

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, 2023**

**Witness: Constance E. Heppenstall
Prepared by: Gannett Fleming
Valuation and Rate Consultants, LLC**

**UGI UTILITIES, INC. – GAS DIVISION – PA P.U.C. NOS. 7 & 7S
SUPPLEMENT NO. 32**

DOCKET NO. R-2021-3030218

Issued: January 28, 2022

Effective: March 29, 2022

UGI Gas Exhibit D
Witness: C. E. Heppenstall

UGI UTILITIES, INC. – GAS DIVISION

Docket No. R-2021-3030218

COST OF SERVICE ALLOCATION STUDY

AS OF SEPTEMBER 30, 2023

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC
Camp Hill, Pennsylvania



*Excellence Delivered **As Promised***

January 14, 2022

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

Attention: Mr. Paul J. Szykman
Chief Regulatory Officer

Ladies and Gentlemen:

Pursuant to your request, we have prepared a cost of service allocation study based on pro forma revenue requirements for the twelve months ended September 30, 2023, for UGI Utilities, Inc. – Gas Division.

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

Respectfully submitted,

GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC

A handwritten signature in black ink, appearing to read "C. Heppenstall", written over a faint, larger version of the signature.

CONSTANCE E. HEPPENSTALL
Senior Project Manager, Rate Studies

CEH:mle

069215.200

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PART I. INTRODUCTION

UGI UTILITIES, INC. – GAS DIVISION
COST OF SERVICE ALLOCATION STUDY
AS OF SEPTEMBER 30, 2023

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study prepared for UGI Utilities, Inc. – Gas Division, based on the twelve months ended September 30, 2023 (FPFTY). Part I, Introduction, includes statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Service Classification, presents the detailed schedules of the allocation of costs to service classifications, the bases for the allocations, and the development of certain customer and demand costs.

BASIS OF THE STUDY

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

ALLOCATION PROCEDURES

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

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

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

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

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

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

RESULTS OF STUDY

The data summarized in Schedule A, "Comparison of Cost of Service with Revenues Under Present and Proposed Rates by Service Classification for the Twelve Months Ended September 30, 2023," constitute the principal results of the allocation study. Schedules B through F in Part II of the report present the details of the allocation of costs of service, including the return based on the allocated measure of value, by service classification as well as the bases for the allocation factors. Schedule G presents the development of customer costs per bill by service classification. Schedule H presents a cost analysis of the LFD and XD Service demand charges.

UGI UTILITIES, INC. - GAS DIVISION

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
BY SERVICE CLASSIFICATION FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2023
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	\$ 471,011,760	63.9%	\$ 377,368,713	57.5%	\$ 445,483,863	60.3%	\$ 68,115,150	18.1%
Rate N	146,888,226	19.9%	138,825,398	21.2%	153,278,225	20.8%	14,452,827	10.4%
Rate DS	32,808,421	4.4%	33,778,394	5.2%	34,432,339	4.7%	653,946	1.9%
Rate LFD	41,387,804	5.6%	44,861,623	6.8%	46,392,850	6.3%	1,531,227	3.4%
Rate XD Firm	28,012,485	3.8%	36,697,802	5.6%	35,735,967	4.8%	(961,834)	-2.6%
Interruptible	17,906,171	2.4%	24,012,357	3.7%	22,963,170	3.1%	(1,049,187)	-4.4%
Total	<u>\$ 738,014,867</u>	<u>100.0%</u>	<u>\$ 655,544,286</u>	<u>100.0%</u>	<u>\$ 738,286,415</u>	<u>100.0%</u>	<u>\$ 82,742,129</u>	12.6%
Other Operating Revenues	<u>10,287,000</u>		<u>10,287,000</u>		<u>10,287,000</u>		<u>0</u>	
Total	<u>\$748,301,867</u>		<u>\$665,831,286</u>		<u>\$748,573,415</u>		<u>\$82,742,129</u>	12.4%

PART II. COST OF SERVICE
BY SERVICE CLASSIFICATION

UGI UTILITIES, INC. - GAS DIVISION

DEVELOPMENT OF RATE OF RETURN BY SERVICE CLASSIFICATION
UNDER PRESENT RATES

Item (1)	Cost of Service (2)	Rate R (3)	Rate N (4)	Rate DS (5)	Rate LFD (6)	Rate XD-Firm (7)	Interruptible (8)
1. Revenues From Tariff Sales and Transportation	\$ 655,544,286	\$ 377,368,713	\$ 138,825,398	\$ 33,778,394	\$ 44,861,623	\$ 36,697,802	\$ 24,012,357
2. Other Revenues	10,286,999	5,777,403	2,977,948	481,908	547,898	296,899	204,943
3. Total Operating Revenues	665,831,285	383,146,116	141,803,346	34,260,302	45,409,521	36,994,701	24,217,300
4. Less: Operating Expenses	431,337,472	287,943,600	76,425,741	18,685,360	21,989,590	17,011,309	9,281,872
5. Return and Income Taxes	234,493,813	95,202,516	65,377,605	15,574,942	23,419,931	19,983,391	14,935,428
6. Less: Interest Expense	56,726,000	33,661,208	13,205,813	2,637,759	3,596,428	2,036,463	1,588,328
7. Taxable Income	177,767,813	61,541,308	52,171,792	12,937,183	19,823,503	17,946,928	13,347,100
8. Less: Income Taxes	39,835,701	13,787,136	11,691,778	2,900,039	4,441,681	4,023,406	2,991,661
9. Net Return (Ln 5 - Ln 8)	194,658,112	81,415,380	53,685,827	12,674,903	18,978,250	15,959,985	11,943,767
10. Original Cost Measure of Value (Factor 15.)	3,169,022,979	1,880,342,949	737,848,937	147,259,085	200,956,223	113,880,658	88,735,127
11. Rate of Return, Percent	6.14%	4.33%	7.28%	8.61%	9.44%	14.01%	13.46%
12. Relative Rate of Return	1.00	0.70	1.18	1.40	1.54	2.28	2.19

UGI UTILITIES, INC. - GAS DIVISION

DEVELOPMENT OF RATE OF RETURN BY SERVICE CLASSIFICATION
UNDER PROPOSED RATES

Item (1)	Cost of Service (2)	Rate R (3)	Rate N (4)	Rate DS (5)	Rate LFD (6)	Rate XD-Firm (7)	Interruptible (8)
1. Revenues From Tariff Sales and Transportation	\$ 738,286,415	\$ 445,483,863	\$ 153,278,225	\$ 34,432,339	\$ 46,392,850	\$ 35,735,967	\$ 22,963,170
2. Other Revenues	10,287,000	5,774,384	2,982,791	481,302	547,754	295,295	205,474
3. Total Operating Revenues	748,573,415	451,258,247	156,261,016	34,913,641	46,940,604	36,031,262	23,168,644
4. Less: Operating Expenses	432,700,222	289,445,008	76,430,514	18,645,807	21,926,414	16,977,680	9,274,799
5. Return and Income Taxes	315,873,193	161,813,239	79,830,502	16,267,835	25,014,190	19,053,582	13,893,845
6. Less: Interest Expense	56,726,000	33,672,554	13,200,140	2,632,086	3,596,428	2,036,463	1,588,328
7. Taxable Income	259,147,193	128,140,685	66,630,362	13,635,749	21,417,762	17,017,119	12,305,517
8. Less: Income Taxes	63,347,000	31,325,092	16,286,514	3,332,052	5,232,462	4,161,898	3,008,983
9. Net Return (Ln 5 - Ln 8)	252,526,193	130,488,147	63,543,988	12,935,783	19,781,728	14,891,684	10,884,862
10. Original Cost Measure of Value (Factor 15.)	3,169,022,979	1,881,075,190	737,530,945	147,139,836	200,820,216	113,761,411	88,695,381
11. Rate of Return, Percent	7.97%	6.94%	8.62%	8.79%	9.85%	13.09%	12.27%
12. Relative Rate of Return	1.00	0.87	1.08	1.10	1.24	1.64	1.54

UGI UTILITIES, INC. - GAS DIVISION

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	\$ 224,856,157	\$ 224,856,157					
Rate N	102,342,701		\$ 102,342,701				
Rate DS	24,523,189			\$ 24,523,189			
Rate LFD	35,444,083				\$ 35,444,083		
Rate XD Firm	26,822,531					\$ 26,822,531	
Rate IS/IL	14,900,365						\$ 14,900,365
Total Volumetric Costs	<u>428,889,025</u>	<u>224,856,157</u>	<u>102,342,701</u>	<u>24,523,189</u>	<u>35,444,083</u>	<u>26,822,531</u>	<u>14,900,365</u>
<u>Customer Costs</u>							
Rate R	\$ 246,155,604	\$ 246,155,604					
Rate N	44,545,525		\$ 44,545,525				
Rate DS	8,285,232			\$ 8,285,232			
Rate LFD	5,943,721				\$ 5,943,721		
Rate XD Firm	1,189,954					\$ 1,189,954	
Rate IS/IL	3,005,806						\$ 3,005,806
Total Customer Costs	<u>309,125,841</u>	<u>246,155,604</u>	<u>44,545,525</u>	<u>8,285,232</u>	<u>5,943,721</u>	<u>1,189,954</u>	<u>3,005,806</u>
Total Excluding Gas Costs	<u>\$ 738,014,867</u>	<u>\$ 471,011,760</u>	<u>\$ 146,888,226</u>	<u>\$ 32,808,421</u>	<u>\$ 41,387,804</u>	<u>\$ 28,012,485</u>	<u>\$ 17,906,171</u>

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Volumetric Costs						Customer Costs					
			Rate R (4)	Rate N (5)	Rate DS (6)	Rate LFD (7)	Rate XD Firm (8)	Interruptible (9)	Rate R (10)	Rate N (11)	Rate DS (12)	Rate LFD (13)	Rate XD Firm (14)	Interruptible (15)
OPERATION AND MAINTENANCE EXPENSES														
NATURAL GAS PRODUCTION EXPENSES														
<u>Manufactured Gas Production Expenses</u>														
710	1	0	-	-	-	-	-	-	-	-	-	-	-	-
717	1	0	-	-	-	-	-	-	-	-	-	-	-	-
725-736	1	14,000	10,046	3,954	-	-	-	-	-	-	-	-	-	-
740-742	1	983,333	705,640	277,693	-	-	-	-	-	-	-	-	-	-
		987,333	715,686	281,647	-	-	-	-	-	-	-	-	-	-
<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	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Natural Gas Production Expenses		997,333	715,686	281,647	-	-	-	-	-	-	-	-	-	-
OTHER STORAGE EXPENSE														
840	1A	-	-	-	-	-	-	-	-	-	-	-	-	-
841	4	-	-	-	-	-	-	-	-	-	-	-	-	-
842 - 842.3	4	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Natural Gas Storage Expense		-	-	-	-	-	-	-	-	-	-	-	-	-
TRANSMISSION EXPENSE														
850 - 860	4	-	-	-	-	-	-	-	-	-	-	-	-	-
861 - 867	4	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Transmission Expense		-	-	-	-	-	-	-	-	-	-	-	-	-
DISTRIBUTION EXPENSES														
<u>Operation</u>														
870	10	5,304,635	1,068,353	699,151	164,974	233,404	343,210	100,788	1,973,324	594,650	57,290	41,907	7,426	20,158
871	4A	2,030	607	403	91	109	780	41	-	-	-	-	-	-
872	2	-	-	-	-	-	-	-	-	-	-	-	-	-
873	2	-	-	-	-	-	-	-	-	-	-	-	-	-
874	4	5,045,247	2,363,698	1,542,837	367,294	535,301	-	236,118	-	-	-	-	-	-
	17	9,275,884	3,979,354	2,596,320	617,774	900,688	784,740	397,008	-	-	-	-	-	-
	6C	13,256,218	-	-	-	-	-	-	11,556,771	1,592,072	53,025	33,141	3,977	17,233
875	4A	4,226,551	1,263,739	838,970	188,504	226,966	1,623,841	84,531	-	-	-	-	-	-
876	6B	12,194	-	-	-	-	-	-	-	-	5,434	4,065	734	1,961
877	4A	115,674	34,587	22,961	5,159	6,212	44,442	2,313	-	-	-	-	-	-
878	6	3,245,151	-	-	-	-	-	-	1,381,785	1,437,926	189,517	141,813	25,637	68,473
879	6	2,759,655	-	-	-	-	-	-	1,175,061	1,222,803	161,164	120,597	21,801	58,229
880	10	1,297,033	261,222	170,949	40,338	57,069	83,918	24,644	482,496	145,397	14,008	10,247	1,816	4,929
881	10	3,117,000	627,764	410,821	96,939	137,148	201,670	59,223	1,159,524	349,416	33,664	24,624	4,364	11,845
881	DA	565,000	-	-	-	-	565,000	-	-	-	-	-	-	-
		565,000	-	-	-	-	565,000	-	-	-	-	-	-	-
Total Operation		48,222,273	9,599,324	6,282,412	1,481,073	2,096,897	3,647,601	904,666	17,728,961	5,342,264	514,102	376,394	65,755	182,828

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UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Volumetric Costs						Customer Costs						
			Rate R (4)	Rate N (5)	Rate DS (6)	Rate LFD (7)	Rate XD Firm (8)	Interruptible (9)	Rate R (10)	Rate N (11)	Rate DS (12)	Rate LFD (13)	Rate XD Firm (14)	Interruptible (15)	
Maintenance															
885	Supervision - Engineering and Labor	11	516,307	184,683	120,661	28,603	41,201	38,052	18,019	18,277	2,530	28,655	21,427	3,872	10,326
886	Structures & Improvements	18	-	-	-	-	-	-	-	-	-	-	-	-	-
887	Mains - Small	4	9,960,460	4,666,476	3,045,909	725,121	1,056,805	-	466,150	-	-	-	-	-	-
	Mains - Large	17	18,312,694	7,856,146	5,125,723	1,219,625	1,778,163	1,549,254	783,783	-	-	-	-	-	-
888	Maintenance of Compressor Station Equipment	4	262,000	122,747	80,120	19,074	27,798	-	12,262	-	-	-	-	-	-
889	M & R Equip - General	4A	3,156,282	943,728	626,522	140,770	169,492	1,212,644	63,126	-	-	-	-	-	-
890	M & R Equip - Industrial	6B	4,732,873	-	-	-	-	-	-	-	2,108,968	1,577,940	284,919	761,046	
891	M & R Equip - City Gate	4A	121,179	36,233	24,054	5,405	6,507	46,557	2,424	-	-	-	-	-	-
892	Services	6C	1,547,015	-	-	-	-	-	-	1,348,688	185,797	6,188	3,868	464	2,011
893	Meters & House Regulators	6	-	-	-	-	-	-	-	-	-	-	-	-	-
894	Other Expenses	11	555,780	198,803	129,886	30,790	44,351	40,961	19,397	19,675	2,723	30,846	23,065	4,168	11,116
895	Construction and Maintenance	11	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Maintenance		39,164,590	14,008,816	9,152,875	2,169,388	3,124,317	2,887,468	1,365,161	1,386,640	191,050	2,174,657	1,626,300	293,423	784,499
	Total Distribution Expenses		87,386,863	23,608,140	15,435,287	3,650,461	5,221,214	6,535,069	2,269,827	19,115,601	5,533,314	2,688,759	2,002,694	359,178	967,327
CUSTOMER ACCOUNTING EXPENSES															
<i>Operation</i>															
901	Supervision	7	832,203	-	-	-	-	-	-	744,572	84,718	1,664	749	83	416
902	Meter Reading Expenses	7	2,208,095	-	-	-	-	-	-	1,975,583	224,784	4,416	1,987	221	1,104
903	Customer Records & Coll Expenses	7	19,474,018	-	-	-	-	-	-	17,423,404	1,982,455	38,948	17,527	1,947	9,737
903.1	Universal Service Program	DA	17,537,000	-	-	-	-	-	-	-	-	-	-	-	-
904	Uncollectible Accounts	19	17,957,980	6,465,085	493,184	-	-	-	-	10,147,842	668,697	14,366	30,529	100,565	37,712
905	Miscellaneous Cust Accts Expenses	7	2,318,249	-	-	-	-	-	-	2,074,137	235,998	4,636	2,086	232	1,159
	Total Customer Accounting Expenses		60,327,545	24,002,085	493,184	-	-	-	-	32,365,538	3,196,652	64,030	62,878	103,048	50,128
CUSTOMER SERVICE AND INFORMATION EXPENSES															
<i>Operation</i>															
907	Supervision	7	174,406	-	-	-	-	-	-	156,041	17,755	349	157	17	87
908	Customer Assistance Expenses	9	714,061	-	-	-	-	-	-	714,061	-	-	-	-	-
909	Informational and Instructional Advertising	7	-	-	-	-	-	-	-	-	-	-	-	-	-
910	Miscellaneous Customer Service & Informational Exp.	7	62,958	-	-	-	-	-	-	56,329	6,409	126	57	6	31
910.1	Energy Efficiency and Conservation Programs	DA	12,717,939	10,801,850	634,636	534,450	747,003	-	-	-	-	-	-	-	-
	Total Customer Service & Info Expenses		13,669,364	10,801,850	634,636	534,450	747,003	-	-	926,431	24,164	475	214	23	118
SALES EXPENSES															
<i>Operation</i>															
911	Supervision	8	431,364	-	-	-	-	-	-	387,279	44,085	-	-	-	-
912	Demonstrating and Selling Expenses	8	(677,610)	-	-	-	-	-	-	(608,358)	(69,252)	-	-	-	-
908/912	Service Representatives	7A	283,600	-	-	-	-	-	-	-	-	163,609	70,758	6,580	42,653
913	Advertising Expenses	8	1,637,284	-	-	-	-	-	-	1,469,954	167,330	-	-	-	-
916	Miscellaneous	8	258,000	-	-	-	-	-	-	231,632	26,368	-	-	-	-
	Total Sales Expenses		1,932,639	-	-	-	-	-	-	1,480,507	168,531	163,609	70,758	6,580	42,653
ADMINISTRATIVE AND GENERAL EXPENSES															
<i>Operation</i>															
920	Administrative & General Salaries	12	36,437,774	13,033,792	3,694,790	932,807	1,329,979	1,457,511	506,485	12,024,465	1,989,502	652,236	473,691	105,670	236,846
921	Office Supplies and Expenses	12	21,222,000	7,591,109	2,151,911	543,283	774,603	848,880	294,986	7,003,260	1,158,721	379,874	275,886	61,544	137,943
922	Administrative Expenses Transferred-Credit		-	-	-	-	-	-	-	-	-	-	-	-	-
923	Outside Services Employed - Other	12	25,611,015	9,161,060	2,596,957	655,642	934,802	1,024,441	355,993	8,451,635	1,398,361	458,437	332,943	74,272	166,472
924	Property Damage Insurance	12	-	-	-	-	-	-	-	-	-	-	-	-	-
925	Injuries and Damages	12	10,371,987	3,710,060	1,051,719	265,523	378,578	414,879	144,171	3,422,756	566,310	185,659	134,836	30,079	67,418
926	Employee Pensions and Benefits	13	22,410,000	4,876,416	2,388,906	573,696	817,965	990,522	342,873	9,150,003	1,862,271	629,721	463,887	87,399	226,341
927	Franchise Requirements		-	-	-	-	-	-	-	-	-	-	-	-	-
928	Regulatory Commission Expenses		-	-	-	-	-	-	-	-	-	-	-	-	-
929	Duplicate Charges-Credit	16	1,193,000	361,002	164,038	39,369	56,787	43,067	23,860	399,178	74,920	13,720	10,021	2,028	5,011
930	Miscellaneous General Expenses	12	292,079	104,477	29,617	7,477	10,661	11,683	4,060	96,386	15,948	5,228	3,797	847	1,899
930	Miscellaneous Company Charges	12	6,937,970	2,481,712	703,510	177,612	253,236	277,519	96,438	2,289,530	378,813	124,190	90,194	20,120	45,097
931	Other	12	38,000	13,593	3,853	973	1,387	1,520	528	12,540	2,075	680	494	110	247
	Total Operation		124,513,825	41,333,221	12,785,301	3,196,382	4,557,998	5,070,022	1,769,394	42,849,753	7,446,921	2,449,745	1,785,749	382,069	887,274

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Volumetric Costs						Customer Costs					
			Rate R (4)	Rate N (5)	Rate DS (6)	Rate LFD (7)	Rate XD Firm (8)	Interruptible (9)	Rate R (10)	Rate N (11)	Rate DS (12)	Rate LFD (13)	Rate XD Firm (14)	Interruptible (15)
Maintenance														
932 Maintenance of General Plant	12	4,411,000	1,577,815	447,275	112,922	161,002	176,440	61,313	1,455,630	240,841	78,957	57,343	12,792	28,672
935 Maintenance of General Plant	12	267,000	95,506	27,074	6,835	9,746	10,680	3,711	88,110	14,578	4,779	3,471	774	1,736
Total Maintenance		4,678,000	1,673,321	474,349	119,757	170,748	187,120	65,024	1,543,740	255,419	83,736	60,814	13,566	30,408
Total Administrative & General Expenses		129,191,825	43,006,542	13,259,650	3,316,139	4,728,746	5,257,142	1,834,418	44,393,493	7,702,340	2,533,481	1,846,563	395,635	917,682
Total Operation and Maintenance Expenses		293,505,569	102,134,304	30,104,404	7,501,050	10,696,963	11,792,211	4,104,245	98,281,570	16,625,001	5,450,354	3,973,107	864,464	1,977,908
DEPRECIATION AND AMORTIZATION EXPENSE														
PRODUCTION PLANT														
305 Manufactured Gas Plant Site Remediation	2	(23,039)	(3,523)	(2,106)	(650)	(1,599)	(14,116)	(1,046)	-	-	-	-	-	-
325.2 Production Leaseholds	2	33	5	3	1	2	20	1	-	-	-	-	-	-
325.4 Rights-Of-Way	2	18	3	2	1	1	11	1	-	-	-	-	-	-
328 Field Measuring and Regulating Station Equipment	2	-	-	-	-	-	-	-	-	-	-	-	-	-
329 Other Structures	2	-	-	-	-	-	-	-	-	-	-	-	-	-
330 Producing Gas Wells - Well Construction	2	-	-	-	-	-	-	-	-	-	-	-	-	-
331 Producing Gas Wells - Well Equipment	2	-	-	-	-	-	-	-	-	-	-	-	-	-
332 Field Lines	2	948	145	87	27	66	581	43	-	-	-	-	-	-
334 Field Measuring and Regulating Station Equipment	2	383	59	35	11	27	235	17	-	-	-	-	-	-
335 Drilling and Cleaning Equipment	2	16	2	1	-	1	10	-	-	-	-	-	-	-
337 Other Equipment	2	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Plant		(21,641)	(3,309)	(1,978)	(610)	(1,502)	(13,259)	(983)	-	-	-	-	-	-
STORAGE PLANT														
352.01 Well Construction	2	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANSMISSION PLANT														
365.2 Rights-Of-Way	4	11,469	5,373	3,507	835	1,217	-	537	-	-	-	-	-	-
366 Structures and Improvements	4	1,122	526	343	82	119	-	53	-	-	-	-	-	-
367 Mains	4	452,433	211,965	138,354	32,937	48,003	-	21,174	-	-	-	-	-	-
369 Measuring and Regulating Station Equipment	4	90,744	42,514	27,750	6,606	9,628	-	4,247	-	-	-	-	-	-
370 Communication Equipment	4	97,784	45,812	29,902	7,119	10,375	-	4,576	-	-	-	-	-	-
371 Other Equipment	4	1,074	503	328	78	114	-	50	-	-	-	-	-	-
371.1 Testing Equipment	4	4,914	2,302	1,503	358	521	-	230	-	-	-	-	-	-
Total Transmission Plant		659,540	308,995	201,687	48,015	69,977	-	30,867	-	-	-	-	-	-
DISTRIBUTION PLANT														
305 Manufactured Gas Plant Site Remediation	1	-	-	-	-	-	-	-	-	-	-	-	-	-
374.2 Rights of Way	18	45,770	20,230	13,205	3,144	4,582	2,586	2,023	-	-	-	-	-	-
375 Structures And Improvements	18	84,890	37,321	24,491	5,832	8,497	4,796	3,752	-	-	-	-	-	-
376 Mains - Small	4	13,681,072	6,409,582	4,183,672	995,982	1,451,562	-	640,274	-	-	-	-	-	-
Mains - Large	4	25,153,185	11,784,267	7,691,844	1,831,152	2,668,753	-	1,177,169	-	-	-	-	-	-
Mains - Direct Assign	DA	2,324,426	-	-	-	-	2,324,390	36	-	-	-	-	-	-
378 Measuring & Regulating Equipment - General	18	5,960,845	2,634,693	1,719,704	409,510	596,681	336,788	263,469	-	-	-	-	-	-
379 Measuring & Regulating Equipment - City Gate	18	607,635	268,575	175,303	41,745	60,824	34,331	26,857	-	-	-	-	-	-
380 Services	6C	40,073,393	-	-	-	-	-	-	34,935,994	4,812,814	169,294	100,163	12,022	52,095
381 Meters	6	5,529,933	-	-	-	-	-	-	2,354,645	2,450,313	322,948	241,658	43,686	116,682
382 Meter Installations	6	3,015,930	-	-	-	-	-	-	1,284,183	1,336,359	176,130	131,796	23,826	63,636
383 House Regulators	6A	137,693	-	-	-	-	-	-	121,032	16,661	-	-	-	-
384 House Regulator Installations	6A	486,457	-	-	-	-	-	-	427,596	58,861	-	-	-	-
385 Industrial Measuring & Regulating Equipment	6	825,092	-	-	-	-	-	-	351,324	365,598	48,185	36,057	6,518	17,409
386 Other Property on Customer Premises	6C	23,675	-	-	-	-	-	-	20,640	2,843	95	59	7	31
387 Other Equipment	10	99,425	20,024	13,104	3,092	4,375	6,433	1,889	36,986	11,146	1,074	785	139	378
387.1 Other Equipment	10	4,177	841	551	130	184	270	79	1,554	468	33	6	16	6
Total Distribution Plant		98,053,598	21,175,733	13,821,874	3,290,587	4,795,458	2,709,594	2,115,548	39,533,944	9,055,063	708,771	510,571	86,204	250,247
GENERAL PLANT														
390 Structures And Improvements	12	4,797,233	1,715,970	486,439	122,809	175,099	191,889	66,682	1,583,087	261,929	85,870	62,364	13,912	31,182
391 Office Furniture And Equipment	12	350,467	125,362	35,537	8,972	12,992	14,019	4,871	115,654	19,135	6,273	4,556	1,016	2,278
392 Transportation Equipment	12	5,308,101	1,898,708	538,241	135,887	193,746	212,324	73,783	1,751,673	289,822	95,015	69,005	15,393	34,503
393 Stores Equipment	12	834	298	85	21	30	33	12	275	15	11	2	5	5
394 Tools, Shop And Garage Equipment	12	2,080,239	744,101	210,936	53,254	75,929	83,210	28,915	686,479	113,581	37,236	27,043	6,033	13,522
395 Laboratory Equipment	12	22,997	7,904	2,241	566	807	864	307	7,292	1,206	396	287	64	144
396 Power Operated Equipment	12	446,936	159,869	45,319	11,442	16,313	17,877	6,212	147,489	24,403	8,000	5,810	1,296	2,905
397 Communication Equipment	12	106,929	38,249	10,843	2,737	3,903	4,486	35,287	5,838	1,914	1,390	310	695	695
398 Miscellaneous Equipment	12	315,221	112,755	31,963	8,070	11,506	12,609	4,382	104,023	17,211	5,642	4,098	914	2,049
Total General Plant		13,428,057	4,803,216	1,361,604	343,758	490,125	537,122	186,650	4,431,259	733,171	240,361	174,564	38,940	87,283
COMMON PLANT ALLOCATED @ 88.43%														
390.2 Structures and Improvements	12	859,246	307,352	87,128	21,997	31,362	34,370	11,944	283,551	46,915	15,380	11,170	2,492	5,585
391 Office Furniture and Equipment	12	449,325	160,724	45,562	11,503	16,400	17,973	6,246	148,277	24,533	8,043	5,841	1,303	2,921
392.1 Transportation Equipment	12	-	-	-	-	-	-	-	-	-	-	-	-	-
398 Miscellaneous Equipment	12	2,858	1,022	290	73	104	114	40	943	156	51	37	8	19
Total Common Plant		1,311,428	468,098	132,980	33,573	47,866	52,457	18,230	432,771	71,604	23,474	17,048	3,803	8,525
INFORMATION SERVICES (IS) ALLOCATED @ 91.68%														
391 Office Furniture and Equipment	12	13,161,549	4,707,886	1,334,581	336,936	480,397	526,462	182,946	4,343,311	718,621	235,592	171,100	38,168	85,550
391.1 Office Furniture and Equip. - New CIS Software	7	4,655,090	-	-	-	-	-	-	4,164,909	473,888	9,310	4,190	466	2,328
391.4 Office Furniture and Equip. - New CIS Software	12	2,705,627	967,803	274,351	69,264	98,755	108,225	37,608	892,857	147,727	48,431	35,173	7,846	17,587
Total Information Services		20,522,266	5,675,689	1,608,932	406,200	579,152	634,687	220,554	9,401,077	1,340,236	293,333	210,463	46,480	105,465

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Volumetric Costs						Customer Costs					
			Rate R (4)	Rate N (5)	Rate DS (6)	Rate LFD (7)	Rate XD Firm (8)	Interruptible (9)	Rate R (10)	Rate N (11)	Rate DS (12)	Rate LFD (13)	Rate XD Firm (14)	Interruptible (15)
Less:														
Amount Charged to Clearing Accounts	12	(8,371,000)	(2,994,307)	(848,819)	(214,298)	(305,542)	(334,840)	(116,357)	(2,762,430)	(457,057)	(149,841)	(108,823)	(24,276)	(54,412)
390.1 Reading Service Center Alloc. to Electric Div. @ 8.32%	12	(10,551)	(3,774)	(1,070)	(270)	(385)	(422)	(147)	(3,482)	(576)	(189)	(137)	(31)	(69)
390.1 Empire Building Alloc. To Electric Div. @ 13.07%	12	(35,345)	(12,643)	(3,584)	(905)	(1,290)	(1,414)	(491)	(11,664)	(1,930)	(633)	(459)	(103)	(230)
Total Depreciation & Amortization Expense		125,536,352	29,418,698	16,271,626	3,906,050	5,673,859	3,583,925	2,453,871	51,021,475	10,740,511	1,115,276	803,227	151,017	396,809
TAXES OTHER THAN INCOME TAXES														
408.10 Capital Stock	15	-	-	-	-	-	-	-	-	-	-	-	-	-
408.10 County and Municipal Taxes	16	1,868,000	565,257	256,850	61,644	88,917	67,435	37,360	625,033	117,310	21,482	15,691	3,176	7,846
408.10 Payroll Related Tax	13	6,926,300	1,507,163	738,344	177,313	252,810	306,142	105,972	2,828,008	575,576	194,629	143,374	27,013	69,956
408.10 Public Utility Assessment	16	4,042,000	1,223,109	555,775	133,386	192,399	145,916	80,840	1,352,453	253,838	46,483	33,953	6,871	16,976
408.10 Public Utility Realty Tax	15	822,000	237,887	142,781	33,455	48,662	28,852	21,290	250,052	48,498	4,685	3,452	658	1,726
408.10 Miscellaneous Taxes	16	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Taxes Other Than Income		13,658,300	3,533,416	1,693,750	405,798	582,788	548,345	245,462	5,055,546	995,222	267,279	196,470	37,718	96,504
Total Operating Expenses		432,700,221	135,086,418	48,069,780	11,812,898	16,953,610	15,924,481	6,803,578	154,358,591	28,360,734	6,832,909	4,972,804	1,053,199	2,471,221
INCOME TAXES	15	63,347,000	18,332,622	11,003,374	2,578,223	3,750,142	2,223,480	1,640,687	19,270,157	3,737,473	361,078	266,057	50,678	133,029
OPERATING INCOME AVAILABLE FOR RETURN	15	252,254,645	73,002,494	43,816,632	10,266,764	14,933,475	8,854,138	6,533,395	76,735,863	14,883,024	1,437,851	1,059,470	201,804	529,735
TOTAL COST OF SERVICE		748,301,866	226,421,534	102,889,786	24,657,885	35,637,227	27,002,099	14,977,660	250,364,611	46,981,231	8,631,838	6,298,331	1,305,681	3,133,985
Less: Other Revenues														
Reconnection Charges	6C	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent From Gas Property	12	2,686,000	960,782	272,360	68,762	98,039	107,440	37,335	886,380	146,656	48,079	34,918	7,789	17,459
Forfeited Discounts/Penalties	20	5,603,000	-	-	-	-	-	-	2,654,096	2,163,576	275,550	302,909	104,541	102,328
Other Miscellaneous Revenues	16	1,998,000	604,595	274,725	65,934	95,105	72,128	39,960	668,531	125,474	22,977	16,783	3,397	8,392
Subtotal		10,287,000	1,565,377	547,085	134,696	193,144	179,568	77,295	4,209,007	2,435,706	346,606	354,610	115,727	128,179
TOTAL COST OF SERVICE RELATED TO TARIFF SALES AND TRANSPORTATION		\$ 738,014,866	\$ 224,856,157	\$ 102,342,701	\$ 24,523,189	\$ 35,444,083	\$ 26,822,531	\$ 14,900,365	\$ 246,155,604	\$ 44,545,525	\$ 8,285,232	\$ 5,943,721	\$ 1,189,954	\$ 3,005,806

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

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

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

Service Classification	Pro Forma Average Daily PGC Volumes (Mcf)	Allocation Factor 1	PGC and Choice Volumes (Mcf)	Allocation Factor 1A
(1)	(2)	(3)		
<u>Volumetric Costs</u>				
Rate R	124,315	0.7176	142,485	0.6257
Rate N	48,925	0.2824	85,232	0.3743
Rate DS		-		
Rate LFD		-		
Rate XD	-	-		
Interruptible	-	-		
 Total	 <u>173,240</u>	 <u>1.0000</u>	 <u>227,717</u>	 <u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTORS 2 . ALLOCATION OF COMPRESSOR STATION FUEL.

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

<u>Service Classification</u> (1)	<u>Pro Forma Average Daily Throughput Volumes (Mcf)</u> (2)	<u>Allocation Factor 2</u> (3)
<u>Volumetric Costs</u>		
Rate R	142,485	0.1529
Rate N	85,232	0.0914
Rate DS	26,335	0.0282
Rate LFD	64,765	0.0694
Rate XD Firm	571,442	0.6127
Interruptible	<u>42,334</u>	<u>0.0454</u>
Total	<u><u>932,593</u></u>	<u><u>1.0000</u></u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

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

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

Service Classification	Pro Forma Average Daily Throughput Volumes (Mcf)	Peak Day Capacity (Mcf)	Extra Capacity (Mcf)	Allocation Factor 3	Allocation Factor 3A
(1)	(2)	(3)	(4)=(3)-(2)	(5)	(6)
<u>Volumetric Costs</u>					
Rate R	142,485	649,604	507,119	0.4141	0.5203
Rate N	85,232	431,709	346,477	0.2830	0.3554
Rate DS	26,335	96,848	70,513	0.0576	0.0723
Rate LFD	64,765	115,419	50,654	0.0414	0.0520
Subtotal	318,817	1,293,580	974,763	0.7961	1.0000
Rate XD Firm	571,442	821,122	249,680	0.2039	-
Total	890,259	2,114,702	1,224,443	1.0000	1.0000
Firm Service Load Factor	0.4210		0.5790		

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

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

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

Service Classification	Average Daily Throughput			Maximum Day Extra Demand		Allocation Factor 4 (7)=(4)+(6)
	MCF/Day (2)	Allocation Factor (3)	Weighted Factor* (4)=(3)x 0.4210	Allocation Factor 3A (5)	Weighted Factor* (6)=(5)x 0.5790	
<u>Volumetric Costs</u>						
Rate R	142,485	0.3973	0.1673	0.5203	0.3012	0.4685
Rate N	85,232	0.2376	0.1000	0.3554	0.2058	0.3058
Rate DS	26,335	0.0734	0.0309	0.0723	0.0419	0.0728
Rate LFD	64,765	0.1806	0.0760	0.0520	0.0301	0.1061
Rate XD Firm	-	-	-	-	-	-
Interruptible**	39,847	0.1111	0.0468	-	-	0.0468
Total	358,664	1.0000	0.4210	1.0000	0.5790	1.0000

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

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

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

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

Service Classification	Throughput (2)	Average Daily Throughput		Maximum Day Extra Demand		Allocation Factor (7)=(4)+(6)
		Allocation Factor 2 (3)	Weighted Factor (4)=(3)x 0.4410	Allocation Factor 3 (5)	Weighted Factor (6)=(5)x 0.5590	
<u>Volumetric</u>						
Rate R	142,485	0.1529	0.0675	0.4141	0.2315	0.2990
Rate N	85,232	0.0914	0.0403	0.2830	0.1582	0.1985
Rate DS	26,335	0.0282	0.0124	0.0576	0.0322	0.0446
Rate LFD	64,765	0.0694	0.0306	0.0414	0.0231	0.0537
Rate XD-Firm	571,442	0.6127	0.2702	0.2039	0.1140	0.3842
Interruptible	42,334	0.0454	0.0200	-	-	0.0200
Total	932,593	1.0000	0.4410	1.0000	0.5590	1.0000

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 5. NOT USED IN THIS ALLOCATION.

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

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

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

Service Classification (1)	Meter Costs SDR-COS-7	Allocation Factor (3)
<u>Customer Costs</u>		
Rate R	\$ 75,859,636	0.4258
Rate N	78,928,022	0.4431
Rate DS	10,405,903	0.0584
Rate LFD	7,783,898	0.0437
Rate XD-Firm	1,404,538	0.0079
Interruptible	<u>3,754,266</u>	<u>0.0211</u>
Total	<u>\$ 178,136,264</u>	<u>1.0000</u>

FACTOR 6A. ALLOCATION OF COSTS ASSOCIATED WITH HOUSE REGULATORS

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

Service Classification (1)	Number of Regulators (2)	Factor (3)	Weighted Regulators (4)	Allocation Factor (5)
<u>Customer</u>				
Rate R	616,132	1.00	616,132	0.8790
Rate N	<u>70,125</u>	1.21	<u>84,851</u>	<u>0.1210</u>
Total	<u>686,257</u>		<u>700,983</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

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

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

<u>Service Classification</u> (1)	<u>Cost of Meters & M&R Equipment</u> (2)	<u>Allocation Factor</u> (3)
<u>Customer Costs</u>		
Rate DS	\$ 10,405,903	0.4456
Rate LFD	7,783,898	0.3334
Rate XD - Firm	1,404,538	0.0602
Interruptible	<u>3,754,266</u>	<u>0.1608</u>
Total	<u>\$ 23,348,605</u>	<u>1.0000</u>

FACTOR 6C. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

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

<u>Service Classification</u> (1)	<u>Cost of Service Lines SDR-COS-6</u> (2)	<u>Allocation Factor</u> (3)
<u>Customer Costs</u>		
Rate R	\$ 1,141,965,038	0.8718
Rate N	157,264,701	0.1201
Rate DS	5,215,208	0.0040
Rate LFD	3,245,947	0.0025
Rate XD - Firm	402,109	0.0003
Interruptible	<u>1,670,210</u>	<u>0.0013</u>
Total	<u>\$ 1,309,763,212</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

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

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

<u>Service Classification</u> (1)	<u>Number of Customers</u> (2)	<u>Allocation Factor 7</u> (3)	<u>Allocation Factor 7A</u> (4)
<u>Customer Costs</u>			
Rate R	616,132	0.8947	
Rate N	70,125	0.1018	
Rate DS	1,392	0.0020	0.5769
Rate LFD	602	0.0009	0.2495
Rate XD Firm	56	0.0001	0.0232
Interruptible	<u>363</u>	<u>0.0005</u>	<u>0.1504</u>
Total	<u><u>688,670</u></u>	<u><u>1.0000</u></u>	<u><u>1.0000</u></u>

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH SALES EXPENSES.

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

<u>Service Classification</u> (1)	<u>Number of Customers</u> (2)	<u>Allocation Factor</u> (3)
<u>Customer Costs</u>		
Rate R	616,132	0.8978
Rate N	<u>70,125</u>	<u>0.1022</u>
Total	<u><u>686,257</u></u>	<u><u>1.0000</u></u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

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

These costs are directly assigned to the Residential Classification.

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

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

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

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

<u>Service Classification</u> (1)	<u>Operation Expenses</u> (2)	<u>Allocation Factor</u> (3)
<u>Volumetric Costs</u>		
Rate R	\$ 7,641,985	0.2014
Rate N	5,001,491	0.1318
Rate DS	1,178,822	0.0311
Rate LFD	1,669,276	0.0440
Rate XD Firm	2,453,803	0.0647
Interruptible	720,011	0.0190
<u>Customer Costs</u>		
Rate R	14,113,617	0.3720
Rate N	4,252,801	0.1121
Rate DS	409,140	0.0108
Rate LFD	299,616	0.0079
Rate XD Firm	52,149	0.0014
Interruptible	145,896	0.0038
Total	<u>\$ 37,938,607</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	\$ 13,625,330	0.3577
Rate N	8,902,328	0.2337
Rate DS	2,109,995	0.0554
Rate LFD	3,038,765	0.0798
Rate XD Firm	2,808,455	0.0737
Interruptible	1,327,745	0.0349
<u>Customer Costs</u>		
Rate R	1,348,688	0.0354
Rate N	185,797	0.0049
Rate DS	2,115,156	0.0555
Rate LFD	1,581,808	0.0415
Rate XD Firm	285,383	0.0075
Interruptible	763,057	0.0200
Total	<u>\$ 38,092,507</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 12. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

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

<u>Service Classification</u> (1)	<u>Operation & Maintenance Expenses</u> (2)	<u>Allocation Factor</u> (3)
<u>Volumetric Costs</u>		
Rate R	\$ 58,412,076	0.3577
Rate N	16,563,107	0.1014
Rate DS	4,184,911	0.0256
Rate LFD	5,968,217	0.0365
Rate XD Firm	6,535,069	0.0400
Interruptible	2,269,827	0.0139
<u>Customer Costs</u>		
Rate R	53,888,077	0.3300
Rate N	8,922,661	0.0546
Rate DS	2,916,873	0.0179
Rate LFD	2,126,544	0.0130
Rate XD Firm	468,829	0.0029
Interruptible	1,060,226	0.0065
Total	<u>\$ 163,316,416</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 13. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

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

Service Classification (1)	Total Labor Expense (2)	Allocation Factor (3)
<u>Volumetric Costs</u>		
Rate R	\$ 17,893,133	0.2176
Rate N	8,758,218	0.1066
Rate DS	2,105,694	0.0256
Rate LFD	3,001,923	0.0365
Rate XD Firm	3,629,955	0.0442
Interruptible	1,258,993	0.0153
<u>Customer Costs</u>		
Rate R	33,557,903	0.4083
Rate N	6,831,162	0.0831
Rate DS	2,307,401	0.0281
Rate LFD	1,703,937	0.0207
Rate XD Firm	317,757	0.0039
Interruptible	828,677	0.0101
Total	<u>\$ 82,194,753</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	\$1,098,567,065	0.2892
Rate N	659,638,747	0.1738
Rate DS	154,472,738	0.0407
Rate LFD	224,802,620	0.0592
Rate XD Firm	133,264,013	0.0351
Interruptible	98,294,314	0.0259
<u>Customer Costs</u>		
Rate R	1,154,767,671	0.3042
Rate N	223,937,492	0.0590
Rate DS	21,838,287	0.0058
Rate LFD	15,790,971	0.0042
Rate XD Firm	3,018,638	0.0008
Interruptible	7,966,620	0.0021
Total	<u>\$3,796,359,176</u>	<u>1.0000</u>

UGI UTILITIES INC. - GAS DIVISION
COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO
RATE, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Factor Ref.	Account	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)	
725 - 736	DIRECT LABOR EXPENSE														
737	Total Gas Fuels Expenses	0	-	-	-	-	-	-	-	-	-	-	-	-	-
738	Total Production & Gathering Operation Expenses	0	-	-	-	-	-	-	-	-	-	-	-	-	-
739	Total Gas Raw Materials Expenses	0	-	-	-	-	-	-	-	-	-	-	-	-	-
813	Other Gas Supply Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
840	Storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
850 - 860	Total Transmission Operation Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
861 - 867	Total Transmission Maintenance Expenses	5,077,635	1,027,636	689,232	157,914	223,116	329,523	96,475	1,888,880	569,203	54,638	40,113	7,109	19,295	-
870	Operation Supervision and Engineering	1,000,000	607	403	91	189	780	41	-	-	-	-	-	-	-
874	Mains And Services Expenses	2,030	-	-	-	-	-	-	-	-	-	-	-	-	-
875	Mains - Small	2,897,365	1,352,731	892,959	210,200	306,349	-	135,129	-	-	-	-	-	-	-
876	Mains - Large	5,308,532	2,277,360	1,485,858	353,548	515,458	449,102	227,205	6,613,870	911,133	30,346	18,966	2,276	9,862	
877	Metering and Regulating Expenses-Industrial	2,618,951	782,947	519,782	116,787	1,006,047	-	52,371	-	-	-	-	-	-	-
878	Meter And House Regulator Expenses	113,574	33,989	22,564	5,070	43,874	-	2,273	-	-	5,679	4,369	794	2,122	
879	Customer Installation Expenses	2,795,151	33,989	22,564	5,070	43,874	-	2,273	1,190,175	1,238,531	153,338	122,148	22,082	58,978	
880	Other Expenses	2,625,655	218,331	143,535	33,869	47,917	70,460	20,692	1,118,004	1,163,428	153,338	114,741	20,743	55,401	
881	Rent	1,089,033	218,331	143,535	33,869	47,917	70,460	20,692	405,120	122,081	11,762	8,603	1,525	4,138	
882	Supervision - Engineering and Labor	498,307	177,529	115,987	27,495	39,605	36,578	17,321	17,569	2,432	27,545	20,597	3,722	9,926	
883	Structures & Improvements	2,970,949	1,391,890	998,516	216,285	315,218	-	139,040	-	-	-	-	-	-	-
884	Other Equipment	5,462,205	2,343,286	1,528,871	363,783	530,380	462,103	233,782	-	-	-	-	-	-	-
889	M & R Equip - General	834,282	249,450	165,605	37,209	44,801	320,531	16,696	-	-	-	-	-	-	-
890	M & R Equip - Ind	3,183,873	3,642	2,418	543	654	4,679	244	-	-	1,418,734	1,061,503	191,669	511,967	
891	M & R Equip - CG Check Station	1,015	-	-	-	-	-	-	885	122	4	3	-	1	
892	Meters & House Regulators	258,780	91,850	60,009	14,226	20,491	18,925	8,962	9,090	1,258	14,251	10,656	1,926	5,136	
893	Other Equipment	557,203	-	-	-	-	-	-	-	-	-	-	-	-	-
901	Supervision	2,112,965	1,352,731	892,959	210,200	306,349	-	135,129	488,530	567,223	1,114	501	56	279	
902	Meter Reading Expenses	10,122,018	2,277,360	1,485,858	353,548	515,458	449,102	227,205	1,889,691	2,150,111	20,244	1,901	211	1,056	
903	Customer Records & Coll Expenses	1,904,031	1,904,031	-	-	-	-	-	9,056,170	1,030,421	20,244	9,110	1,012	5,061	
905	Miscellaneous Cust Accts Expenses	163,406	-	-	-	-	-	-	1,703,537	193,830	3,808	1,714	190	952	
907	Supervision	69,897	-	-	-	-	-	-	146,199	16,635	327	147	16	82	
908	Miscellaneous Expenses	364,364	-	-	-	-	-	-	54,485	6,199	122	55	6	30	
910	Miscellaneous Customer Service & Info. Exp.	528,785	-	-	-	-	-	-	327,126	37,238	-	-	-	-	
911	Supervision	19,758,774	7,067,713	2,003,540	505,825	721,195	790,351	274,647	474,743	54,042	353,682	256,864	57,300	128,432	
912	Demonstrating And Selling Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
920	Administrative & General Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
921	Office Supplies And Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
922	Administrative Expenses	1,015	-	-	-	-	-	-	-	-	-	-	-	-	-
923	Property Insurance	1,017,987	364,134	103,224	26,060	37,157	40,719	14,150	335,936	55,592	18,222	13,234	2,952	6,617	
924	Injuries and Damages	-	-	-	-	-	-	-	-	-	-	-	-	-	-
925	Franchise Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
927	Regulatory Commission Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
928	Duplicate Charges-Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
929	Miscellaneous General Expenses	277,079	99,111	28,068	7,093	10,113	11,083	3,851	91,436	15,129	4,960	3,602	804	1,801	
930	Miscellaneous Intermittency Charges	1,161,000	415,289	117,225	29,722	42,377	48,446	16,138	383,139	63,391	20,782	15,089	3,367	7,547	
932	Maintenance of General Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Direct Labor Expense	82,194,754	17,859,133	8,758,218	2,105,694	3,001,923	3,629,955	1,259,993	33,557,903	6,831,162	2,307,401	1,703,937	317,757	828,677	

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 15. ALLOCATION OF RETURN AND TAXES.

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

Service Classification <u>(1)</u>	Original Cost Less Depreciation <u>(2)</u>	Allocation Factor <u>(3)</u>
<u>Volumetric Costs</u>		
Rate R	\$ 917,142,710	0.2894
Rate N	550,606,371	0.1737
Rate DS	128,939,874	0.0407
Rate LFD	187,663,895	0.0592
Rate XD Firm	111,244,603	0.0351
Interruptible	82,046,084	0.0259
<u>Customer Costs</u>		
Rate R	963,932,480	0.3042
Rate N	186,924,574	0.0590
Rate DS	18,199,962	0.0057
Rate LFD	13,156,321	0.0042
Rate XD Firm	2,516,808	0.0008
Interruptible	6,649,297	0.0021
Total	<u>\$ 3,169,022,979</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	\$ 224,272,166	0.3026
Rate N	101,913,123	0.1375
Rate DS	24,423,486	0.0330
Rate LFD	35,299,124	0.0476
Rate XD Firm	26,745,681	0.0361
Interruptible	14,835,600	0.0200
<u>Customer Costs</u>		
Rate R	247,987,947	0.3346
Rate N	46,535,163	0.0628
Rate DS	8,550,153	0.0115
Rate LFD	6,238,666	0.0084
Rate XD Firm	1,293,606	0.0017
Interruptible	3,104,152	0.0042
Total	<u>\$ 741,198,866</u>	<u>1.0000</u>

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Volumetric Costs						Customer Costs					
			Rate R (4)	Rate N (5)	Rate DS (6)	Rate LFD (7)	Rate XD Firm (8)	Interruptible (9)	Rate R (10)	Rate N (11)	Rate DS (12)	Rate LFD (13)	Rate XD Firm (14)	Interruptible (15)
RATE BASE														
PRODUCTION PLANT														
305	Manufactured Gas Plant Site Remediation	2	(69,118)	(10,568)	(6,317)	(1,949)	(4,797)	(42,349)	(3,138)	-	-	-	-	-
325.1	Producing Lands	2	13,029	1,992	1,191	367	904	7,983	592	-	-	-	-	-
325.2	Production Leaseholds	2	965	148	88	27	67	591	44	-	-	-	-	-
325.4	Rights-Of-Way	2	560	86	51	16	39	343	25	-	-	-	-	-
325.5	Other Lands	2	1,134	173	104	32	79	695	51	-	-	-	-	-
328	Field Measuring and Regulating Station Equipment	2	-	-	-	-	-	-	-	-	-	-	-	-
329	Other Structures	2	2	-	-	-	-	1	-	-	-	-	-	-
330	Producing Gas Wells - Well Construction	2	-	-	-	-	-	-	-	-	-	-	-	-
331	Producing Gas Wells - Well Equipment	2	-	-	-	-	-	-	-	-	-	-	-	-
332	Field Lines	2	23,897	3,654	2,184	674	1,658	14,642	1,085	-	-	-	-	-
334	Field Measuring and Regulating Station Equipment	2	4,352	665	398	123	302	2,666	198	-	-	-	-	-
335	Drilling and Cleaning Equipment	2	101	15	9	3	7	62	5	-	-	-	-	-
337	Other Equipment	2	-	-	-	-	-	-	-	-	-	-	-	-
	Total Production Plant		(25,078)	(3,835)	(2,292)	(707)	(1,741)	(15,366)	(1,138)	-	-	-	-	-
STORAGE PLANT														
352.01	Well Construction	2	35,934	5,494	3,284	1,013	2,494	22,017	1,631	-	-	-	-	-
TRANSMISSION PLANT														
365	Land	4	47,323	22,171	14,471	3,445	5,021	-	2,215	-	-	-	-	-
365.2	Rights-Of-Way	4	319,697	149,778	97,763	23,274	33,920	-	14,962	-	-	-	-	-
366	Structures and Improvements	4	14,665	6,871	4,485	1,068	1,556	-	686	-	-	-	-	-
367	Mains	4	16,728,788	7,837,437	5,115,663	1,217,856	1,774,924	-	782,907	-	-	-	-	-
369	Measuring and Regulating Station Equipment	4	2,093,133	980,633	640,080	152,380	222,081	-	97,959	-	-	-	-	-
370	Communication Equipment	4	1,241,718	581,745	379,717	90,397	131,748	-	58,112	-	-	-	-	-
371	Other Equipment	4	9,919	4,647	3,033	722	1,052	-	464	-	-	-	-	-
371.1	Testing Equipment	4	52,388	24,544	16,020	3,814	5,558	-	2,452	-	-	-	-	-
	Total Transmission Plant		20,507,631	9,607,826	6,271,232	1,492,956	2,175,858	-	959,757	-	-	-	-	-
DISTRIBUTION PLANT														
374	Land	18	849,347	375,411	245,037	58,350	85,020	47,988	37,541	-	-	-	-	-
374	Land Rights of Way	18	7,305,824	3,229,174	2,107,730	501,910	731,313	412,779	322,917	-	-	-	-	-
374	Rights of Way	4	2,117,511	992,054	647,535	154,155	224,668	-	99,100	-	-	-	-	-
375	Structures And Improvements	18	2,211,379	977,430	637,983	151,922	221,359	124,943	97,743	-	-	-	-	-
376	Mains - Small	4	627,708,395	294,081,383	191,953,227	45,697,171	66,599,861	-	29,376,753	-	-	-	-	-
	Mains - Large	4	1,154,066,353	540,680,086	352,913,491	84,016,030	122,446,440	-	54,010,305	-	-	-	-	-
	Mains - Direct Assign	DA	106,648,197	-	-	-	-	106,648,558	1,639	-	-	-	-	-
378	Measuring & Regulating Equipment - General	18	160,502,424	70,942,071	46,304,949	11,026,517	16,066,293	9,068,387	7,094,207	-	-	-	-	-
379	Measuring & Regulating Equipment - SCADA	18	-	-	-	-	-	-	-	-	-	-	-	-
379	Measuring & Regulating Equipment - City Gate	18	16,602,462	7,338,288	4,789,810	1,140,589	1,661,906	938,039	733,829	-	-	-	-	-
380	Services	6C	1,027,231,351	-	-	-	-	-	-	895,540,292	123,370,485	4,108,925	2,568,078	308,169
381	Meters	6	105,716,315	-	-	-	-	-	-	45,014,007	46,842,899	6,173,833	4,619,803	835,159
382	Meter Installations	6	70,230,279	-	-	-	-	-	-	29,904,053	31,119,037	4,101,448	3,069,063	554,819
383	House Regulators	6A	3,612,616	-	-	-	-	-	-	3,175,489	437,127	-	-	-
384	House Regulator Installations	6A	9,602,363	-	-	-	-	-	-	8,440,477	1,161,886	-	-	-
385	Industrial Measuring & Regulating Equipment	6	21,540,899	-	-	-	-	-	-	9,172,115	9,544,772	1,257,989	941,337	170,173
386	Other Property on Customer Premises	6C	427,942	-	-	-	-	-	-	373,080	51,396	1,712	1,070	128
387	Other Equipment	10	1,836,670	369,905	242,073	57,120	80,813	118,833	34,897	683,241	205,891	19,836	14,510	2,571
387	Other Equipment - Graphic Data Base	10	17,592	3,543	2,319	547	774	1,138	334	6,544	1,972	190	139	25
	Total Distribution Plant		3,318,227,919	918,989,345	599,844,154	142,804,311	208,118,447	117,358,665	91,809,265	992,309,298	212,735,465	15,663,933	11,214,000	1,871,044
GENERAL PLANT														
389	Land and Land Rights	12	10,370,785	3,709,630	1,051,598	265,492	378,534	414,831	144,154	3,422,359	566,245	185,637	134,820	30,075
390	Structures And Improvements	12	87,164,154	31,178,618	8,838,445	2,231,402	3,181,492	3,486,566	1,211,582	28,764,171	4,759,163	1,560,238	1,133,134	252,776
391	Office Furniture And Equipment	12	4,091,487	1,463,525	414,877	104,742	149,339	163,659	56,872	1,350,191	223,395	73,238	53,189	11,865
392	Transportation Equipment	12	37,116,223	13,276,473	3,763,585	950,175	1,354,742	1,484,649	515,915	12,248,354	2,026,546	664,380	482,511	107,637
393	Stores Equipment	12	10,407	3,723	1,055	266	380	416	145	3,434	568	186	135	30
394	Tools, Shop And Garage Equipment	12	26,008,960	9,303,405	2,637,309	665,829	949,327	1,040,358	361,525	8,582,957	1,420,089	465,560	338,116	75,426
393	Laboratory Equipment	12	303,522	108,570	30,777	7,770	11,079	12,141	4,219	100,162	16,572	5,433	3,946	880
396	Power Operated Equipment	12	3,682,716	1,317,308	373,427	94,278	134,419	147,309	51,190	1,215,296	201,076	65,921	47,675	10,680
397	Communication Equipment	12	428,059	153,117	43,405	10,958	15,624	17,122	5,950	141,259	23,372	7,662	5,565	1,241
398	Miscellaneous Equipment	12	1,155,077	413,171	117,125	29,570	42,160	46,203	381,175	63,067	20,676	15,016	15,016	3,350
	Total General Plant		170,331,390	60,927,540	17,271,803	4,360,482	6,217,096	6,813,254	2,367,608	56,209,358	9,300,093	3,048,931	2,214,307	493,960
	Total Plant		3,509,077,796	989,526,370	623,387,981	148,658,055	216,512,154	124,178,570	95,137,123	1,048,518,656	222,035,558	18,712,864	13,428,307	2,365,004

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Volumetric Costs						Customer Costs						
			Rate R (4)	Rate N (5)	Rate DS (6)	Rate LFD (7)	Rate XD Firm (8)	Interruptible (9)	Rate R (10)	Rate N (11)	Rate DS (12)	Rate LFD (13)	Rate XD Firm (14)	Interruptible (15)	
COMMON PLANT ALLOCATED @ 88.97%															
301	Organization	14	123,636	35,756	21,488	5,032	7,319	4,340	3,202	37,610	7,295	717	519	99	260
389.1	Land and Land Rights	12	6,180,842	2,210,887	626,737	158,230	225,601	247,234	85,914	2,039,678	337,474	110,637	80,351	17,924	40,175
390.1	Reading Service Center	12	3,662,434	1,310,652	371,371	93,758	133,679	146,497	50,908	1,208,603	199,969	65,568	47,612	10,621	23,806
390.2	Structures and Improvements	12	27,482,527	9,830,500	2,786,728	703,553	1,003,112	1,099,301	382,007	9,069,234	1,500,546	491,937	357,273	79,699	178,636
391	Office Furniture and Equipment	12	3,324,746	1,189,262	337,129	85,113	121,353	132,990	46,214	1,097,166	181,531	59,513	43,222	9,642	21,611
392.1	Transportation Equipment	12	-	-	-	-	-	-	-	-	-	-	-	-	-
398	Miscellaneous Equipment	12	18,573	6,644	1,883	475	678	743	258	6,129	1,014	332	241	54	121
	Total Common Plant		40,792,758	14,583,101	4,145,336	1,046,161	1,491,742	1,631,105	568,503	13,458,420	2,227,829	728,694	529,218	118,039	264,609
INFORMATION SERVICES (IS) ALLOCATED @ 91.68%															
391	Office Furniture and Equipment	12	2,279,539	815,391	231,145	58,356	83,203	91,182	31,686	752,248	124,463	40,804	29,634	6,611	14,817
391.1	Office Furniture and Equip. - CIS	7	40,732,041	-	-	-	-	-	-	36,442,957	4,146,522	81,464	36,659	4,073	20,366
391.2	Office Furniture and Equip. - System Development Cost	12	90,319,674	32,307,347	9,158,415	2,312,184	3,296,668	3,612,787	1,255,443	29,805,492	4,931,454	1,616,722	1,174,156	261,927	587,078
391.4	Office Furniture and Equip. - System Development Cost	12	39,231,589	14,033,139	3,978,083	1,004,329	1,431,953	1,569,264	545,319	12,946,424	2,142,045	702,245	510,011	113,772	255,005
	Total Information Services		172,562,843	47,155,877	13,367,643	3,374,869	4,811,824	5,273,233	1,832,448	79,947,121	11,344,484	2,441,235	1,750,460	386,383	877,266
INTANGIBLE PLANT															
301	Organization	14	166,478	48,145	28,934	6,776	9,855	5,843	4,312	50,643	9,822	966	699	133	350
302	Franchises And Consents	14	193,597	55,988	33,647	7,879	11,461	6,795	5,014	58,892	11,422	1,123	813	155	407
303	Miscellaneous Intangible Plant	14	289,868	83,830	50,379	11,798	17,160	10,174	7,508	88,178	17,102	1,681	1,217	232	609
304	Land and Land Rights	14	381,652	110,374	66,331	15,533	22,594	13,396	9,885	116,099	22,517	2,214	1,603	305	801
305	Manufactured Gas Plant Remediation	1	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Nondepreciable Plant		1,031,595	298,337	179,291	41,986	61,070	36,208	26,719	313,812	60,863	5,984	4,332	825	2,167
	Total Utility Plant in Service		3,723,464,991	1,051,563,685	641,080,251	153,121,071	222,876,790	131,119,116	97,564,793	1,142,238,009	235,668,734	21,888,777	15,712,317	2,870,251	7,761,185
OTHER RATE BASE ELEMENTS															
	Gas Storage Inventory	1A	17,813,000	11,145,594	6,667,406	-	-	-	-	-	-	-	-	-	-
	Cash Working Capital	12	38,947,696	13,931,591	3,949,296	997,061	1,421,591	1,557,908	541,373	12,852,740	2,126,544	697,164	506,320	112,948	253,160
	Cash Working Capital - Purchased Gas Related	1	23,200,304	16,648,538	6,551,766	-	-	-	-	-	-	-	-	-	-
	Materials & Supplies	12	15,707,000	5,618,394	1,592,690	402,099	573,306	628,280	218,327	5,183,310	857,602	281,155	204,191	45,550	102,096
	Deferred Taxes	14	(628,510,000)	(181,765,092)	(109,235,038)	(25,580,357)	(37,207,792)	(22,060,701)	(16,278,409)	(191,192,742)	(37,082,090)	(3,645,358)	(2,639,742)	(502,808)	(1,319,871)
	Customer Deposits	21	(21,600,000)	-	-	-	-	-	-	(5,148,837)	(14,646,216)	(1,021,776)	(626,765)	(9,133)	(147,273)
	Investment Tax Credit	14	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Other Rate Base Elements		(554,442,000)	(134,420,975)	(90,473,880)	(24,181,197)	(35,212,895)	(19,874,513)	(15,518,709)	(178,305,529)	(48,744,160)	(3,688,815)	(2,555,996)	(353,443)	(1,111,888)
	Total Measure of Value		\$ 3,169,022,991	\$ 917,142,710	\$ 550,606,371	\$ 128,939,874	\$ 187,663,895	\$ 111,244,603	\$ 82,046,084	\$ 963,932,480	\$ 186,924,574	\$ 18,199,962	\$ 13,156,321	\$ 2,516,808	\$ 6,649,297

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

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

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

Service Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
<u>Volumetric Costs</u>		
Rate R	\$ 540,680,086	0.4290
Rate N	352,913,491	0.2799
Rate DS	84,016,030	0.0666
Rate LFD	122,446,440	0.0971
Rate XD Firm	106,646,558	0.0846
Interruptible	54,011,944	0.0428
 Total	 <u>\$ 1,260,714,549</u>	 <u>1.0000</u>

FACTOR 18. ALLOCATION OF RATE BASE ASSOCIATED WITH M&R STATION
EQUIPMENT AND OTHER DISTRIBUTION ASSETS.

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	\$ 834,761,469	0.4420
Rate N	544,866,718	0.2885
Rate DS	129,713,201	0.0687
Rate LFD	189,046,301	0.1001
Rate XD Firm	106,646,558	0.0565
Interruptible	83,388,697	0.0442
 Total	 <u>\$ 1,888,422,944</u>	 <u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 19. ALLOCATION OF UNCOLLECTIBLE ACCOUNTS.

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

Service Classification	3-Yr. Average of Net Write-offs	Allocation Factor
(1)	(2)	(3)
<u>Customer Costs</u>		
Rate R	\$ 10,714,163	0.9251
Rate N	749,312	0.0647
Rate DS	8,837	0.0008
Rate LFD	19,905	0.0017
Rate XD Firm	64,418	0.0056
Interruptible	24,812	0.0021
Total	<u>\$ 11,581,448</u>	<u>1.0000</u>

FACTOR 20. ALLOCATION OF PENALTY REVENUE.

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

Service Classification	Penalty Revenue	Allocation Factor
(1)	(2)	(3)
<u>Customer Costs</u>		
Rate R	\$ 2,313,287	0.4737
Rate N	1,885,751	0.3861
Rate DS	240,168	0.0492
Rate LFD	264,015	0.0541
Rate XD Firm	91,116	0.0187
Interruptible	89,186	0.0183
Total	<u>\$ 4,883,522</u>	<u>1.0000</u>

FACTOR 21. ALLOCATION OF CUSTOMER DEPOSITS.

Factors are based on an analysis of customer deposits for 2021, by class.

Service Classification	2021 Customer Deposits	Allocation Factor
(1)	(2)	(3)
<u>Customer Costs</u>		
Rate R	\$ 4,510,000	0.2384
Rate N	12,829,000	0.6781
Rate DS	895,000	0.0473
Rate LFD	549,000	0.0290
Rate XD Firm	8,000	0.0004
Interruptible	129,000	0.0068
Total	<u>\$ 18,920,000</u>	<u>1.0000</u>

UGI UTILITIES, INC. - GAS DIVISION

CALCULATION OF CUSTOMER COSTS PER BILL BY SERVICE CLASSIFICATION

	Cost of Service (1)	Rate R (2)	Rate N (3)	Rate DS (4)	Rate LFD (5)	Rate XD Firm (6)	Interruptible (7)
Fully Allocated Customer Costs							
Customer Costs	309,125,841	\$ 246,155,604	\$ 44,545,525	\$ 8,285,232	\$ 5,943,721	\$ 1,189,954	\$ 3,005,806
Number of bills	8,264,040	7,393,584	841,500	16,704	7,224	672	4,356
Customer Cost per bill		\$ 33.29	\$ 52.94	\$ 496.00	\$ 822.77	\$ 1,770.76	\$ 690.04
Direct Customer Costs							
<u>O & M Expenses:</u>							
874 Mains And Services Expenses							
Mains	-	-	-	-	-	-	-
Services	13,256,219	11,556,771	1,592,072	53,025	33,141	3,977	17,233
876 M & R Station Expenses - Industrial	12,194	-	-	5,434	4,065	734	1,961
878 Meter and House Regulator Expenses	3,245,151	1,381,785	1,437,926	189,517	141,813	25,637	68,473
879 Customer Installations Expenses	2,759,655	1,175,061	1,222,803	161,164	120,597	21,801	58,229
890 M & R Equip - Industrial	4,732,873	-	-	2,108,968	1,577,940	284,919	761,046
892 Services	1,547,016	1,348,688	185,797	6,188	3,868	464	2,011
893 Meters & House Regulators	-	-	-	-	-	-	-
901 Supervision	832,202	744,572	84,718	1,664	749	83	416
902 Meter Reading Expenses	2,208,095	1,975,583	224,784	4,416	1,987	221	1,104
903 Customer Records & Coll Expenses	19,474,018	17,423,404	1,982,455	38,948	17,527	1,947	9,737
903.1 Universal Service Program	-	-	-	-	-	-	-
904 Uncollectible Accounts	10,999,710	10,147,842	668,697	14,366	30,529	100,565	37,712
905 Miscellaneous Cust Accts Expenses	2,318,248	2,074,137	235,998	4,636	2,086	232	1,159
907 Supervision	174,406	156,041	17,755	349	157	17	87
908 Customer Assistance Expenses	714,061	714,061	-	-	-	-	-
910 Miscellaneous Customer Service Exp.	-	-	-	-	-	-	-
911 Supervision	431,364	387,279	44,085	-	-	-	-
912 Demonstrating and Selling Expenses	(677,610)	(608,358)	(69,252)	-	-	-	-
912.1 Energy Efficiency and Conservation	283,600	-	-	163,609	70,758	6,580	42,653
913 Advertising Expenses	1,637,284	1,469,954	167,330	-	-	-	-
916 Miscellaneous	258,000	231,632	26,368	-	-	-	-
926 Employee Pensions and Benefits	12,419,622 *	9,150,003	1,862,271	629,721	463,887	87,399	226,341
408 Payroll Taxes	3,838,556 *	2,828,008	575,576	194,629	143,374	27,013	69,956
Subtotal O & M Expenses	80,464,664	62,156,463	10,259,383	3,576,634	2,612,478	561,589	1,298,118

UGI UTILITIES, INC. - GAS DIVISION

CALCULATION OF CUSTOMER COSTS PER BILL BY SERVICE CLASSIFICATION

	Cost of Service (1)	Rate R (2)	Rate N (3)	Rate DS (4)	Rate LFD (5)	Rate XD Firm (6)	Interruptible (7)
<u>Depreciation Expense</u>							
380 Services	40,073,392	34,935,984	4,812,814	160,294	100,183	12,022	52,095
381 Meters	5,529,932	2,354,645	2,450,313	322,948	241,658	43,686	116,682
382 Meter Installations	3,015,930	1,284,183	1,336,359	176,130	131,796	23,826	63,636
383 House Regulators	137,693	121,032	16,661	-	-	-	-
384 House Regulator Installations	486,457	427,596	58,861	-	-	-	-
385 Industrial M & R Equipment	825,091	351,324	365,598	48,185	36,057	6,518	17,409
390 Structures and Improvements	2,038,344 *	1,583,087	261,929	85,870	62,364	13,912	31,182
391 Office Furniture And Equipment	11,736,884 *	9,665,008	1,383,904	307,649	220,860	48,799	110,664
Subtotal Depreciation	63,843,723	50,722,859	10,686,439	1,101,076	792,918	148,763	391,668
<u>Rate Base</u>							
380 Services	1,027,231,350	895,540,292	123,370,485	4,108,925	2,568,078	308,169	1,335,401
381 Meters	105,716,315	45,014,007	46,842,899	6,173,833	4,619,803	835,159	2,230,614
382 Meter Installations	70,230,279	29,904,053	31,119,037	4,101,448	3,069,063	554,819	1,481,859
383 House Regulators	3,612,616	3,175,489	437,127	-	-	-	-
384 House Regulator Installations	9,602,363	8,440,477	1,161,886	-	-	-	-
385 Industrial M & R Equipment	21,540,899	9,172,115	9,544,772	1,257,989	941,337	170,173	454,513
390 Structures And Improvements	37,036,049 *	28,764,171	4,759,163	1,560,238	1,133,134	252,776	566,567
391 Office Furniture and Equipment	99,898,107 *	82,394,478	11,749,410	2,573,986	1,846,871	407,890	925,472
Deferred Taxes	(236,382,611) *	(191,192,742)	(37,082,090)	(3,645,358)	(2,639,742)	(502,808)	(1,319,871)
Customer Deposits	(21,600,000)	(5,148,837)	(14,646,216)	(1,021,776)	(626,765)	(9,133)	(147,273)
Subtotal Rate Base	1,116,885,367	906,063,503	177,256,473	15,109,285	10,911,779	2,017,045	5,527,282
Taxes and Return @ 10.0%	111,230,136	90,234,477	17,652,896	1,504,727	1,086,699	200,877	550,460
Total Direct Customer Costs	<u>\$ 255,538,524</u>	<u>\$ 203,113,798</u>	<u>\$ 38,598,718</u>	<u>\$ 6,182,437</u>	<u>\$ 4,492,095</u>	<u>\$ 911,229</u>	<u>\$ 2,240,246</u>
Number of bills	8,264,040	7,393,584	841,500	16,704	7,224	672	4,356
Direct Costs per bill		\$ 27.47	\$ 45.87	\$ 370.12	\$ 621.83	\$ 1,356.00	\$ 514.29

* Customer cost portion of account.

UGI UTILITIES, INC. - GAS DIVISION

CALCULATION OF COSTS RELATED TO LFD AND XD DEMAND CHARGES

<u>Capital Costs</u>	<u>Rate LFD</u>	<u>Rate XD Firm</u>
Depreciation	\$ 5,673,859	\$ 3,583,925
Taxes Other Than Income	582,788	548,345
Income Taxes	3,750,142	2,223,480
Income Available for Return	<u>14,933,475</u>	<u>8,854,138</u>
Total	<u>\$ 24,940,264</u>	<u>\$ 15,209,888</u>
Cost Per Month	\$ 2,078,355	\$ 1,267,491
Demand Volume Units per Month	115,419	821,122
Demand Costs per MCF	\$ 18.01	\$ 1.54