,683	-	-	-	-
913	Advertising Expenses	8	440,683	-	-	-	-	-	-	395,205	45,478	-	-	-	-
916	Miscellaneous	8	198,908	-	-	-	-	-	-	178,381	20,527	-	-	-	-
	<b>Total Sales Expenses</b>		<b>2,532,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,270,797</b>	<b>261,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>															
<b>Operation</b>															
920	Administrative & General Salaries	12	20,687,369	6,108,980	2,043,912	477,878	473,741	817,151	289,623	8,341,147	1,584,652	252,386	169,636	35,169	93,093
921	Office Supplies and Expenses	12	26,248,413	7,751,156	2,593,343	606,338	601,089	1,036,812	367,478	10,583,360	2,010,628	320,231	215,237	44,622	118,118
922	Administrative Expenses Transferred-Credit		-	-	-	-	-	-	-	-	-	-	-	-	-
923	Outside Services Employed - Other	12	20,904,796	6,173,186	2,065,394	482,901	478,720	825,739	292,667	8,428,814	1,601,307	255,039	171,419	35,538	94,072
924	Property Damage Insurance	12	179,871	53,116	17,771	4,155	4,119	7,105	2,518	13,778	2,194	1,475	306	809	
925	Injuries and Damages	12	8,922,956	2,634,949	881,588	206,120	204,336	352,457	124,921	3,597,736	683,498	108,860	73,168	15,169	40,153
926	Employee Pensions and Benefits	13	24,492,610	4,795,653	2,167,596	558,432	553,533	1,053,182	357,592	11,607,048	2,515,391	416,374	262,071	51,434	154,303
927	Franchise Requirements		-	-	-	-	-	-	-	-	-	-	-	-	-
928	Regulatory Commission Expenses	16	1,378,000	398,931	178,589	44,372	43,820	50,021	21,359	511,238	101,696	12,815	8,819	1,654	4,685
929	Duplicate Charges-Credit		-	-	-	-	-	-	-	-	-	-	-	-	-
930	Miscellaneous General Expenses	12	674,913	199,302	66,681	15,590	15,456	26,659	9,449	272,125	51,698	8,234	5,534	1,147	3,037
930	Miscellaneous Company Charges	12	6,426,195	1,897,655	634,908	148,445	147,160	253,835	89,967	2,591,042	492,247	78,400	52,695	10,925	28,918
931	Other	12	497,163	146,812	49,120	11,484	11,385	19,638	6,960	200,456	38,083	6,065	4,077	845	2,237
	<b>Total Operation</b>		<b>110,412,286</b>	<b>30,159,740</b>	<b>10,698,902</b>	<b>2,555,715</b>	<b>2,533,359</b>	<b>4,442,599</b>	<b>1,562,534</b>	<b>46,205,490</b>	<b>9,092,978</b>	<b>1,460,598</b>	<b>964,131</b>	<b>196,809</b>	<b>539,425</b>

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UGI UTILITIES INC. - GAS DIVISION (COMBINED)

COST OF SERVICE AS OF SEPTEMBER 30, 2020, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD, 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)		
<b>Maintenance</b>																
932		Maintenance of General Plant	12	4,463,636	1,318,112	441,007	103,110	102,217	176,314	62,491	1,799,738	341,915	54,456	36,602	7,588	20,086
935		Maintenance of General Plant	12	15,991	4,722	1,580	369	366	632	224	6,448	1,225	195	131	27	72
		<b>Total Maintenance</b>		<b>4,479,627</b>	<b>1,322,834</b>	<b>442,587</b>	<b>103,479</b>	<b>102,583</b>	<b>176,946</b>	<b>62,715</b>	<b>1,806,186</b>	<b>343,140</b>	<b>54,651</b>	<b>36,733</b>	<b>7,615</b>	<b>20,158</b>
		<b>Total Administrative &amp; General Expenses</b>		<b>114,891,913</b>	<b>31,482,574</b>	<b>11,141,489</b>	<b>2,659,194</b>	<b>2,635,942</b>	<b>4,619,545</b>	<b>1,625,249</b>	<b>48,011,676</b>	<b>9,436,118</b>	<b>1,515,249</b>	<b>1,000,864</b>	<b>204,424</b>	<b>559,583</b>
		<b>Total Operation and Maintenance Expenses</b>		<b>250,831,417</b>	<b>73,692,207</b>	<b>25,488,565</b>	<b>5,683,466</b>	<b>5,634,091</b>	<b>9,800,299</b>	<b>3,457,379</b>	<b>100,859,543</b>	<b>19,470,880</b>	<b>3,107,242</b>	<b>2,071,527</b>	<b>420,666</b>	<b>1,145,547</b>
<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>																
<b>PRODUCTION PLANT</b>																
305		Manufactured Gas Plant Site Remediation	1	290,975	208,193	82,782	-	-	-	-	-	-	-	-	-	-
325.2		Production Leaseholds	1	36	26	10	-	-	-	-	-	-	-	-	-	-
325.4		Rights-Of-Way	1	21	15	6	-	-	-	-	-	-	-	-	-	-
328		Field Measuring and Regulating Station Equipment	1	-	-	-	-	-	-	-	-	-	-	-	-	-
329		Other Structures	1	-	-	-	-	-	-	-	-	-	-	-	-	-
330		Producing Gas Wells - Well Construction	1	50,841	36,377	14,464	-	-	-	-	-	-	-	-	-	-
331		Producing Gas Wells - Well Equipment	1	-	-	-	-	-	-	-	-	-	-	-	-	-
332		Field Lines	1	1,039	743	296	-	-	-	-	-	-	-	-	-	-
334		Field Measuring and Regulating Station Equipment	1	940	673	267	-	-	-	-	-	-	-	-	-	-
335		Drilling and Cleaning Equipment	1	21	15	6	-	-	-	-	-	-	-	-	-	-
337		Other Equipment	1	-	-	-	-	-	-	-	-	-	-	-	-	-
		<b>Total Production Plant</b>		<b>343,873</b>	<b>246,042</b>	<b>97,831</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>STORAGE PLANT</b>																
352.01		Well Construction	1	15,970	11,427	4,543	-	-	-	-	-	-	-	-	-	-
<b>TRANSMISSION PLANT</b>																
365.2		Rights-Of-Way	4	12,347	6,467	3,567	967	951	-	395	-	-	-	-	-	-
366		Structures and Improvements	4	1,237	648	357	97	95	-	40	-	-	-	-	-	-
367		Mains	4	462,699	242,362	133,674	36,229	35,628	-	14,806	-	-	-	-	-	-
369		Measuring and Regulating Station Equipment	4	98,424	51,554	28,435	7,707	7,579	-	3,150	-	-	-	-	-	-
370		Communication Equipment	4	119,305	62,492	34,467	9,342	9,186	-	3,818	-	-	-	-	-	-
371		Other Equipment	4	1,368	717	395	107	105	-	44	-	-	-	-	-	-
371.1		Testing Equipment	4	5,572	2,919	1,610	436	429	-	178	-	-	-	-	-	-
		<b>Total Transmission Plant</b>		<b>700,952</b>	<b>367,159</b>	<b>202,505</b>	<b>54,885</b>	<b>53,973</b>	<b>-</b>	<b>22,431</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DISTRIBUTION PLANT</b>																
305		Manufactured Gas Plant Site Remediation	1	-	-	-	-	-	-	-	-	-	-	-	-	-
374.2		Rights of Way	18	42,062	20,703	11,420	3,096	3,045	2,520	1,279	-	-	-	-	-	-
375		Structures And Improvements	18	91,115	44,847	24,738	6,706	6,597	5,458	2,770	-	-	-	-	-	-
376		Mains - Small	5	10,528,745	5,514,957	3,041,754	824,401	810,713	-	336,920	-	-	-	-	-	-
		Mains - Large	4	19,407,977	10,165,898	5,606,965	1,519,645	1,494,414	-	621,055	-	-	-	-	-	-
		Mains - Direct Assign	DA	1,917,746	-	-	-	1,908,448	-	9,298	-	-	-	-	-	-
378		Measuring & Regulating Equipment - General	18	4,294,165	2,113,588	1,165,866	316,051	310,898	257,220	130,543	-	-	-	-	-	-
379		Measuring & Regulating Equipment - City Gate	18	475,943	234,259	129,219	35,029	34,458	28,509	14,469	-	-	-	-	-	-
380		Services	6C	32,658,057	-	-	-	-	-	-	28,464,762	3,801,398	160,024	169,822	13,063	48,987
381		Meters	6	4,650,416	-	-	-	-	-	-	2,039,207	1,959,685	307,858	188,342	39,063	116,260
382		Meter Installations	6	2,461,573	-	-	-	-	-	-	1,079,400	1,037,307	162,956	99,694	20,677	61,539
383		House Regulators	6A	1,394,604	-	-	-	-	-	-	1,230,459	164,145	-	-	-	-
384		House Regulator Installations	6A	356,592	-	-	-	-	-	-	314,621	41,971	-	-	-	-
385		Industrial Measuring & Regulating Equipment	6	667,477	-	-	-	-	-	-	292,689	281,275	44,187	27,033	5,607	16,687
386		Other Property on Customer Premises	6C	23,101	-	-	-	-	-	-	20,135	2,689	113	120	9	35
387		Other Equipment	10	81,978	17,551	9,682	2,631	2,607	5,583	1,820	28,602	9,591	1,828	1,172	230	680
387.1		Other Equipment	10	4,448	952	525	143	141	303	99	1,552	520	99	64	12	37
		<b>Total Distribution Plant</b>		<b>79,055,999</b>	<b>18,112,755</b>	<b>9,990,169</b>	<b>2,707,702</b>	<b>2,662,873</b>	<b>2,208,041</b>	<b>1,118,253</b>	<b>33,471,427</b>	<b>7,298,581</b>	<b>677,065</b>	<b>486,247</b>	<b>78,661</b>	<b>244,225</b>
<b>GENERAL PLANT</b>																
390		Structures And Improvements	12	4,743,380	1,400,720	468,646	109,572	108,623	187,364	66,407	1,912,531	363,343	57,869	38,896	8,064	21,345
391		Office Furniture And Equipment	12	331,181	97,798	32,721	7,650	7,584	13,082	4,637	133,532	25,368	4,040	2,716	563	1,490
392		Transportation Equipment	12	4,284,281	1,265,148	423,287	98,967	98,110	169,229	59,980	1,727,422	328,176	52,268	35,131	7,283	19,279
393		Stores Equipment	12	946	279	93	22	22	27	13	381	72	12	8	2	4
394		Tools, Shop And Garage Equipment	12	1,567,234	462,804	154,843	36,203	35,890	61,906	21,941	631,909	120,050	19,120	12,851	2,664	7,053
395		Laboratory Equipment	12	21,719	6,414	2,146	502	497	858	304	8,757	1,664	265	178	37	98

UGI UTILITIES INC. - GAS DIVISION (COMBINED)

COST OF SERVICE AS OF SEPTEMBER 30, 2020, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD, 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 Power Operated Equipment	12	319,421	94,325	31,559	7,379	7,315	12,617	4,472	128,791	24,468	3,897	2,619	543	1,437	
397 Communication Equipment	12	104,148	30,754	10,290	2,406	2,385	4,114	1,458	41,992	7,978	1,271	854	177	469	
398 Miscellaneous Equipment	12	716,782	211,665	70,818	16,558	16,414	28,313	10,035	289,007	54,906	8,745	5,878	1,219	3,226	
399 Other Tangible Property	12	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total General Plant</b>		<b>12,089,092</b>	<b>3,569,907</b>	<b>1,194,403</b>	<b>279,259</b>	<b>276,840</b>	<b>477,520</b>	<b>169,247</b>	<b>4,874,322</b>	<b>926,025</b>	<b>147,487</b>	<b>99,131</b>	<b>20,552</b>	<b>54,401</b>	
<b>COMMON PLANT ALLOCATED @ 91.24%</b>															
390.2 Structures and Improvements	12	885,907	261,608	87,528	20,464	20,287	34,993	12,403	357,198	67,860	10,808	7,264	1,506	3,987	
391 Office Furniture and Equipment	12	432,097	127,598	42,691	9,981	9,895	17,068	6,049	174,222	33,099	5,272	3,543	735	1,944	
392.1 Transportation Equipment	12	769	227	76	18	18	30	11	310	59	9	6	1	3	
<b>Total Common Plant</b>		<b>1,318,773</b>	<b>389,433</b>	<b>130,295</b>	<b>30,463</b>	<b>30,200</b>	<b>52,091</b>	<b>18,463</b>	<b>531,730</b>	<b>101,018</b>	<b>16,089</b>	<b>10,813</b>	<b>2,242</b>	<b>5,934</b>	
<b>INFORMATION SERVICES (IS) ALLOCATED @ 91.72%</b>															
391 Office Furniture and Equipment	12	10,906,180	3,220,595	1,077,531	251,933	249,752	430,794	152,687	4,397,372	835,413	133,055	89,431	18,541	49,078	
391.1 Office Furniture and Equip. - New CIS Software	7	4,657,121	-	-	-	-	-	-	4,161,138	478,752	10,711	3,260	466	2,794	
<b>Total Information Services</b>		<b>15,563,302</b>	<b>3,220,595</b>	<b>1,077,531</b>	<b>251,933</b>	<b>249,752</b>	<b>430,794</b>	<b>152,687</b>	<b>8,558,510</b>	<b>1,314,165</b>	<b>143,766</b>	<b>92,691</b>	<b>19,007</b>	<b>51,872</b>	
<b>Less:</b>															
390.1 Amount Charged to Clearing Accounts	12	(6,361,000)	(1,878,403)	(628,467)	(146,939)	(145,667)	(251,260)	(89,054)	(2,564,755)	(487,253)	(77,604)	(52,160)	(10,814)	(28,625)	
390.1 Reading Service Center Alloc. to Electric Div. @ 9.88%	12	(6,394)	(1,888)	(632)	(148)	(146)	(253)	(90)	(2,578)	(490)	(78)	(52)	(11)	(29)	
<b>Total Depreciation &amp; Amortization Expense</b>		<b>102,720,567</b>	<b>24,037,027</b>	<b>12,068,178</b>	<b>3,177,155</b>	<b>3,127,825</b>	<b>2,916,933</b>	<b>1,391,937</b>	<b>44,868,656</b>	<b>9,152,046</b>	<b>906,725</b>	<b>636,670</b>	<b>109,637</b>	<b>327,778</b>	
<b>TAXES OTHER THAN INCOME TAXES</b>															
408.10 Capital Stock	15	-	-	-	-	-	-	-	-	-	-	-	-	-	
408.10 County and Municipal Taxes	16	703,000	203,518	91,109	22,637	22,355	25,519	10,897	260,813	51,881	6,538	4,499	844	2,390	
408.10 Payroll Related Tax	13	6,567,343	1,285,886	581,210	149,735	148,422	282,396	95,883	3,112,264	674,466	111,645	70,271	13,791	41,374	
408.10 Public Utility Assessment	16	3,012,000	871,974	390,355	96,986	95,782	109,336	46,686	1,117,452	222,286	28,012	19,277	3,614	10,241	
408.10 Public Utility Reality Tax	15	746,000	232,379	123,015	32,078	31,556	27,304	13,577	229,395	46,700	4,551	3,282	522	1,641	
408.10 Miscellaneous Taxes	16	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Taxes Other Than Income</b>		<b>11,028,343</b>	<b>2,593,757</b>	<b>1,185,689</b>	<b>301,436</b>	<b>298,115</b>	<b>444,555</b>	<b>167,043</b>	<b>4,719,924</b>	<b>995,333</b>	<b>150,746</b>	<b>97,329</b>	<b>18,771</b>	<b>55,646</b>	
<b>Total Operating Expenses</b>		<b>364,580,327</b>	<b>100,322,991</b>	<b>38,742,432</b>	<b>9,162,057</b>	<b>9,060,031</b>	<b>13,161,787</b>	<b>5,016,359</b>	<b>150,448,123</b>	<b>29,618,259</b>	<b>4,164,713</b>	<b>2,805,526</b>	<b>549,074</b>	<b>1,528,971</b>	
<b>INCOME TAXES</b>	15	44,094,000	13,735,282	7,271,101	1,896,042	1,865,176	1,613,840	802,511	13,558,905	2,760,284	268,973	194,014	30,866	97,007	
<b>OPERATING INCOME AVAILABLE FOR RETURN</b>	15	<b>196,413,000</b>	<b>61,182,650</b>	<b>32,388,504</b>	<b>8,445,759</b>	<b>8,308,270</b>	<b>7,188,716</b>	<b>3,574,717</b>	<b>60,396,998</b>	<b>12,295,454</b>	<b>1,198,119</b>	<b>864,217</b>	<b>137,489</b>	<b>432,109</b>	
<b>TOTAL COST OF SERVICE</b>		<b>605,087,327</b>	<b>175,240,923</b>	<b>78,402,037</b>	<b>19,503,858</b>	<b>19,233,477</b>	<b>21,964,343</b>	<b>9,393,587</b>	<b>224,404,026</b>	<b>44,673,997</b>	<b>5,631,805</b>	<b>3,863,757</b>	<b>717,429</b>	<b>2,058,087</b>	
<b>Less: Other Revenues</b>															
Reconnection Charges	6C	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rent From Gas Property	12	306,000	90,362	30,233	7,069	7,007	12,087	4,284	123,379	23,440	3,733	2,509	520	1,377	
Forfeited Discounts/Penalties	20	4,908,000	-	-	-	-	-	-	3,266,726	1,349,008	288,846	2,312	79	1,036	
Other Miscellaneous Revenues	16	666,000	192,807	86,314	21,445	21,179	24,176	10,323	247,086	49,151	6,194	4,262	799	2,264	
Subtotal		5,880,000	283,169	116,547	28,514	28,186	36,263	14,607	3,637,191	1,421,599	298,773	9,083	1,398	4,677	
<b>TOTAL COST OF SERVICE RELATED TO TARIFF SALES AND TRANSPORTATION</b>		<b>\$ 599,207,327</b>	<b>\$ 174,957,754</b>	<b>\$ 78,285,490</b>	<b>\$ 19,475,344</b>	<b>\$ 19,205,291</b>	<b>\$ 21,928,080</b>	<b>\$ 9,378,980</b>	<b>\$ 220,766,835</b>	<b>\$ 43,252,398</b>	<b>\$ 5,333,032</b>	<b>\$ 3,854,674</b>	<b>\$ 716,031</b>	<b>\$ 2,053,410</b>	

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UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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	118,913	0.7155	135,717	0.6244
Rate N	47,285	0.2845	81,643	0.3756
Rate DS		-		
Rate LFD		-		
Rate XD	-	-		
Interruptible	-	-		
<b>Total</b>	<u>166,198</u>	<u>1.0000</u>	<u>217,360</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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	135,717	0.1491
Rate N	81,643	0.0897
Rate DS	29,803	0.0328
Rate LFD	59,288	0.0652
Rate XD Firm	450,366	0.4951
Interruptible	<u>152,912</u>	<u>0.1681</u>
Total	<u><u>909,729</u></u>	<u><u>1.0000</u></u>

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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)	(5)
<u>Volumetric Costs</u>					
Rate R	135,717	696,596	560,879	0.4781	0.5733
Rate N	81,643	383,815	302,172	0.2576	0.3089
Rate DS	29,803	103,741	73,938	0.0630	0.0756
Rate LFD	59,288	100,602	41,314	0.0352	0.0422
Subtotal	306,451	1,284,754	978,303	0.8339	1.0000
Rate XD Firm	450,366	645,186	194,820	0.1661	-
Total	756,817	1,929,940	1,173,123	1.0000	1.0000

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	135,717	696,596	560,879	0.5733
Rate N	81,643	383,815	302,172	0.3089
Rate DS	29,803	103,741	73,938	0.0756
Rate LFD	59,288	100,602	41,314	0.0422
Total	306,451	1,284,754	978,303	1.0000

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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 0.2706	Allocation Factor 3A (5)	Weighted Factor* (6)=(5)x 0.7294	
<u>Volumetric Costs</u>						
Rate R	135,717	0.3904	0.1056	0.5733	0.4182	0.5238
Rate N	81,643	0.2349	0.0636	0.3089	0.2253	0.2889
Rate DS	29,803	0.0857	0.0232	0.0756	0.0551	0.0783
Rate LFD	59,288	0.1706	0.0462	0.0422	0.0308	0.0770
Rate XD Firm	-	-	-	-	-	-
Interruptible**	41,149	0.1184	0.0320	-	-	0.0320
<b>Total</b>	<b>347,600</b>	<b>1.0000</b>	<b>0.2706</b>	<b>1.0000</b>	<b>0.7294</b>	<b>1.0000</b>

\* The weighting of the factors is based on the percentage of average daily throughput excluding XD 347,600 mcf divided by peak day demand of 1,284,754 mcf excluding XD - 347,600 / 1,284,754 = 27.06%

\*\* 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 0.4714	Allocation Factor 3 (5)	Weighted Factor (6)=(5)x 0.5286	
<u>Volumetric</u>						
Rate R	135,717	0.1491	0.0703	0.4781	0.2527	0.3230
Rate N	81,643	0.0897	0.0423	0.2576	0.1362	0.1785
Rate DS	29,803	0.0328	0.0155	0.0630	0.0333	0.0488
Rate LFD	59,288	0.0652	0.0307	0.0352	0.0186	0.0493
Rate XD-Firm	450,366	0.4951	0.2334	0.1661	0.0878	0.3212
Interruptible	152,912	0.1681	0.0792	-	-	0.0792
<b>Total</b>	<b>909,729</b>	<b>1.0000</b>	<b>0.4714</b>	<b>1.0000</b>	<b>0.5286</b>	<b>1.0000</b>

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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 0.2706	Allocation Factor 3B (5)	Weighted Factor (6)=(5)x 0.7294	
<u>Volumetric Costs</u>						
Rate R	135,717	0.3904	0.1056	0.5733	0.4182	0.5238
Rate N	81,643	0.2349	0.0636	0.3089	0.2253	0.2889
Rate DS	29,803	0.0857	0.0232	0.0756	0.0551	0.0783
Rate LFD	59,288	0.1706	0.0462	0.0422	0.0308	0.0770
Rate XD - Firm Interruptible	41,149	0.1184	0.0320	-	-	0.0320
Total	<u>347,600</u>	<u>1.0000</u>	<u>0.2706</u>	<u>1.0000</u>	<u>0.7294</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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.

<u>Service Classification</u> (1)	<u>Cost of Meters and M&amp;R Equip.</u>	<u>Allocation Factor</u> (3)
<u>Customer Costs</u>		
Rate R	\$ 61,823,658	0.4385
Rate N	59,403,631	0.4214
Rate DS	9,329,164	0.0662
Rate LFD	5,708,773	0.0405
Rate XD-Firm	1,178,953	0.0084
Interruptible	<u>3,530,347</u>	<u>0.0250</u>
 Total	 <u>\$ 140,974,527</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.

<u>Service Classification</u> (1)	<u>Number of Regulators</u> (2)	<u>Factor</u> (3)	<u>Weighted Regulators</u> (4)	<u>Allocation Factor</u> (5)
<u>Customer</u>				
Rate R	592,467	1.00	592,467	0.8823
Rate N	<u>68,144</u>	1.16	<u>79,047</u>	<u>0.1177</u>
 Total	 <u>660,611</u>		 <u>671,514</u>	 <u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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 &amp; M&amp;R Equipment</u> (2)	<u>Allocation Factor</u> (3)
<u>Customer Costs</u>		
Rate DS	\$ 9,329,164	0.4724
Rate LFD	5,708,773	0.2891
Rate XD - Firm	1,178,953	0.0597
Interruptible	<u>3,530,347</u>	<u>0.1788</u>
Total	<u>\$ 19,747,237</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</u> (2)	<u>Allocation Factor</u> (3)
<u>Customer Costs</u>		
Rate R	\$ 883,197,209	0.8716
Rate N	117,923,414	0.1164
Rate DS	4,925,347	0.0049
Rate LFD	5,297,205	0.0052
Rate XD - Firm	356,795	0.0004
Interruptible	<u>1,542,815</u>	<u>0.0015</u>
Total	<u>\$1,013,242,786</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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>Customer Costs</u>		
Rate R	592,467	0.8935
Rate N	68,144	0.1028
Rate DS	1,554	0.0023
Rate LFD	470	0.0007
Rate XD Firm	54	0.0001
Interruptible	<u>380</u>	<u>0.0006</u>
Total	<u><u>663,069</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	592,467	0.8968
Rate N	<u>68,144</u>	<u>0.1032</u>
Total	<u><u>660,611</u></u>	<u><u>1.0000</u></u>

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATION:

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 (COMBINED)

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	\$ 7,237,254	0.2141
Rate N	3,993,720	0.1181
Rate DS	1,084,912	0.0321
Rate LFD	1,073,494	0.0318
Rate XD Firm	2,302,595	0.0681
Interruptible	750,406	0.0222
<u>Customer Costs</u>		
Rate R	11,798,314	0.3489
Rate N	3,956,371	0.1170
Rate DS	752,784	0.0223
Rate LFD	483,135	0.0143
Rate XD Firm	93,112	0.0028
Interruptible	280,925	0.0083
Total	<u>\$ 33,807,022</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	\$ 8,997,587	0.3366
Rate N	4,963,805	0.1857
Rate DS	1,346,871	0.0504
Rate LFD	1,327,560	0.0497
Rate XD Firm	1,755,549	0.0657
Interruptible	701,246	0.0262
<u>Customer Costs</u>		
Rate R	5,219,194	0.1954
Rate N	1,495,047	0.0559
Rate DS	430,921	0.0161
Rate LFD	274,432	0.0103
Rate XD Firm	53,463	0.0020
Interruptible	161,246	0.0060
Total	<u>\$ 26,726,921</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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 &amp; Maintenance Expenses</u> (2)	<u>Allocation Factor</u> (3)
<u>Volumetric Costs</u>		
Rate R	\$ 38,686,684	0.2953
Rate N	12,946,267	0.0988
Rate DS	3,024,272	0.0231
Rate LFD	2,998,149	0.0229
Rate XD Firm	5,180,754	0.0395
Interruptible	1,832,130	0.0140
<u>Customer Costs</u>		
Rate R	52,847,867	0.4032
Rate N	10,034,762	0.0766
Rate DS	1,591,993	0.0122
Rate LFD	1,070,663	0.0082
Rate XD Firm	216,242	0.0017
Interruptible	585,964	0.0045
Total	<u>\$ 131,015,747</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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	\$ 15,136,178	0.1958
Rate N	6,837,929	0.0885
Rate DS	1,762,416	0.0228
Rate LFD	1,744,401	0.0226
Rate XD Firm	3,321,191	0.0430
Interruptible	1,131,662	0.0146
<u>Customer Costs</u>		
Rate R	36,624,097	0.4739
Rate N	7,939,416	0.1027
Rate DS	1,313,972	0.0170
Rate LFD	827,920	0.0107
Rate XD Firm	165,602	0.0021
Interruptible	486,563	0.0063
Total	<u>\$ 77,291,347</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	\$ 915,038,405	0.3115
Rate N	484,248,083	0.1649
Rate DS	126,311,022	0.0430
Rate LFD	124,273,091	0.0423
Rate XD Firm	107,676,115	0.0367
Interruptible	53,493,766	0.0182
<u>Customer Costs</u>		
Rate R	902,873,985	0.3074
Rate N	183,836,771	0.0626
Rate DS	17,969,967	0.0061
Rate LFD	12,855,240	0.0044
Rate XD Firm	2,147,340	0.0007
Interruptible	6,472,153	0.0022
Total	<u>\$2,937,195,938</u>	<u>1.0000</u>

UGI UTILITIES INC. - GAS DIVISION (COMBINED)

COST OF SERVICE AS OF SEPTEMBER 30, 2020, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD, 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)	
<b>DIRECT LABOR EXPENSE</b>															
725 - 736	Total Gas Fuels Expenses	1	94,293	67,467	26,826	-	-	-	-	-	-	-	-	-	
750-760	Total Production & Gathering Operation Expenses	1	0	-	-	-	-	-	-	-	-	-	-	-	
761 - 769	Total Gas Raw Materials Expenses	1	-	-	-	-	-	-	-	-	-	-	-	-	
813	Other Gas Supply Expenses	1	2,028	1,451	577	-	-	-	-	-	-	-	-	-	
840	Storage	1A	-	-	-	-	-	-	-	-	-	-	-	-	
850 - 860	Total Transmission Operation Expenses	4	-	-	-	-	-	-	-	-	-	-	-	-	
861 - 867	Total Transmission Maintenance Expenses	4	-	-	-	-	-	-	-	-	-	-	-	-	
870	Operation Supervision and Engineering	10	7,383,279	1,580,760	871,965	237,003	234,788	502,801	163,909	2,576,026	863,844	164,647	105,581	20,673	
871	Distribution Load Dispatching	4A	47,654	15,392	8,506	2,326	2,349	15,306	3,774	-	-	-	-	-	
874	Mains And Services Expenses														
	Mains - Small	5	1,528,362	800,556	441,544	119,671	117,684	-	48,908	-	-	-	-	-	
	Mains - Large	17	2,817,280	1,342,716	740,663	200,872	197,491	252,147	83,391	-	-	-	-	-	
	Services	6C	3,929,876	-	-	-	-	-	-	3,425,280	457,438	19,256	20,435	1,572	
875	M & R Station Expenses -General	4A	1,221,759	394,628	218,084	59,622	60,233	392,429	96,763	-	-	-	-	-	
876	Measuring and Regulating Station Expenses-Industrial	6B	365,007	-	-	-	-	-	-	-	-	172,429	105,524	21,791	
877	Measuring and Regulating Station Expenses-City Gate	4A	894,267	288,848	159,627	43,640	44,087	287,239	70,826	-	-	-	-	65,263	
878	Meter And House Regulator Expenses	6	3,498,997	-	-	-	-	-	-	1,534,310	1,474,477	231,634	141,709	29,392	
879	Customer Installation Expenses	6	1,533,029	-	-	-	-	-	-	672,233	646,018	101,487	62,088	12,877	
880	Other Expenses	10	2,835,901	607,166	334,920	91,032	90,182	193,125	62,957	989,446	331,800	63,241	40,553	7,941	
881	Rent	10	3,042	651	359	98	97	207	68	1,061	356	68	44	9	
885	Supervision - Engineering and Labor	11	1,894,994	637,855	351,900	95,508	94,181	124,501	49,649	370,282	105,930	30,509	19,518	3,790	
886	Structures & Improvements	18	11,153	5,490	3,028	821	807	668	339	-	-	-	-	-	
887	Mains - Small	5	1,416,381	741,900	409,192	110,903	109,061	-	45,324	-	-	-	-	-	
	Mains - Large	17	2,610,862	1,244,337	686,396	186,154	183,021	233,672	77,282	-	-	-	-	-	
889	M & R Equip - General	4A	671,207	216,800	119,810	32,755	33,091	215,592	53,160	-	-	-	-	-	
890	M & R Equip - Ind	6B	278,825	-	-	-	-	-	-	-	-	131,717	80,608	16,646	
891	M & R Equip - CG Check Station	4A	484,648	156,541	86,510	23,651	23,893	155,669	38,384	-	-	-	-	49,854	
892	Services	6C	789,834	-	-	-	-	-	-	688,419	91,937	3,870	4,107	316	
893	Meters & House Regulators	6	1,008,839	-	-	-	-	-	-	442,376	425,125	66,785	40,858	8,474	
895	Other Equipment	11	338,645	113,988	62,886	17,068	16,831	22,249	8,872	66,171	18,930	5,452	3,488	677	
894	Other Equipment	11	-	-	-	-	-	-	-	-	-	-	-	-	
901	Supervision	7	518,107	-	-	-	-	-	-	462,929	53,261	1,192	363	52	
902	Meter Reading Expenses	7	1,984,218	-	-	-	-	-	-	1,772,899	203,978	4,564	1,389	198	
903	Customer Records & Coll Expenses	7	11,527,122	-	-	-	-	-	-	10,299,484	1,184,988	26,512	8,069	1,153	
905	Miscellaneous Cust Accts Expenses	7	1,584,738	-	-	-	-	-	-	1,415,963	162,911	3,645	1,109	158	
907	Supervision	7	198,726	-	-	-	-	-	-	177,562	20,429	457	139	20	
908	Customer Assistance Expenses	9	1,386,012	-	-	-	-	-	-	1,386,012	-	-	-	-	
910	Miscellaneous Customer Service & Info. Exp.	7	273,755	-	-	-	-	-	-	244,600	28,142	630	192	27	
911	Supervision	8	54,751	-	-	-	-	-	-	49,101	5,650	-	-	-	
912	Demonstrating And Selling Expenses	8	671,207	-	-	-	-	-	-	601,938	69,269	-	-	-	
920	Administrative & General Salaries	12	19,201,393	5,670,171	1,897,098	443,552	439,712	758,455	268,820	7,742,002	1,470,827	234,257	157,451	32,642	
921	Office Supplies And Expenses	12	117,613	34,731	11,620	2,717	2,693	4,646	1,647	47,422	9,009	1,435	964	200	
922	Administrative Expenses Transferred-Credit	12	-	-	-	-	-	-	-	-	-	-	-	-	
923	Outside Service Employed	12	48,668	14,372	4,808	1,124	1,114	1,922	681	19,623	3,728	594	399	83	
924	Property Insurance	12	-	-	-	-	-	-	-	-	-	-	-	-	
925	Injuries and Damages	12	1,165,994	344,318	115,200	26,934	26,701	46,057	16,324	470,129	89,315	14,225	9,561	1,982	
927	Franchise Requirements	12	-	-	-	-	-	-	-	-	-	-	-	-	
928	Regulatory Commission Expenses	12	-	-	-	-	-	-	-	-	-	-	-	-	
929	Duplicate Charges-Credit	12	-	-	-	-	-	-	-	-	-	-	-	-	
930	Miscellaneous General Expenses	12	-	-	-	-	-	-	-	-	-	-	-	-	
930	Miscellaneous Intercompany Charges	12	1,813,882	535,639	179,212	41,901	41,538	71,648	25,394	731,357	138,943	22,129	14,874	3,084	
932	Maintenance of General Plant	12	1,085,000	320,401	107,198	25,064	24,847	42,858	15,190	437,472	83,111	13,237	8,897	1,845	
	<b>Total Direct Labor Expense</b>		<b>77,291,348</b>	<b>15,136,178</b>	<b>6,837,929</b>	<b>1,762,416</b>	<b>1,744,401</b>	<b>3,321,191</b>	<b>1,131,662</b>	<b>36,624,097</b>	<b>7,939,416</b>	<b>1,313,972</b>	<b>827,920</b>	<b>165,602</b>	

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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	\$ 736,354,649	0.3115
Rate N	389,657,548	0.1649
Rate DS	101,645,207	0.0430
Rate LFD	100,008,811	0.0423
Rate XD Firm	86,624,129	0.0366
Interruptible	43,053,817	0.0182
<u>Customer Costs</u>		
Rate R	726,542,085	0.3075
Rate N	147,927,932	0.0626
Rate DS	14,470,863	0.0061
Rate LFD	10,331,295	0.0044
Rate XD Firm	1,745,805	0.0007
Interruptible	5,210,182	0.0022
Total	<u>\$ 2,363,572,323</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	\$ 173,766,500	0.2895
Rate N	77,741,984	0.1296
Rate DS	19,339,863	0.0322
Rate LFD	19,071,520	0.0318
Rate XD Firm	21,779,467	0.0363
Interruptible	9,314,645	0.0155
<u>Customer Costs</u>		
Rate R	222,514,523	0.3710
Rate N	44,298,134	0.0738
Rate DS	5,584,440	0.0093
Rate LFD	3,831,162	0.0064
Rate XD Firm	711,317	0.0012
Interruptible	2,040,771	0.0034
Total	<u>\$ 599,994,326</u>	<u>1.0000</u>

UGI UTILITIES INC. - GAS DIVISION (COMBINED)

COST OF SERVICE AS OF SEPTEMBER 30, 2020, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD, 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)
<b>RATE BASE</b>														
<b>PRODUCTION PLANT</b>														
305		240,717	172,233	68,484	-	-	-	-	-	-	-	-	-	-
325.1		13,029	9,322	3,707	-	-	-	-	-	-	-	-	-	-
325.2		1,064	761	303	-	-	-	-	-	-	-	-	-	-
325.4		618	442	176	-	-	-	-	-	-	-	-	-	-
325.5		1,134	811	323	-	-	-	-	-	-	-	-	-	-
328		-	-	-	-	-	-	-	-	-	-	-	-	-
329		-	1	1	-	-	-	-	-	-	-	-	-	-
330		19,811	14,175	5,636	-	-	-	-	-	-	-	-	-	-
331		(49,940)	(35,732)	(14,208)	-	-	-	-	-	-	-	-	-	-
332		26,937	19,273	7,664	-	-	-	-	-	-	-	-	-	-
334		11,603	8,302	3,301	-	-	-	-	-	-	-	-	-	-
335		158	113	45	-	-	-	-	-	-	-	-	-	-
337		-	-	-	-	-	-	-	-	-	-	-	-	-
		265,133	189,701	75,432	-	-	-	-	-	-	-	-	-	-
<b>STORAGE PLANT</b>														
352.01		262,934	188,129	74,805	-	-	-	-	-	-	-	-	-	-
<b>TRANSMISSION PLANT</b>														
365		47,323	24,788	13,672	3,705	3,644	-	1,514	-	-	-	-	-	-
365.2		355,377	186,146	102,668	27,826	27,364	-	11,372	-	-	-	-	-	-
366		11,469	6,007	3,313	898	883	-	367	-	-	-	-	-	-
367		17,551,844	9,193,656	5,070,728	1,374,309	1,351,492	-	561,659	-	-	-	-	-	-
369		2,376,561	1,244,843	686,588	186,085	182,995	-	76,050	-	-	-	-	-	-
370		1,598,176	837,125	461,713	125,137	123,060	-	51,142	-	-	-	-	-	-
371		13,687	7,169	3,954	1,072	1,054	-	438	-	-	-	-	-	-
371.1		69,231	36,263	20,001	5,421	5,331	-	2,215	-	-	-	-	-	-
		22,023,668	11,535,997	6,362,637	1,724,453	1,695,823	-	704,757	-	-	-	-	-	-
<b>DISTRIBUTION PLANT</b>														
374		849,347	418,049	230,598	62,512	61,493	50,876	25,820	-	-	-	-	-	-
374		6,350,735	3,125,832	1,724,225	467,414	459,793	380,409	193,062	-	-	-	-	-	-
374		1,954,173	1,023,596	564,561	153,012	150,471	-	62,534	-	-	-	-	-	-
375		2,215,631	1,090,534	601,544	163,070	160,412	132,716	67,355	-	-	-	-	-	-
376		483,512,711	253,263,958	139,686,822	37,859,045	37,230,479	-	15,472,407	-	-	-	-	-	-
		891,274,639	466,849,656	257,489,243	69,786,804	68,628,147	-	28,520,788	-	-	-	-	-	-
		88,068,880	-	-	-	-	87,641,896	426,984	-	-	-	-	-	-
378		109,292,996	53,794,013	29,673,048	8,043,965	7,912,813	6,546,650	3,322,507	-	-	-	-	-	-
379		-	-	-	-	-	-	-	-	-	-	-	-	-
379		13,060,700	6,428,477	3,545,980	961,268	945,595	782,336	397,045	-	-	-	-	-	-
380		759,978,931	-	-	-	-	-	-	662,397,636	88,461,548	3,723,897	3,951,890	303,992	1,139,968
381		80,023,419	-	-	-	-	-	-	35,090,269	33,721,869	5,297,550	3,240,948	672,197	2,000,585
382		59,289,481	-	-	-	-	-	-	25,998,437	24,984,587	3,924,964	2,401,224	498,032	1,482,237
383		8,861,138	-	-	-	-	-	-	7,818,182	1,042,956	-	-	-	-
384		9,277,681	-	-	-	-	-	-	8,185,698	1,091,983	-	-	-	-
385		17,273,670	-	-	-	-	-	-	7,574,504	7,279,125	1,143,517	699,584	145,099	431,842
386		500,595	-	-	-	-	-	-	436,319	58,269	2,453	2,603	200	751
387		1,372,294	293,808	162,068	44,051	43,639	93,453	30,465	478,793	160,558	30,602	19,624	3,842	11,390
387		30,710	6,575	3,627	986	977	2,091	682	10,715	3,593	685	439	86	255
		2,533,187,731	786,294,498	433,681,716	117,542,127	115,593,819	95,630,427	48,519,649	747,990,553	156,804,488	14,123,668	10,316,312	1,623,448	5,067,028
<b>GENERAL PLANT</b>														
389		3,337,189	985,472	329,714	77,089	76,422	131,819	46,721	1,345,555	255,629	40,714	27,365	5,673	15,017
390		83,220,141	24,574,908	8,222,150	1,922,385	1,905,741	3,287,196	1,165,082	33,554,361	6,374,663	1,015,286	682,405	141,474	374,491
391		4,697,297	1,387,112	464,093	108,508	107,568	185,543	65,762	1,893,950	359,813	57,307	38,518	7,985	21,138
392		21,352,005	6,305,247	2,109,578	493,231	488,961	843,404	298,928	8,609,128	1,635,564	260,494	175,086	36,298	96,084
393		13,121	3,875	1,296	303	300	518	184	5,290	1,005	160	108	22	59
394		17,636,305	5,208,001	1,742,467	407,399	403,871	696,634	246,908	7,110,958	1,350,941	215,163	144,618	29,982	79,363
393		363,201	107,253	35,884	8,390	8,317	14,346	5,085	146,443	27,821	4,431	2,978	617	1,634
396		3,185,538	940,689	314,731	73,586	72,949	125,829	44,598	1,284,409	244,012	38,864	26,121	5,415	14,335
397		597,171	176,345	59,000	13,795	13,675	23,588	8,360	240,779	45,743	7,285	4,897	1,015	2,687
398		9,053,342	2,673,452	894,470	209,132	207,322	357,607	126,747	3,650,307	693,486	110,451	74,237	15,391	40,740
399		-	-	-	-	-	-	-	-	-	-	-	-	-
		143,455,310	42,362,354	14,173,383	3,313,818	3,285,126	5,666,484	2,008,375	57,841,180	10,988,677	1,750,155	1,176,333	243,872	645,548
		2,699,194,776	840,570,679	454,367,973	122,580,398	120,574,768	101,296,911	51,232,781	805,831,733	167,793,165	15,873,823	11,492,645	1,867,320	5,712,576

UGI UTILITIES INC. - GAS DIVISION (COMBINED)

COST OF SERVICE AS OF SEPTEMBER 30, 2020, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD, 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)
<b>COMMON PLANT ALLOCATED @ 91.24%</b>														
301 Organization	14	126,791	39,495	20,908	5,452	5,363	4,653	2,308	38,975	7,937	773	558	89	279
389.1 Land and Land Rights	12	6,338,541	1,871,771	626,248	146,420	145,153	250,372	88,740	2,555,700	485,532	77,330	51,976	10,776	28,523
390.2 Structures and Improvements	12	26,990,578	7,970,318	2,666,669	623,482	618,084	1,066,128	377,868	10,882,601	2,067,478	329,285	221,323	45,884	121,458
391 Office Furniture and Equipment	12	3,077,618	908,821	304,069	71,093	70,477	121,566	43,087	1,240,896	235,746	37,547	25,236	5,232	13,849
392.1 Transportation Equipment	12	1,592	470	157	37	36	63	22	642	122	19	13	3	7
<b>Total Common Plant</b>		<b>36,535,121</b>	<b>10,790,875</b>	<b>3,618,051</b>	<b>846,484</b>	<b>839,113</b>	<b>1,442,782</b>	<b>512,025</b>	<b>14,718,814</b>	<b>2,796,815</b>	<b>444,954</b>	<b>299,106</b>	<b>61,984</b>	<b>164,116</b>
<b>INFORMATION SERVICES (IS) ALLOCATED @ 91.72%</b>														
391 Office Furniture and Equipment	12	2,610,257	770,809	257,893	60,297	59,775	103,105	36,544	1,052,456	199,946	31,845	21,404	4,437	11,746
391.1 Office Furniture and Equip. - CIS	7	54,721,177	-	-	-	-	-	-	48,893,371	5,625,337	125,859	38,305	5,472	32,833
391.2 Office Furniture and Equip. - System Development Cost	12	84,023,402	24,812,111	8,301,512	1,940,941	1,924,136	3,318,924	1,176,328	33,878,236	6,436,193	1,025,086	688,992	142,840	378,105
<b>Total Information Services</b>		<b>141,354,836</b>	<b>25,582,920</b>	<b>8,559,405</b>	<b>2,001,238</b>	<b>1,983,911</b>	<b>3,422,029</b>	<b>1,212,872</b>	<b>83,824,063</b>	<b>12,261,476</b>	<b>1,182,790</b>	<b>748,701</b>	<b>152,749</b>	<b>422,684</b>
<b>INTANGIBLE PLANT</b>														
301 Organization	14	166,477	51,858	27,452	7,159	7,042	6,110	3,030	51,175	10,421	1,016	732	117	366
302 Franchises And Consents	14	193,597	60,305	31,924	8,325	8,189	7,105	3,523	59,512	12,119	1,181	852	136	426
303 Miscellaneous Intangible Plant	14	289,868	90,294	47,799	12,464	12,261	10,638	5,276	89,105	18,146	1,768	1,275	203	638
304 Land and Land Rights	14	381,652	118,885	62,934	16,411	16,144	14,007	6,946	117,320	23,891	2,328	1,679	267	840
305 Manufactured Gas Plant Remediation	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Nondepreciable Plant		1,031,594	321,342	170,109	44,359	43,636	37,860	18,775	317,112	64,577	6,293	4,538	723	2,270
Total Utility Plant in Service		2,878,116,327	877,265,816	466,715,538	125,472,479	123,441,428	106,199,582	52,976,453	904,691,722	182,916,033	17,507,860	12,544,990	2,082,776	6,301,646
<b>OTHER RATE BASE ELEMENTS</b>														
Gas Storage Inventory	1A	25,736,000	16,069,558	9,666,442	-	-	-	-	-	-	-	-	-	-
Cash Working Capital	12	24,790,861	7,320,741	2,449,337	572,669	567,711	979,239	347,072	9,995,675	1,898,980	302,448	203,285	42,144	111,559
Cash Working Capital - Purchased Gas Related	1	14,965,139	10,707,557	4,257,582	-	-	-	-	-	-	-	-	-	-
Materials & Supplies	12	13,666,000	4,035,570	1,350,201	315,685	312,951	539,807	191,324	5,510,131	1,046,816	166,725	112,061	23,232	61,497
Deferred Taxes	14	(574,782,000)	(179,044,593)	(94,781,552)	(24,715,626)	(24,313,279)	(21,094,499)	(10,461,032)	(176,687,987)	(35,981,353)	(3,506,170)	(2,529,041)	(402,347)	(1,264,520)
Customer Deposits	8	(18,920,000)	-	-	-	-	-	-	(16,967,456)	(1,952,544)	-	-	-	-
Investment Tax Credit	14	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Rate Base Elements</b>		<b>(514,544,000)</b>	<b>(140,911,167)</b>	<b>(77,057,990)</b>	<b>(23,827,272)</b>	<b>(23,432,617)</b>	<b>(19,575,453)</b>	<b>(9,922,636)</b>	<b>(178,149,637)</b>	<b>(34,988,101)</b>	<b>(3,036,997)</b>	<b>(2,213,695)</b>	<b>(336,971)</b>	<b>(1,091,464)</b>
Total Measure of Value		\$ 2,363,572,327	\$ 736,354,649	\$ 389,657,548	\$ 101,645,207	\$ 100,008,811	\$ 86,624,129	\$ 43,053,817	\$ 726,542,085	\$ 147,927,932	\$ 14,470,863	\$ 10,331,295	\$ 1,745,805	\$ 5,210,182

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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	\$ 466,849,656	0.4766
Rate N	257,489,243	0.2629
Rate DS	69,786,804	0.0713
Rate LFD	68,628,147	0.0701
Rate XD Firm	87,641,896	0.0895
Interruptible	28,947,772	0.0296
	<hr/>	<hr/>
Total	\$ 979,343,518	1.0000
	<hr/> <hr/>	<hr/> <hr/>

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	\$ 720,113,614	0.4922
Rate N	397,176,065	0.2715
Rate DS	107,645,849	0.0736
Rate LFD	105,858,626	0.0724
Rate XD Firm	87,641,896	0.0599
Interruptible	44,420,179	0.0304
	<hr/>	<hr/>
Total	\$ 1,462,856,229	1.0000
	<hr/> <hr/>	<hr/> <hr/>

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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.

<u>Service Classification</u> (1)	<u>3-Yr. Average of Net Write-offs</u> (2)	<u>Allocation Factor</u> (3)
<u>Customer Costs</u>		
Rate R	\$ 8,403,680	0.9477
Rate N	385,525	0.0435
Rate DS	5,353	0.0006
Rate LFD	54,891	0.0062
Rate XD Firm	18,069	0.0020
Interruptible	-	-
Total	<u>\$ 8,867,517</u>	<u>1.0000</u>

FACTOR 20. ALLOCATION OF PENALTY REVENUE.

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

<u>Service Classification</u> (1)	<u>Penalty Revenue</u> (2)	<u>Allocation Factor</u> (3)
<u>Customer Costs</u>		
Rate R	\$ 3,266,724	0.6656
Rate N	1,349,010	0.2749
Rate DS	288,844	0.0589
Rate LFD	2,310	0.0005
Rate XD Firm	77	0.0000
Interruptible	1,036	0.0002
Total	<u>\$ 4,908,000</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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)
<b>Fully Allocated Customer Costs</b>							
Customer Costs	275,976,379	\$ 220,766,835	\$ 43,252,398	\$ 5,333,032	\$ 3,854,674	\$ 716,031	\$ 2,053,410
Number of bills	7,956,827	7,109,604	817,727	18,648	5,640	648	4,560
<b>Customer Cost per bill</b>		<b>\$ 31.05</b>	<b>\$ 52.89</b>	<b>\$ 285.98</b>	<b>\$ 683.45</b>	<b>\$ 1,104.99</b>	<b>\$ 450.31</b>
<b>Direct Customer Costs</b>							
<u>O &amp; M Expenses:</u>							
874 Mains And Services Expenses							
Mains	-	-	-	-	-	-	-
Services	10,235,358	8,921,138	1,191,396	50,153	53,224	4,094	15,353
876 M & R Station Expenses - Industrial	567,879	-	-	268,266	164,174	33,902	101,537
878 Meter and House Regulator Expenses	4,604,244	2,018,961	1,940,228	304,801	186,472	38,676	115,106
879 Customer Installations Expenses	1,957,160	858,215	824,747	129,564	79,265	16,440	48,929
890 M & R Equip - Industrial	553,343	-	-	261,399	159,971	33,035	98,938
892 Services	4,881,538	4,254,748	568,211	23,920	25,384	1,953	7,322
893 Meters & House Regulators	2,199,422	964,446	926,836	145,602	89,077	18,475	54,986
901 Supervision	831,894	743,298	85,519	1,913	582	83	499
902 Meter Reading Expenses	2,601,113	2,324,094	267,394	5,983	1,821	260	1,561
903 Customer Records & Coll Expenses	18,964,710	16,944,969	1,949,572	43,619	13,275	1,896	11,379
903.1 Universal Service Program	-	-	-	-	-	-	-
904 Uncollectible Accounts	7,580,228	7,148,784	328,207	7,039	72,736	23,463	-
905 Miscellaneous Cust Accts Expenses	3,464,721	3,095,729	356,173	7,969	2,425	346	2,079
907 Supervision	198,524	177,381	20,408	457	139	20	119
908 Customer Assistance Expenses	1,635,559	1,635,559	-	-	-	-	-
910 Miscellaneous Customer Service Exp.	-	-	-	-	-	-	-
911 Supervision	54,503	48,878	5,625	-	-	-	-
912 Demonstrating and Selling Expenses	1,838,016	1,648,333	189,683	-	-	-	-
912.1 Energy Efficiency and Conservation	-	-	-	-	-	-	-
913 Advertising Expenses	440,683	395,205	45,478	-	-	-	-
916 Miscellaneous	198,908	178,381	20,527	-	-	-	-
926 Employee Pensions and Benefits	15,006,621 *	11,607,048	2,515,391	416,374	262,071	51,434	154,303
408 Payroll Taxes	4,023,811 *	3,112,264	674,466	111,645	70,271	13,791	41,374
Subtotal O & M Expenses	81,838,235	66,077,431	11,909,861	1,778,704	1,180,887	237,868	653,485

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

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)
<b>Depreciation Expense</b>							
380 Services	32,658,056	28,464,762	3,801,398	160,024	169,822	13,063	48,987
381 Meters	4,650,415	2,039,207	1,959,685	307,858	188,342	39,063	116,260
382 Meter Installations	2,461,573	1,079,400	1,037,307	162,956	99,694	20,677	61,539
383 House Regulators	1,394,604	1,230,459	164,145	-	-	-	-
384 House Regulator Installations	356,592	314,621	41,971	-	-	-	-
385 Industrial M & R Equipment	667,478	292,689	281,275	44,187	27,033	5,607	16,687
390 Structures and Improvements	2,402,048 *	1,912,531	363,343	57,869	38,896	8,064	21,345
391 Office Furniture And Equipment	10,566,535 *	8,866,264	1,372,632	153,078	98,950	20,305	55,306
Subtotal Depreciation	55,157,301	44,199,933	9,021,756	885,972	622,737	106,779	320,124
<b>Rate Base</b>							
380 Services	759,978,931	662,397,636	88,461,548	3,723,897	3,951,890	303,992	1,139,968
381 Meters	80,023,418	35,090,269	33,721,869	5,297,550	3,240,948	672,197	2,000,585
382 Meter Installations	59,289,481	25,998,437	24,984,587	3,924,964	2,401,224	498,032	1,482,237
383 House Regulators	8,861,138	7,818,182	1,042,956	-	-	-	-
384 House Regulator Installations	9,277,681	8,185,698	1,091,983	-	-	-	-
385 Industrial M & R Equipment	17,273,671	7,574,504	7,279,125	1,143,517	699,584	145,099	431,842
390 Structures And Improvements	42,142,680 *	33,554,361	6,374,663	1,015,286	682,405	141,474	374,491
391 Office Furniture and Equipment	102,529,680 *	86,958,909	12,857,035	1,277,644	812,455	165,966	457,671
Deferred Taxes	(220,371,418) *	(176,687,987)	(35,981,353)	(3,506,170)	(2,529,041)	(402,347)	(1,264,520)
Customer Deposits	(18,920,000)	(16,967,456)	(1,952,544)	-	-	-	-
Subtotal Rate Base	840,085,262	673,922,553	137,879,869	12,876,688	9,259,465	1,524,413	4,622,274
Taxes and Return @ 10.2%	85,483,479	68,575,474	14,030,065	1,310,277	942,204	155,118	470,343
<b>Total Direct Customer Costs</b>	<b>\$ 222,479,016</b>	<b>\$ 178,852,837</b>	<b>\$ 34,961,682</b>	<b>\$ 3,974,953</b>	<b>\$ 2,745,828</b>	<b>\$ 499,765</b>	<b>\$ 1,443,952</b>
Number of bills	7,956,827	7,109,604	817,727	18,648	5,640	648	4,560
<b>Direct Costs per bill</b>		<b>\$ 25.16</b>	<b>\$ 42.75</b>	<b>\$ 213.16</b>	<b>\$ 486.85</b>	<b>\$ 771.24</b>	<b>\$ 316.66</b>

\* Customer cost portion of account.

UGI UTILITIES, INC. - GAS DIVISION (COMBINED)

CALCULATION OF COSTS RELATED TO LFD AND XD DEMAND CHARGES

<u>Capital Costs</u>	<u>Rate LFD</u>	<u>Rate XD Firm</u>
Depreciation	\$ 3,127,825	\$ 2,916,933
Taxes Other Than Income	298,115	444,555
Income Taxes	1,865,176	1,613,840
Income Available for Return	<u>8,308,270</u>	<u>7,188,716</u>
Total	<u>\$ 13,599,386</u>	<u>\$ 12,164,044</u>
Cost Per Month	\$ 1,133,282	\$ 1,013,670
Demand Volume Units per Month	100,602	645,186
Demand Costs per MCF	\$ 11.27	\$ 1.57