



**Michael S. Swerling, Esq.**

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December 22, 2023

**VIA E-FILE**

Ms. Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**Re: Affiliate Interest Agreement for Shared Services between UGI Utilities, Inc. –  
Electric & Gas Divisions and its Affiliates;  
Docket Nos. G-2023-**

Pursuant to Section 2102 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 2102, UGI Utilities, Inc. – Electric and Gas Divisions (“UGI” or the “Company”) hereby seek approval from the Pennsylvania Public Utility Commission (“Commission”) to enter into an affiliate interest agreement (“AIA”) with UGI Corporation (“UGI Corp”)<sup>1</sup> together with its affiliates, including but not limited to Mountaineer Gas Company (“MGC”), UGI Energy Services, LLC (“UGIES”)<sup>2</sup>, and AmeriGas Propane, Inc. (“Amerigas”)<sup>3</sup> (collectively “UGI Affiliates”), for the sharing of various routine shared services as described herein. For the reasons stated herein, UGI respectfully requests the Commission enter an order approving this affiliate agreement on or before March 1, 2024. In support, UGI states the following.

Attached to this filing are two Exhibits. Exhibit 1 is the organizational chart for UGI Corp, which shows the affiliated corporate structure between UGI, UGI Corp and the UGI Affiliates. Exhibit 2 is an unexecuted version of the AIA, which includes two Appendices.<sup>4</sup> Appendix A provides descriptions of the shared services. Appendix B is a copy of the proposed AIA Methods of Allocation.

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<sup>1</sup> UGI Corp is a holding company under the Public Utility Holding Company Act of 2005, as amended.

<sup>2</sup> UGIES is a second-tier subsidiary of UGI Corp which, among other things, engages in energy marketing. It also owns and operates midstream natural gas gathering facilities, propane air peaking facilities and, through different subsidiaries, owns and operates natural gas liquefaction, storage, vaporization, underground storage, and electric generation facilities.

<sup>3</sup> Amerigas is a wholly owned second-tier subsidiary of UGI Corp. It serves over 1.7 million residential, commercial, industrial, agricultural, wholesale and motor fuel customers in all 50 states from approximately 1,900 propane distribution locations.

<sup>4</sup> To the extent the Commission requests any revisions to the AIA, UGI will submit an executed final version, which incorporates any necessary changes. If no revisions are required, UGI similarly will submit an executed version of the AIA.

## I. INTRODUCTION

UGI is a wholly owned subsidiary of UGI Corporation. The Company is a natural gas and electric utility (consisting of the Gas Division and the Electric Division) serving approximately 747,000 customers in forty-five counties in Pennsylvania and one county in Maryland. The UGI Affiliates are listed on Appendix A.

## II. BACKGROUND

In its *Management Efficiency Investigation A Follow-Up Review of the 2019 Focused Management And Operations Audit* report (“MEI Report”)<sup>5</sup>, the Commission’s Bureau of Audits (“Audits”) recommended that UGI “[p]repare an AIA that adequately describes the affiliated transactions between UGI Corp. and its subsidiaries, including UGI Utilities, and then, submit it to the Commission for approval.” MEI Report at 15. Audits’ recommendation was based on their finding that UGI’s existing *Administrative Services Agreement* from May 1, 1992 (“1992 AIA”)<sup>6</sup>, between UGI and UGI Corp, was outdated and did not accurately reflect the current business structure and practices. *Id.* In its Implementation Plan to the MEI Report (dated April 24, 2023), UGI agreed to “prepare and file with the Commission a new affiliated interest agreement which describes routine services provided between UGI Utilities, Inc. and its affiliates” by December 31, 2023. Implementation Plan at 2.

Accordingly, UGI hereby files this AIA for various shared services between UGI, UGI Corp and UGI Affiliates. The proposed AIA satisfies the relevant Implementation Plan goal and adds more transparency regarding shared service transactions between affiliated company departments.

## III. PROPOSED AIA

The proposed AIA reflects the current corporate structure. Exhibit 1 to the AIA shows the current organizational chart for UGI Corp. Exhibit 2 is a copy of the proposed Shared Services AIA. Appendix A to Exhibit 2 lists the departments administering shared services and describes how they are provided to affiliates. The AIA also reflects current business practices. Appendix B to the AIA details the methods of allocating the costs of shared services between affiliates. Specifically, this includes the costs of doing business, minus interest on debt and debt amortization. To the extent required by law, UGI, UGI Corp, and UGI Affiliates will provide and receive the services through the direct assignment of costs or fully allocated costs.<sup>7</sup> Shared service expenses include salary and wages, materials and supplies, depreciation and other applicable costs, but exclude direct costs. Direct costs are incurred for the direct benefit and convenience of a specific

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<sup>5</sup> *Management Efficiency Investigation A Follow-Up to the 2019 Focused Management And Operations Audit Report*, p. 15, Docket No. D-2022-3032778 (Report issued April 2023).

<sup>6</sup> See *Affiliated Interest Agreement Between UGI Corporation and UGI Utilities, Inc.*, Docket No. G-00920296 (Opinion and Order entered May 21, 1992).

<sup>7</sup> On September 17, 2021, UGI Corp notified FERC that as a result of its acquisition of MGC, it no longer qualified as a single-state holding company system under section 366.3(c)(1) of FERC’s regulations and therefore was subject to the books and records requirements of the Public Utilities Holding Company Act of 2005 (“PUHCA”). *UGI Corp.*, Docket No. HC21-1-000, Updated Form FERC-65 Notification of Holding Company Status (Sept. 17, 2021). FERC subsequently granted UGI Corp’s request for waiver of sections 35.44(b)(1) and 35.39(e)(1) for affiliate pricing to be at the “higher of cost or market price.” *UGI Corp.*, 178 FERC ¶ 61,041 (Jan. 20, 2022).

company. Additionally, costs incurred to perform services for a group of UGI companies (i.e., finance, human resources and information technology) are allocated on the basis of an average rate applied to the number of departmental employees or contractors. All other shared services are allocated according to the Modified Wisconsin Formula (“MWF”)<sup>8</sup> or other reasonable allocation methodology (described in Appendix B to the AIA, Section VIII). Upon Commission approval, the filed “Shared Services Agreement”<sup>9</sup> will replace the existing 1992 AIA for the provision of administrative services between UGI, UGI Corp and UGI Affiliates.

The Shared Services AIA will become effective after it is approved by the Commission. Indeed, Section IV.C. of the Shared Services AIA provides that the agreement is not effective until “the approval of any state commission or other state regulatory body whose approval is, by the laws of said state, a legal prerequisite to the execution and delivery or the performance of this Shared Services Agreement.”

This AIA is contingent upon approval by the Commission. If Commission approval of the AIA is not granted, this AIA shall become null and void. If Commission approval is received after March 1, 2024, this AIA shall commence on the first day of the first calendar month beginning at least thirty (30) days following the date UGI receives approval from the Commission.

#### **IV. PUBLIC INTEREST**

The proposed AIA is in the public interest and should be approved pursuant to 66 Pa. C.S. § 2102(a), which states in relevant part:

“No contract or arrangement providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial, or similar services...made...between a public utility and any affiliated interest shall be valid or effective unless and until such contract or arrangement has received the written approval of the commission.” [citation omitted].

Such contracts shall be approved “if it shall clearly appear and be established upon investigation that it is reasonable and consistent with the public interest.” 66 Pa. C.S. § 2102(b). The proposed AIA is reasonable because it fulfills UGI’s regulatory obligation to file a new AIA that describes routine shared services between affiliates within the current corporate structure, as specified in UGI’s Implementation Plan. Moreover, the AIA is consistent with the public interest because it provides additional transparency in terms of the provision and receipt of services shared by and among UGI, UGI Corp and the UGI Affiliates that impact ratepayers. UGI requests approval of the Shared Services Agreement on or before March 1, 2024. UGI, UGI Corp and UGI Affiliates seek to commence the sharing of the affiliate services described in the Shared Services Agreement

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<sup>8</sup> The MWF achieves an equitable distribution of common expenses based on the relative activity and size of each operating unit to the total of all operating units, which benefit from the respective activities. Activity is measured by total revenues and total operating expenses and size is measured by tangible net assets employed (excluding acquisition goodwill).

<sup>9</sup> This Shared Services Agreement is modeled after the Shared Services Agreement approved by the West Virginia Public Services Commission in *Case No. 22-0597-G-PC, Mountaineer Gas Company (Commission Order September 27, 2022)* to ensure that the pricing methodologies are the same. UGI Corp does not have a separate service company that provides services to affiliates.

on the first day of the first calendar month beginning at least 30 days following the date of the Commission's approval.

Finally, the AIA requires that the UGI Corp, UGI and UGI Affiliate personnel performing the services contemplated by this AIA will comply with the Pennsylvania electric code of conduct (52 Pa. Code § 54.122) and natural gas standards of conduct (52 Pa. Code § 62.142) rules, and will be so trained annually.

## V. CONCLUSION

WHEREFORE, UGI Utilities, Inc. – Electric and Gas Divisions respectfully request that the Commission approve, in accordance with the provisions of 66 Pa.C.S. § 2102, the proposed affiliated interest arrangements described above.

Respectfully submitted,

/s/ Michael S. Swerling

Michael S. Swerling (Atty. ID # 94748)

Sr. Counsel, Energy & Regulation

UGI Corporation

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E-mail: [swerlingm@oneugi.com](mailto:swerlingm@oneugi.com)

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

**VIA E-MAIL**

NazAarah Sabree  
Small Business Advocate  
Steven C. Gray  
Senior Supervising Assistant Small Business Advocate  
Office of Small Business Advocate  
555 Walnut Street  
Forum Place, 1st Floor  
Harrisburg, PA 17101  
ra-sba@pa.gov  
sgray@pa.gov

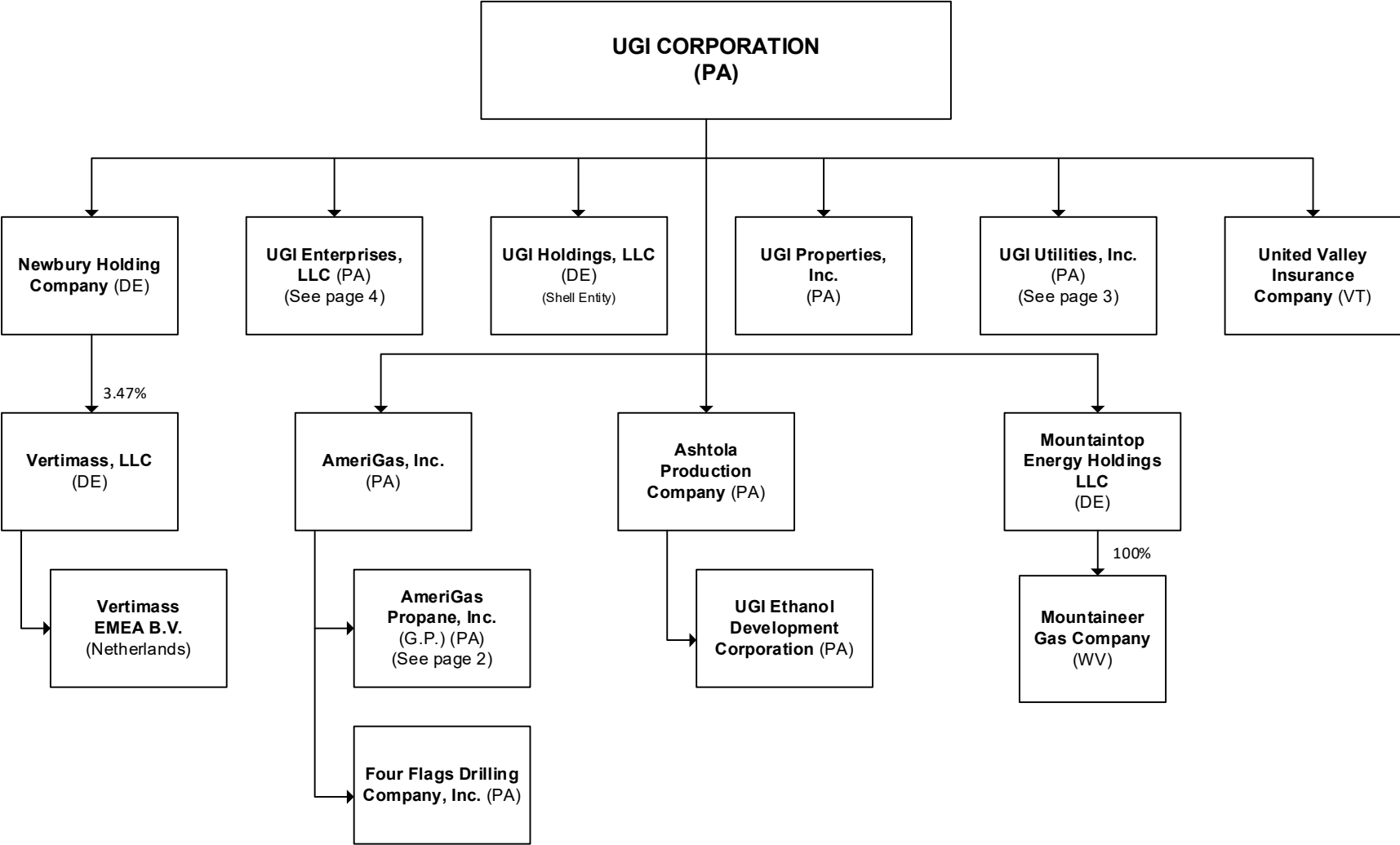
Patrick Cicero, Esquire  
Consumer Advocate  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1923  
pcicero@paoca.org

Richard Kanaskie, Esquire  
Bureau of Investigation & Enforcement  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
P.O. Box 3265  
Harrisburg, PA 17105-3265  
rkanaskie@pa.gov

Date: December 22, 2023

/s/ Michael S. Swerling

Michael S. Swerling  
Counsel for UGI Utilities, Inc.



## **SHARED SERVICES AGREEMENT**

This Shared Services Agreement or “AIA” is entered into as of the \_\_\_\_ day of \_\_\_\_\_ 2024 by and between UGI Utilities, Inc. (“UGI”), UGI Corporation (“UGI Corp”), and its subsidiaries, including, but not limited to, UGI Energy Services, LLC (“UGIES”), AmeriGas Propane, Inc. (“AmeriGas”) and Mountaineer Gas Company (“MGC”), together the “UGI Affiliates”. UGI Corp, UGI and the UGI Affiliates are sometimes referred to herein individually as a “Party” or collectively as “Parties”.

### **RECITALS**

**WHEREAS**, UGI and UGI Affiliates are subsidiaries of UGI Corp, a holding company under the Public Utility Holding Company Act of 2005, as amended (the “Act”) and subject to regulation under the Act by the Federal Energy Regulatory Commission; and

**WHEREAS**, UGI consists of electric and natural gas utility companies engaged in the sale of electric and natural gas service, respectively within its service territories in Pennsylvania and a small portion of Maryland; and

**WHEREAS**, UGI Corp and UGI Affiliates intend on providing certain management, administrative, and other services to UGI, as identified and described in **Appendix A** titled *Description of Services to be Offered and Shared by and Among UGI Corporation, UGI Utilities, Inc., and UGI Affiliates under this Shared Services Agreement* (“**Services**”); and

**WHEREAS**, UGI, from time to time, may provide Services to UGI Corp or UGI Affiliates, also as identified and described in Appendix A; and

**WHEREAS**, the costs of these Services shall be allocated pursuant to the methods as identified in **Appendix B** titled *Methods of Allocation*; and

**WHEREAS**, UGI believes it is in the interest of UGI to enter into an arrangement whereby UGI may, from time to time, and at the option of UGI, agree to purchase Services from UGI Corp or UGI Affiliates or to provide Services to UGI Corp or UGI Affiliates; and

**WHEREAS**, authorization for the Parties to enter into this AIA for shared services is contingent upon approval of the Pennsylvania Public Utility Commission (“Commission”) in Docket No. G-2023-\_\_\_\_\_ and if such approval is not granted this AIA shall become null and void.

**NOW THEREFORE**, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

I. **Scope of Work.** **Appendix A** hereto lists and describes the Services that are available to be shared among UGI, UGI Corp and UGI Affiliates. UGI’s participation in this Shared Services Agreement is voluntary, and UGI is not obligated to take or provide Services or make any purchases or sales pursuant to this Shared Services Agreement. Services will be provided to UGI only at the request of UGI; similarly, UGI may provide Services only at the request of UGI Corp or the UGI Affiliates.

II. Labor. The Parties will provide Services by utilizing executives, accountants, financial advisers, technical advisers, attorneys, geologists and other persons as have the necessary qualifications. If necessary, a Party may also arrange for the services of nonaffiliated experts, consultants and attorneys in connection with the performance of any of the Services. A Party may utilize employees and contingent workers from any of its subsidiaries to perform the Services. Use of affiliated company personnel shall be subject to federal and state codes and standards of conduct, as applicable.

III. Compensation. As and to the extent required by law, the Party will provide the Services at fully allocated cost, determined in accordance with the Act. Appendix B attached hereto contains the method for determining and allocating such costs.

IV. Termination and Modification.

- A. UGI may modify its participation in Shared Services at any time by giving UGI Corp or UGI Affiliates written notice of the additional Services it wishes to receive, or the Services it no longer wishes to receive; similarly, UGI may provide written notice of the additional Services it no longer wishes to provide UGI Corp or UGI Affiliates. The requested modification in Services shall take effect on the first day of the first calendar month beginning at least thirty (30) days after UGI has sent written notice to UGI Corp or UGI Affiliates.
- B. Any Party may terminate their respective interest in this Shared Services Agreement by providing sixty (60) days written notice of such termination to the other Party. This Shared Services Agreement is subject to termination or modification at any time to the extent its performance conflicts with the Act.
- C. The effectiveness of this Shared Services Agreement shall be subject to the approval of any state commission or other state regulatory body whose approval is, by the laws of said state, a legal prerequisite to the execution and delivery or the performance of this Shared Services Agreement.

V. Billing; Payment. Payment for Services provided by any Party shall be made by making remittance of the amount billed or by making appropriate accounting entries on the books of the appropriate Parties. Billing will be made on a monthly basis with a bill to be rendered as soon as practicable after the close of the month and remittance or accounting entries completed within five (5) business days of billing. Any amount remaining unpaid after thirty (30) days following receipt of the bill shall bear interest thereon from the due date of the bill until payment at a rate equal to the prime rate on the due date.

VI. Compliance Obligations. The AIA will not commence between the Parties until the Commission issues its approval and authorization for the Parties to enter into this affiliated agreement. Accordingly, this AIA is contingent upon approval of the Commission at Docket No. G-2023-\_\_\_\_\_. If the Commission does not grant approval of this AIA, it shall become null and void.

VII. Notices. All notices required or permitted hereunder shall be given at the addresses set forth below. Notice addresses may be changed at any time by written notice to the other Party. Notices shall be deemed received upon: (a) actual delivery, if delivered in person; (b) confirmed, if sent by fax or email; and (c) the third business day after the date deposited in First Class U.S. Mail, if mailed.

UGIU: **UGI Utilities, Inc.**  
Attn: Hans G. Bell, President

1 UGI Drive  
Denver, PA 17517  
Phone: (610) 796-3400  
Fax: (717) 335-4866

UGI: **UGI CORPORATION**

Attn: Michael S. Swerling, Sr. Counsel – Energy & Regulation  
500 North Gulph Road  
King of Prussia, PA 19406  
Fax (Law Department): (610) 992-3258

MOUNTAINEER: **MOUNTAINEER GAS COMPANY**

Attn: Scott F. Klemm, Vice President & Chief Regulatory Officer, Assistant Treasurer  
Mountaineer Gas Company  
501 56th Street SE  
Charleston, WV 25304  
Fax: (304) 925-9610

UGIES: **UGI Energy Services, LLC**

Attn: Joseph L. Hartz, President  
835 Knitting Mills Way  
Wyomissing, PA 19610  
Fax: (610) 374-4288

AMERIGAS: **AmeriGas Propane, Inc.**

Attn: Raymond Kaszuba, Interim President  
500 North Gulph Road  
King of Prussia, PA 19406  
Fax (Law Department): (610) 992-3258

VIII. INDIRECT DAMAGES. IN NO INSTANCE AND FOR NO PURPOSE SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, REGARDLESS OF WHETHER A CLAIM IS MADE OR REMEDY IS SOUGHT IN AGREEMENT, TORT, OR OTHERWISE; PROVIDED, HOWEVER, THAT THE FOREGOING EXCLUSION SHALL NOT BE CONSTRUED TO LIMIT RECOVERY FOR FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF A PARTY.

IX. Entire Agreement. This Shared Services Agreement constitutes the entire agreement between UGI, UGI Corp and UGI Affiliates with respect to the Services. Any amendment or modification to this Shared Services Agreement is ineffective unless in writing and signed by the authorized agents of the Parties as provided hereunder.

X. Severability. If any paragraph or provision of this Shared Services Agreement is illegal, invalid or unenforceable under present or future laws effective during the term of this Shared Services Agreement, then, to the extent permitted by law, in lieu of each paragraph or provision of this Shared Services Agreement that is illegal, invalid or unenforceable there shall be added as part of this Shared Services Agreement a paragraph

or provision as similar in terms to such illegal, invalid or unenforceable paragraph or provision as may be possible and be legal, valid and enforceable. If any paragraph or provision of this Shared Services Agreement is illegal, invalid or unenforceable and cannot be cured as provided in the previous sentence, that paragraph or provision shall be severed from the remaining portion of this Shared Services Agreement, which shall otherwise remain legal, valid and enforceable.

XI. Governing Law. This Shared Services Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to its conflict of laws provisions.

XII. Headings; Interpretation. The headings used herein are for convenience and reference only and are not intended to define, limit or describe the scope of intent of any provision of this Shared Services Agreement. When used in this Shared Services Agreement, the term “including” shall mean without limitation by reason of enumeration. Each of the Appendices attached hereto is expressly incorporated herein and made a part of this Shared Services Agreement, and all references to this Shared Service Agreement shall include the Appendices. In the event of any inconsistency between this Shared Service Agreement (without reference to the Appendices) and the Appendices, the terms of the Appendices shall govern.

XIII. Counterparts. This Shared Services Agreement may be executed in any number of counterparts, each of which shall be deemed a duplicate original. Signatures may be delivered electronically or by facsimile, and such copies shall be treated as originals for all purposes.

XIV. Assignment. None of the Parties may assign this Shared Services Agreement, or any part hereof without the written consent of the other Parties; provided, however, that subject to the requirements of applicable state and federal regulatory law, a Party may assign its rights, interests, or obligations under this Shared Services Agreement to an “affiliate interest” without the consent of the other Party. This Shared Services Agreement shall be binding upon the respective successors and assigns of the Parties.

*[Signatures on following pages]*

**IN WITNESS WHEREOF**, each of the Parties has caused this Shared Services Agreement to be executed by a person with the full power and authority to bind the undersigned as of the date first set forth above.

**UGI UTILITIES, INC.**

By: \_\_\_\_\_

Name: Hans G. Bell

Title: President

**UGI CORPORATION**

By: \_\_\_\_\_

Name: Robert F. Beard

Title: Chief Operations Officer

**MOUNTAINEER GAS COMPANY**

By: \_\_\_\_\_

Name: C. David Lokant

Title: President

**UGI ENERGY SERVICES, LLC**

By: \_\_\_\_\_

Name: Joseph L Hartz

Title: President

**AMERIGAS PROPANE, INC.**

By: \_\_\_\_\_

Name: Raymond J. Kaszuba

Title: Interim President

## APPENDIX A

### DESCRIPTION OF SERVICES TO BE OFFERED AND SHARED BY AND AMONG UGI CORPORATION, UGI UTILITIES, INC., AND UGI AFFILIATES UNDER THIS SHARED SERVICES AGREEMENT

#### Finance and Accounting

1. Treasury. Provide services related to managing all administrative activities associated with financing and the management of capital structure; cash, credit, and risk management activities; investment and commercial banking relationships; oversight of general financing activities.
2. Tax. Advise and assist in preparation of federal, state and other tax returns; provide tax strategy and planning; advise on tax matters including new developments that impact UGI companies: provide due diligence in connection with potential acquisitions.
3. Financial Planning & Analysis (FP&A). Manage the global budget and forecast processes; provide internal management reporting to leadership and UGI companies; provide potential acquisition reviews and analysis. Advise and assist in the study of economic forecasts, industry developments, capital expenditures, innovation, sustainability, social contract initiatives, and other special projects.
4. Financial Reporting and Technical Accounting. Oversee the monthly financial consolidation process. Oversee the SEC reporting process, including planning, coordinating, and filing, as well as other non-SEC financial statements for debt covenant purposes. Provide advice and assistance to the UGI companies in accounting matters (development of accounting practices, management of new developments of U.S. GAAP and SEC rules and regulations, technical accounting assistance on complex accounting and financial reporting matters).
5. Record to Report. Centralized function to provide accounting and related reporting and analysis services on behalf of UGI companies.
6. Internal Audit and SOX Compliance. Perform internal auditing and consulting engagements, due diligence reviews, and control testing. Provide UGI companies with corporate oversight and technical guidance regarding internal controls over financial reporting.
7. Insurance and Risk Management. Provide services related to the analysis of risk exposures and risk transfer strategies for UGI companies; utilize the buying power of UGI companies as a whole to secure an insurance program that maximizes coverage limits in a cost-effective manner; oversee claims handling and reporting on behalf of UGI companies; perform the administrative functions required to administer these programs.
8. Accounts Payable. Centralized function to support processing and payment of vendor invoices, P-card transactions, and related activities on behalf of UGI companies.
9. Credit to Collections. Centralized function to support customer credit, cash collection and application processes on behalf of UGI companies.

#### Human Resources

10. Human Resources. Advise and act as a partner with UGI companies to ensure human resource policies and procedures globally fit the needs, goals, and aims of UGI Corporation and its top leadership. Support UGI companies through people strategy and council.
11. Compensation. Responsible for the review of job descriptions, internal equity and monitors market conditions and government regulations to ensure compensation and total rewards are current and competitive.
12. Benefits. Centralized function responsible for the administration of benefit programs, systems, and support. (e.g., administration of retirement plans, medical programs, wellness programs, insurance policies, etc.) for employees of UGI companies.
13. Leadership Development. Responsible for the administration and development of leadership programs, assessments, and trainings that aim to equip managers, directors and executives with the skills to effectively lead the UGI companies.
14. Talent Acquisition. Responsible for identifying and acquiring skilled employees to meet UGI companies' needs. Includes assessing, recruiting, sourcing, interviewing, hiring and onboarding candidates to fill open roles within UGI companies.
15. Learning and Development. Provide employees across UGI companies with the skills and knowledge they need to succeed and grow in their roles. Includes skill development programs, training courses, and partnering with Human Resources for performance management processes, talent analysis, and targeted career pathing.
16. Diversity & Inclusion. Responsible for promoting diversity and inclusion throughout UGI companies through the implementation of company-wide programs - including employee resource groups, development, recruitment, and strategic programs, partnerships and initiatives.
17. Payroll. Centralized function responsible for ensuring accurate administration and processing of employee payroll for UGI companies. Includes wage deductions, check delivery and record keeping.
18. Communications. Centralized function responsible for effectively and consistently communicating UGI companies' messages to internal audiences. Includes drafting e-mails, memorandums, announcements, newsletters, and administering the intranet to promote company news and initiatives.

## **Information Technology**

19. Digital Worker & End User Experience. Advise and assist UGI companies on global infrastructure processes and activities such as service and help desks, desktop support, end user devices, infrastructure and productivity tools, among others.
20. IT Operations. Advise and assist UGI companies on global infrastructure processes and activities such as IT operations, network design and management, systems infrastructure, architecture, among others.

21. Global Information Security. Advise and assist UGI companies on processes and activities such as information security strategy and enablement, cyber security threat intelligence and protection, information security governance, risk and compliance, security awareness training, among others.
22. Enterprise IT Project Management Office (PMO). Advise and assist UGI companies on processes and activities such as IT demand and portfolio management, enterprise project management, PMO governance, among others.
23. Global Applications. Advise and assist UGI companies with the ongoing IT development, IT support, and annual maintenance and subscription costs for centralized applications across UGI companies.

#### **Executive Offices and Board of Directors**

24. Executive Offices and Board of Directors. Responsible for the formulation of overall Corporation strategy and policy. Review, advise, and consent in major management activities of UGI companies under responsibilities to shareholders, customers and ratepayers, employees, and communities in which UGI companies serve.
25. Office Space and Equipment. Provide use of UGI Corporation land, buildings, furnishings, and equipment, and all costs related to these assets - i.e., property taxes, utilities, and maintenance.

#### **Other**

26. Legal. Provide advice and assistance with respect to legal and regulatory matters as well as compliance, ethics, and matters under federal and state laws.
27. Procurement. Advise and assist UGI companies in the procurement of real and personal property, materials, supplies and services; conduct purchase negotiations; prepare procurement agreements.
28. Investor Relations. Provide fair and accurate analysis of UGI companies and an outlook within the financial community including earnings releases and other external communications. Hold periodic analysts' meetings and provide various operating data as requested or required by investors.
29. External Affairs. Provide services in support of corporate strategies for managing relationships with federal, state and local governments, agencies and legislative bodies. Formulate and assist with public relations, advertising, and external/internal communications programs and with the administration of corporate contribution and community affairs programs.
30. Environmental, Social and Governance (ESG). Advise and assist the UGI companies with ESG strategy and planning; provide external communications and reporting regarding ESG initiatives.
31. Environmental Compliance. Provide consulting, cleanup, environmental permitting, environmental compliance support, biological and chemical services, environmental reporting, and environmental compliance plan preparation as required to ensure full compliance with applicable environmental statutes and regulations. Track state and federal environmental

regulations. Provide summaries and guidance for UGI companies personnel to ensure ongoing compliance.

32. Business Services. Perform various business services including but not limited to (i) support services (printing, mailing, records management and maintenance, and administrative and office services), (ii) office facilities operations (building maintenance and property management, lease/sublease management, and property sales services), (iii) security (physical security support, background investigations, and investigative services), (iv) travel (business-related ticketing, itinerary coordination, and reservations for airlines, rental cars, and hotels/lodging), and (v) fleet services (fleet systems support, fleet maintenance).
33. Operations. Advise and assist UGI companies in the following matters relating to operational capacity: (i) the preparation and coordination of studying, consulting, planning, designing, managing, inspecting, engineering and construction of facilities, (ii) the planning engineering (including maps and records), dispatch, control, storage, drilling, integrity management and measurement operations, (iii) assist UGI companies in restoring service to customers affected by a major storm or disaster, (iv) the performance of operations support services for generation, transmission and distribution of energy, plant and facilities operation, compression, outage support, and maintenance and management services, subject to federal and state codes and standards of conduct, as applicable, (v) the planning, formulation and implementation of load retention, load shaping, and conservation and efficiency programs, (vi) the provision of land services, including the drafting, management and maintenance of maps and land records; and the procurement, management, and enforcement of land interests including easements, site agreements, and real property purchases/leases, (vii) develop long- range operational programs and advise and assist such UGI companies in the coordination of such programs with the programs of other UGI companies, subject to federal and state codes and standards of conduct, as applicable, (viii) the purchase, movement, transfer, and accounting of fuel (including but not limited to natural gas, renewable natural gas, propane, No. 2 oil, No. 6 oil, biomass, and hydrogen) and gas volumes.
34. Rates and Regulatory. Advise and assist UGI companies in the preparation of rate proceedings including analysis of their rate structure in the formulation of rate policies. Advise and assist UGI companies in proceedings before regulatory bodies involving the rates and operations of UGI companies where such rates directly or indirectly affect UGI companies. Advise and assist UGI companies in the evaluation, development, and implementation of new or revised programs or services to ratepayers. Advise and assist in the evaluation and negotiation of large contracts. Advise and assist in the evaluation of new legislative or regulatory actions that directly or indirectly affect UGI companies.
35. Confidentiality. The personnel of UGI Corp, UGI Utilities, Inc., and the UGI Affiliates will treat all information related to the Shared Services under this Affiliate Interest Agreement, including all non-public information concerning UGI Utilities, Inc.'s customers and operational information, and all information identified in 52 Pa. Code §§ 54.122 and 62.142, in a manner that complies with the Code/Standards of Conduct requirements and other applicable law. The personnel performing these Shared Services shall be trained in those competitive safeguards at least once annually.

## APPENDIX B

### METHODS OF ALLOCATION

UGI Corp, UGI Utilities, Inc., and UGI Affiliates shall allocate costs among companies<sup>1</sup> receiving or providing services to be shared by and among the companies under this and similar service arrangements using the following methods:

- I. The costs of rendering service will include all costs of doing business excluding interest on debt and debt amortization.
- II.
  - A. All Parties will maintain a separate record of the expenses of each department.
  - B. Expenses of the department will include salaries and wages of employees, materials and supplies, depreciation, and all other expenses attributable to the department. The expenses of a department will not include:
    - I. Direct costs and expenses that are incurred for the direct benefit and convenience of an individual UGI company. Such costs and expenses are charged directly to the business unit for which the costs relate and are not allocated.
  - C. UGI Corp, UGI Utilities, Inc., and UGI Affiliates will establish annual budgets for controlling the expenses of each department and for determining estimated costs to be included in interim monthly billings to UGI companies.
- III.
  - A. Expenses set forth in Section II above will be separated to show:
    1. Salaries and wages of employees, and
    2. All other expenses of the department
- IV. Those expenses that are not included in the annual expense of a department under Section II above will be charged to UGI companies receiving services as follows:
  - A. Direct Assignment costs incurred for the direct benefit and convenience of one UGI company will be charged directly to such UGI company. Such costs incurred for a group of UGI companies will be allocated on the basis of an appropriate formula as outlined in Section VII below.
- V. Notwithstanding the foregoing basis of determining cost allocations for billing purposes, cost allocations for certain services performed on an ad hoc basis may be allocated using specific cost drivers related to those services as determined by management.
- VI. Monthly bills will be issued for the services rendered on an actual basis. However, if such actual information is not available at the time of preparation of the monthly bill, estimates may be used. Estimates will normally be predicated on service department budgets and estimated figures will be revised and adjustments will be made in amounts billed to give effect to such revision.
- VII. When departments render services to a group of UGI companies, the following formulas shall be used to allocate the cost of such departments, excluding those costs directly assigned, to the individual UGI company receiving such service:

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<sup>1</sup> UGI companies not participating in this agreement shall be allocated costs as described in this Exhibit B – Methods of Allocation.

- A. The Department or Function formulas to be used when departments render services to all UGI companies participating in such service, for the services indicated, are set forth below.

<b>Service Department or Function</b>	<b>Basis of Allocation</b>
<b>Finance:</b>	
Insurance (Insurance costs)	Allocation based on respective insurance policy
<b>Human Resources:</b>	
Compensation Payroll Learning and Development	Number of employees based on the average of the last four quarters as of the most recent fiscal year ending September 30
<b>Information Technology:</b>	
Digital Worker & End User Experience IT Operations	Non-service active directory accounts (employees and contractors) based on the average of the last four quarters as of the most recent fiscal year ending September 30
Global Applications	Number of employees based on the average of the last four quarters as of the most recent fiscal year ending September 30

- B. For services not mentioned above, the method of allocation is set forth below:

<b>Service Department or Function</b>	<b>Basis of Allocation</b>
Treasury Tax Financial Planning & Analysis Financial Reporting and Technical Accounting Record to Report Internal Audit and SOX Compliance Insurance and Risk Management Accounts Payable Credit to Collections Human Resources Benefits Leadership Development Talent Acquisition Diversity & Inclusion Communications Global Information Security Enterprise IT PMO Executive Offices and Board of Directors Office Space and Equipment Legal Procurement Investor Relations External Affairs Environmental, Social and Governance Environmental Compliance Business Services Operations Rates and Regulatory	Modified Wisconsin Formula (MWF), UGI's general method for common expenses. The MWF achieves an equitable distribution of common expenses based on the relative activity and size of each operating unit to the total of all operating units. Activity is measured by total revenues and total operating expenses, and size is measured by tangible net assets employed (which excludes acquisition goodwill)

- C. If the use of a basis of allocation would result in an inequity because of a change in operations or organization, then the basis for allocation may be adjusted to affect an equitable distribution.