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November 24, 2025

VIA ELECTRONIC FILING

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North St.
Harrisburg, PA 17120

Re: UGI Utilities, Inc. – Electric Division, 2025-2026 Annual Asset Optimization Plan; Docket No. M-2025-

Dear Secretary Homsher:

Pursuant to 52 Pa. Code § 121.6, enclosed for filing on behalf of UGI Utilities, Inc. – Electric Division is the 2025-2026 Annual Asset Optimization Plan.

Copies of this filing are being provided as indicated on the attached Certificate of Service.

Should you have any questions, please contact me, by phone at (610) 768-6799 or by email at berkstresser1@ugicorp.com.

Sincerely,

/s/ Lindsay A. Berkstresser
Lindsay A. Berkstresser

Enclosures

Cc: Paul Diskin – TUS
Certificate of Service

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 EMAIL

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Date: November 24, 2025

s/ Lindsay A. Berkstresser
Lindsay Berkstresser
Counsel for UGI Utilities, Inc.

UGI UTILITIES, INC. – ELECTRIC DIVISION

Annual Asset Optimization Plan

Docket No. M-2025-

November 24, 2025

UGI Utilities, Inc. – Electric Division
Fiscal Year 2025-2026 Annual Asset Optimization Plan

I. Executive Summary

On April 20, 2022, UGI Utilities, Inc. – Electric Division ("UGI Electric" or the "Company") filed its *Petition of UGI Utilities Inc. – Electric Division for Approval of its Second Long-Term Infrastructure Improvement Plan* at Docket No. P-2022-3032042. The Pennsylvania Public Utility Commission ("Commission") approved the Second LTIIP in an Opinion and Order entered on August 25, 2022. On December 31, 2024, UGI Electric filed its *Petition of UGI Utilities, Inc. – Electric Division for Approval of a Major Modification to its Second Long-Term Infrastructure Improvement Plan* ("Modified Second LTIIP"). The Commission approved the Modified Second LTIIP in an Opinion and Order entered on September 25, 2025 As a result, this Annual Asset Optimization Plan ("AAOP") covers the actual results from the third year of the Company's Modified Second Long-Term Infrastructure Improvement Plan ("Modified Second LTIIP", "Second LTIIP" or "LTIIP") (*i.e.*, the period October 1, 2024 – September 30, 2025 ("FY2025")) and the anticipated replacements for the fourth year of the Modified Second LTIIP (*i.e.*, the period from October 1, 2025 – September 30, 2026 ("FY2026")). The Company's Modified Second LTIIP is implemented on a Fiscal Year ("FY") basis. As discussed in more detail below, this 2025-2026 AAOP demonstrates that UGI Electric has generally met or exceeded its project goals as established in the Modified Second LTIIP.

II. Introduction

Act 11 of 2012 ("Act 11") authorized the Commission to approve a Distribution System Improvement Charge ("DSIC") upon petition by a public utility to recover reasonable and prudent costs incurred to repair, improve or replace certain eligible distribution property that is part of a utility's distribution system. As a precondition to DSIC cost recovery, a utility is required to receive Commission approval for a LTIIP that is consistent with the provisions of Section 1352 of the Public Utility Code, 66 Pa. C.S. § 1352, and the Commission's regulations and implementing orders. Any utility with a DSIC is required to file an AAOP.

A utility's AAOP is intended to provide the Commission and the public with an overall status report regarding a utility's progress in making infrastructure improvements pursuant to its Commission-approved LTIIP.[1] A utility's AAOP must identify its near-term construction projects that will be funded by the DSIC, consistent with the LTIIP.[2] Specifically, 52 Pa. Code § 121.6 (2014) requires the AAOP to include detailed descriptions of all: 1) eligible property repaired, improved and replaced in the immediately preceding 12-month period; and 2) facilities to be improved in the upcoming 12 months, pursuant to the utility's LTIIP.

[1] *See Implementation of Act 11*, "Final Implementation Order", Docket No. M-2012-2293611 (Entered August 2, 2012).

[2] *Id*.

III. Procedural History

UGI Electric's Initial LTIIP, approved in December 2017, used a baseline period of 2012-2015 to project accelerated investment for the Initial LTIIP plan period of October 1, 2017, through September 30, 2022. On April 20, 2022, the Company filed its Second LTIIP petition. It proposed to continue the Company's accelerated repairs, improvements and replacements to ensure safe and reliable service now and in the future. During the five-year term of the Second LTIIP (October 1, 2022 – September 30, 2027), UGI Electric projected to invest approximately $50 million on improvements that will modernize and storm harden the system, as well as make it more resilient. On August 25, 2022, the Commission issued an Opinion and Order approving the Company's Second LTIIP.[3]

On December 31, 2024, UGI Electric filed its Modified Second LTIIP petition. During the five-year term of the Modified Second LTIIP (October 1, 2022 – September 30, 2027), UGI Electric projected an increase of the total projected capital spending from approximately $50.6 million to approximately $73.1 million. This increase was primarily due to additional and necessary investments in the LTIIP's Circuit Improvement Projects program, related to a dramatic increase in facility upgrades and replacements associated with pole attachment make-ready work required to support recent and material increases in broadband expansion. The actual and projected expenditures in the Modified Second LTIIP reflect the increased scope and complexity of pole attachment make-ready projects that UGI Electric has completed or is expecting to complete within the five-year term of the LTIIP. There was also a proposed increase in the Distribution Substation Relay and Circuit Breaker Replacement program. The increase in this program was related to a shift from focusing only on "in-kind" replacement of older style circuit breakers to a refocus beginning in Fiscal Year 2024 on the replacement of metal clad switchgear that was not considered during the development of the Second LTIIP. Progress with in-kind replacements and the need to address emergent capacity limitations and operational challenges, dictated a need to pivot efforts to these types of facilities. In addition, a major driver of forecasted spend within this category is the replacement of circuit breakers and associated relays at the Swoyersville substation which are at the end of their useful operating life, have reduced circuit breaker capacity, and present safety and operational challenges due to arc-flash risk. On September 25, 2025, the Commission issued an Opinion and Order approving the Company's Modified LTIIP.

IV. UGI Electric's 2025-2026 AAOP

This 2025-2026 AAOP is the third annual filing made by UGI Electric reporting on the progress made pursuant to its Modified Second LTIIP. It also reflects anticipated replacements for the fourth year of the Modified Second LTIIP. The filing addresses the required elements for

[3] Pursuant to the Commission's August 25, 2022 Opinion and Order approving UGI Electric's Second LTIIP at Docket No. P-2022-3032042, the Company was instructed to provide LTIIP job creation data in its AAOPs. Between 2018 and 2025, the Company created between 20 and 30 full-time jobs to support UGI Electric's DSIC eligible projects as identified in the LTIIP.

the Modified Second LTIIP's 12-month period from October 1, 2024, through September 30, 2025 (*i.e.*, FY2025), and the Modified Second LTIIP's upcoming 12-month period from October 1, 2025, through September 30, 2026 (*i.e.*, FY2026). This AAOP demonstrates that the Company's performance generally meets or exceeds the schedule of repairs, improvements or replacements of the specific eligible property in its approved Plans for the corresponding 12-month timeframes. This 2025-2026 AAOP also includes a comprehensive review of the replacement activities and capital expenditures made for the totality of the Company's LTIIP Program, including the Initial LTIIP plus the incremental achievements made from the ongoing Modified Second LTIIP.

A. Description of Cumulative Total Capital Placed in Service for the Period: October 1, 2017 – September 30, 2025

To demonstrate the cumulative progress accomplished by UGI Electric through year three of its Modified Second LTIIP, the Company is providing the following metrics in Table 1 below: the forecasted and actual replacement figures for UGI Electric for the Initial LTIIP, as well as the cumulative totals through year three for the Modified Second LTIIP.

Table 1.

Cumulative LTIIP Performance Metrics To Date (FY2018 through FY2025)		
LTIIP Phase	Cumulative 2018 – 2025 Capital Placed in Service (Thousands of Dollars)	
	Planned	Actual
Initial LTIIP	$39,839	$48,987
Second LTIIP*	$42,640	$42,195
Total	**$82,479**	**$91,182**

*Planned dollars have been updated to reflect approved planned amounts in the Modified Second LTIIP.

Table 2 below shows the following for the Modified Second LTIIP: 1) cumulative capital for expenditures placed in service; and 2) cumulative installations in each LTIIP category. In total, UGI Electric has placed in service $42,195,361 of repaired and replaced distribution infrastructure through the term of its Modified Second LTIIP.

Table 2.

Cumulative Modified Second LTIIP Performance		
LTIIP Programs	Cumulative Capital Placed in Service	Cumulative Replacement Quantities
Wood Pole Replacements	$4,388,078	485
Wood Pole Reinforcements	$243,381	226
URD Cable Replacements (Feet)	$740,742	20,272

Circuit Improvement Projects	$20,339,653	1,940
Porcelain Insulator & Cutout Replacements	$281,420	392
Facility Relocations (PennDOT)	$1,238,328	21
Reliability & Capacity Enhancement Projects	$8,281,456	42
Distribution Automation & Sectionalizing	$1,763,841	86
8kV and 4kV Distribution System Conversions	$1,323,632	8
Replace Failed UG Secondary & Service Cable	$640,407	81
Distribution Substation Relay and Circuit Breaker Replacements	$1,160,824	35
Distribution Substation Transformer Replacements	$795,273	2
Miscellaneous Substation Equipment	$998,326	11
Total	$42,195,361	

B. Description of Eligible Property Repaired, Improved and Replaced in the 12-Month Period: October 1, 2024, through September 30, 2025

Included with this AAOP is Appendix A, which provides a comparison between projected and actual LTIIP expenditures and installations for FY2025 by LTIIP program category. For FY2025, UGI Electric projected a total LTIIP budget of $12,040,200 and spent $11,595,078, which is within 4% of the budgeted spend. Additionally, in FY2025, the Company generally met or exceeded many of its LTIIP installation targets, in the program categories specified in the Modified Second LTIIP, with the exceptions described further below. Table 3 below provides a comparison between the planned replacement targets for FY2025 and actual results (on a programmatic basis).

Table 3.

Modified Second LTIIP Replacement Quantities for FY2025			
Modified Second LTIIP Programs	FY2025 Planned Replacement Quantities	FY2025 Actual Replacement Quantities	Variance
Wood Pole Replacements	150-200	165	0

Wood Pole Reinforcements	20-30	48	18
URD Cable Replacements (Feet)	5,500	7,215	1,715
Circuit Improvement Projects	Scope and quantity of projects are determined as equipment fails or is identified for replacement based on age, condition, safety, customer service problems and overloads.	721	n/a
Porcelain Insulator & Cutout Replacements	50-80	95	15
Facility Relocations (PennDOT)	11	7	(4)
Reliability & Capacity Enhancement Projects	4-7	6	0
Distribution Automation & Sectionalizing	18-22	31	9
8kV and 4kV Distribution System Conversions	1-2	3	1
Replace Failed UG Secondary & Service Cable	8-12	25	13
Distribution Substation Relay and Circuit Breaker Replacements	0	0	0
Distribution Substation Transformer Replacements	0	0	0
Miscellaneous Substation Equipment	1	2	1

Table 4 below provides a comparison between planned capital expenditures and actual results (*i.e.*, capital placed in service) for FY2025. While the Company planned to invest $12,040,200 in FY2025, actual DSIC-eligible investments totaled $11,595,078.

Table 4.

DSIC-Eligible Capital Placed in Service for FY2025 (By Program) (Dollars in thousands)			
Modified Second LTIIP Programs	FY2025 Planned Capital	FY2025 Actual Capital	Variance
Wood Pole Replacements	$1,390	$1,578	$188
Wood Pole Reinforcements	$35	$56	$21
URD Cable Replacements	$279	$197	($82)
Circuit Improvement Projects	$7,611	$6,825	($786)
Porcelain Insulator & Cutout Replacements	$84	$72	($12)
Facility Relocations (PennDOT)	$280	$554	$274
Reliability & Capacity Enhancement Projects	$1,395	$1,257	($138)
Distribution Automation & Sectionalizing	$322	$311	($11)
8kV and 4kV Distribution System Conversions	$428	$419	($9)
Replace Failed UG Secondary & Service Cable	$116	$217	$101
Distribution Substation Relay and Circuit Breaker Replacements	$0	$18	$18
Distribution Substation Transformer Replacements	$0	$20	$20
Miscellaneous Substation Equipment	$100	$71	($29)
Total	$12,040	$11,595	($445)

The following analysis provides a comparison between the Modified Second LTIIP investments and replacements for FY2025 (for each program category) including explanations for programs that significantly over or underperformed compared to forecasted values.

October 1, 2024 – September 30, 2025 LTIIP Investments and Installations[4]

Wood Pole Replacements

Appendix A shows that UGI Electric planned to complete between 150 and 200 wood pole replacements during FY2025. The Company met this goal by replacing 165 poles during the year. UGI Electric spent $1,578,220 on these pole replacements as compared to the $1,390,000 LTIIP estimate as shown in last year's AAOP. The cost of individual poles often varies depending on their locations, because of costs variables such as traffic control, and the overall complexity of the replacement job.

Wood Pole Reinforcements

Appendix A shows that UGI Electric planned to complete between 20 and 30 distribution pole reinforcements during FY2025. The Company exceeded this goal by completing c-truss reinforcements on 48 poles. UGI Electric spent $55,924 on these pole reinforcements as compared to the $35,000 LTIIP estimate shown in last year's AAOP. This over-spend amount is consistent with the added number of reinforcements completed.

URD Cable Replacements

Appendix A shows that UGI Electric planned to replace or restore 5,500 feet of underground primary cable during FY2025. The Company exceeded this goal by replacing/restoring 7,215 feet of underground primary cable. UGI Electric spent $197,283 on these cable replacements as compared to the $279,000 LTIIP estimate as shown in last year's AAOP. The reduced spend is the result of restorations using cable injection rather than total cable replacement. UGI Electric will continue to utilize cable injection where feasible to save on replacement or restoration costs related to URD Cable activities.

Circuit Improvement Projects

Appendix A shows that UGI Electric planned to address circuit improvement projects for FY2025 in scope and quantities needed as equipment failed or was identified for replacement based on age, condition, safety, customer service problems and overloads. The Company completed 721 projects in FY2025. These projects included general end-of-life or equipment replacements such as pole installations, conductors, transformers, reclosers, capacitors, and service connections, and are often difficult to predict or estimate in advance. The Company spent $6,825,366 on these projects as compared to the $7,611,000 LTIIP estimate as shown in last year's AAOP. Make-ready projects associated with pole attachment activities continue as a major contributor toward dollars spent by the Company in the category. The number of make-ready projects varies annually depending on requests. UGI Electric does not control the number of project requests it receives in any particular

[4] Program categories were established in the Second LTIIP. See *Petition of UGI Utilities, Inc., – Electric Division for Approval of its Second Long Term Infrastructure Improvement Plan* at Docket No. P-2022-3032042 (Opinion and Order entered August 25,2022).

fiscal year. Costs for make-ready projects within this program category represent UGI Electric's costs to bring poles, attachments, and other equipment into compliance with current published safety, reliability, and construction standards not caused by the new pole attacher, all of which cannot be charged to the attacher. These projects accounted for almost half of the category costs and included replacement of 408 poles and almost 68,000 feet of open-wire secondary.

Porcelain Cutout and Insulator Replacements

Appendix A shows that UGI Electric planned to complete between 50 and 80 porcelain cutout and insulator replacements during FY2025. The Company exceeded this goal by making 95 porcelain cutout and insulator replacements. Cutout and insulator replacements will reduce equipment failures and improve overall system reliability. UGI Electric spent $72,299 on these replacements as compared to the $83,700 LTIIP estimate as shown in last year's AAOP. The reduced spend was attributable to project efficiencies, i.e., consolidation and completion of work in specific areas of the service territory.

Facility Relocation Projects (PennDOT)

Appendix A shows that UGI Electric planned for 11 PennDOT facility relocation projects during FY2025. The expected number of projects is based on a historical average number of relocation requests from PennDOT during the baseline period. The Company received and responded to seven facility relocation projects during the past year and spent $554,152 as compared to the $280,000 LTIIP estimate as shown in last year's AAOP. As stated in the LTIIP, UGI Electric does not control the number of these project requests it receives in any particular fiscal year, nor the size or complexity of the relocation work thus annual variances to original LTIIP estimates are to be anticipated.

Reliability and Capacity Enhancement Projects

Appendix A shows that UGI Electric planned to complete four to seven reliability and capacity enhancement projects during FY2025. The Company met this goal with the completion of six projects. The focus of this effort has continued with improvements to areas of the system that were either worst performing from a reliability perspective or capacity constrained under contingency conditions. UGI Electric spent $1,256,590 on these projects, which is slightly below the $1,395,000 LTIIP estimate as shown in last year's AAOP.

Distribution Automation and Sectionalizing

Appendix A shows that UGI Electric planned to install between 18 and 22 distribution sectionalizing and automating devices during FY2025. The Company exceeded this goal by installing 31 Distribution Automation and Sectionalizing ("DA") devices or projects

during FY2025. UGI Electric spent $310,667 which is in line with the $322,500 LTIIP estimate as shown in last year's AAOP.

8kV and 4kV Distribution System Conversions

Appendix A shows that UGI Electric planned to undertake one to two distribution system voltage conversion projects during FY2025. The Company exceeded this goal by completing three conversion projects. These projects involved continued upgrades of older 8kV facilities and the relocation of several 8kV single-phase stepdown transformers. This work enables the replacement of the remaining 8kV facilities on the system. The Company spent $419,189 on these projects which is in line with the $428,000 LTIIP estimate as shown in last year's AAOP.

Replace Failed Underground Secondary and Service Cable

Appendix A shows that UGI Electric planned to complete between 8 and 12 replacements of failed underground secondary and service cables during FY2025. The number of failures exceeded the Company's estimate, resulting in 25 replacements. The level of failures reflects the importance of the ongoing underground cable replacement program, which is focused on eliminating the oldest and most problematic cable. The Company spent $217,131 on these replacements as compared to the $116,000 LTIIP estimate as shown in last year's AAOP. The variance is a function of the increased number of failures and corresponding replacements. As UGI Electric described in its Second LTIIP, this program is dictated by the failure rate in the field; therefore, the quantity of projects and their cost is not directly within the Company's control.

Distribution Substation Relay and Circuit Breaker Replacements

Appendix A shows that UGI Electric did not plan to replace any distribution relays and circuit breakers during FY2025. The existing 13kV switchgear which has been in service for over 50 years at our Swoyersville Substation is being replaced with a new 13kV bus and open-air breakers. Work on this project has proceeded during FY2025 and is expected to be placed into service in FY2026. The $17,495 in costs incurred this year were a result of lagging charges for breaker and relay replacements in FY2024.

Distribution Substation Transformer Replacements

Appendix A shows that UGI Electric did not have a substation transformer replacement planned during FY2025. The $20,111 in costs incurred this year were a result of lagging charges from the FY2024 transformer replacement at the Hunlock Substation.

Miscellaneous Substation Equipment

Appendix A shows that UGI Electric planned to complete one miscellaneous substation equipment project in FY2025. The Company exceeded this goal by completing two

projects. This category is associated with targeted reliability improvements to substation equipment that is deteriorated, at end-of-life, or poses a reliability risk if components fail or issues are not addressed. The two projects included battery replacements and replacement hydrogen monitoring sensors and fans. The Company spent $70,651 on these projects as compared to the $100,000 LTIIP estimate as shown in last year's AAOP.

C. Description of Eligible Property To Be Repaired, Improved and Replaced in the Upcoming 12-Month Period: October 1, 2025 – September 30, 2026

Included with this AAOP is Appendix B, which provides the Company's projected installations and investments for the next LTIIP program year – FY2026 (i.e., October 1, 2025 – September 30, 2026). For FY2026, UGI Electric projects a total Modified Second LTIIP expenditure of $16,720,000 and plans to meet or exceed its Modified Second LTIIP installation targets for each of the identified program categories. Table 5, below, provides the estimated installation targets for FY2026 (on a programmatic basis). The table sets forth the replacement quantities that were forecasted in the Company's Modified Second LTIIP petition for FY2026 and the quantities that the Company is currently planning to replace during the upcoming Fourth LTIIP year.

Table 5.

Modified Second LTIIP Replacement Quantities for FY2026		
Modified Second LTIIP Programs	Modified Second LTIIP Plan Replacement Quantities	FY2026 Planned Replacement Quantities
Wood Pole Replacements	150-200	150-200
Wood Pole Reinforcements	50-70	20-30
URD Cable Replacements (Feet)	5,500	5,500
Circuit Improvement Projects	Scope and quantity of projects are determined as equipment fails or is identified for replacement based on age, condition, safety, customer service problems and overloads.	Scope and quantity of projects are determined as equipment fails or is identified for replacement based on age, condition, safety, customer service problems and overloads.
Porcelain Insulator & Cutout Replacements	50-80	50-80
Facility Relocations (PennDOT)	11	11

Reliability & Capacity Enhancement Projects	4-7	4-7
Distribution Automation & Sectionalizing	18-22	18-22
8kV and 4kV Distribution System Conversions	1-2	1-2
Replace Failed UG Secondary & Service Cable	8-12	8-12
Distribution Substation Relay and Circuit Breaker Replacements	9	9
Distribution Substation Transformer Replacements	0	0
Miscellaneous Substation Equipment	1	1

Table 6 below provides the Company's projected LTIIP investments for FY2026 (on a programmatic basis). The table sets forth the capital investments that were forecasted in the Company's Modified LTIIP petition (for the upcoming LTIIP year) and the investments that the Company is currently planning to make during the upcoming LTIIP year.

Table 6.

DSIC-Eligible Capital Planned for FY2026		
Modified Second LTIIP Programs	Modified Second LTIIP 2026 Planned Capital	FY2026 Planned Capital
Wood Pole Replacements	$1,530,000	$1,470,000
Wood Pole Reinforcements	$66,000	$23,000
URD Cable Replacements	$546,000	$232,000
Circuit Improvement Projects	$10,432,000	$7,074,000
Porcelain Insulator & Cutout Replacements	$93,000	$49,000
Facility Relocations (PennDOT)	$508,000	$691,000
Reliability & Capacity Enhancement Projects	$2,732,000	$2,500,000

Distribution Automation & Sectionalizing	$874,000	$689,000
8kV and 4kV Distribution System Conversions	$437,000	$223,000
Replace Failed UG Secondary & Service Cable	$93,000	$271,000
Distribution Substation Relay and Circuit Breaker Replacements	$2,000,000	$3,295,000
Distribution Substation Transformer Replacements	$0	$0
Miscellaneous Substation Equipment	$164,000	$203,000
Total	$19,475,000	$16,720,000

The Company's proposed installation and investment targets are further detailed and explained below for FY2026 (for each program category).

October 1, 2025 – September 30, 2026 LTIIP Investments and Installations (by program category)

Wood Pole Replacements

Table 5 shows that UGI Electric plans to make between 150 and 200 distribution pole replacements during FY2026. Additionally, Table 6 shows that the Company expects to spend $1,470,000 on pole replacements during the upcoming program year.

Wood Pole Reinforcements

Table 5 shows that UGI Electric plans to make a minimum of 20 wood pole reinforcements during FY2026. Additionally, Table 6 shows that the Company expects to spend $23,000 on pole reinforcements during the upcoming program year. Results of inspections have not generated the number of reinforceable poles as originally expected in the Second LTIIP.

URD Cable Replacements

As part of the LTIIP, Replacement of underground primary cable during FY2026 will continue based on in-service failures (known reliability issues) and neutral testing. Restorations using cable injection rather than total cable replacement will be employed wherever practical. Table 5 shows that UGI Electric's projected cable replacements will be 5,500 feet. Additionally, Table 6 shows that the company expects to spend $232,000 on these cable replacements during the upcoming program year.

Circuit Improvement Projects

Table 5 shows that UGI Electric will address circuit improvement projects for FY2026 in scope and quantities needed as equipment fails or is identified for replacement based on age, condition, safety, customer service problems and overloads. Additionally, Table 6 shows that the Company expects to spend a total of $7,074,000 on these projects during the upcoming program year. The Company's forecast reflects on-going circuit improvement projects focused on remediating conductor clearance violations identified as part of attachment make-ready projects for expanded rural internet access. The number of make-ready projects varies annually depending on requests. UGI Electric does not control the number of project requests it receives in any particular fiscal year. Costs within this program category represent UGI Electric costs to bring poles, attachments, and other equipment into compliance with current published safety, reliability, and construction standards not caused by the new pole attacher.

Porcelain Insulator and Cutout Replacements

Table 5 shows that UGI Electric anticipates replacing a minimum of 50 porcelain cut-outs in FY2026. Additionally, Table 6 shows that the Company expects to spend $49,000 on these repairs and replacements during the upcoming program year.

Facility Relocation Projects (PennDOT)

As part of the LTIIP, facility relocation projects during FY2026 are based on projects dictated by the interested entity. Table 5 shows that UGI Electric anticipates 11 such projects for FY2026. Additionally, Table 6 shows that the Company expects to spend $691,000 on these facility relocation projects during the upcoming program year.

Reliability and Capacity Enhancement Projects

Table 5 shows that UGI Electric plans to undertake between four and seven reliability and capacity enhancement projects in FY2026. Additionally, Table 6 shows that the Company expects to spend $2,500,000 on these projects during the upcoming program year.

Distribution Automation and Sectionalizing

Table 5 shows that UGI Electric plans to perform between 18 and 22 distribution automation and sectionalizing projects during FY2026. Additionally, Table 6 shows that the Company expects to spend $689,000 on these projects during the upcoming program year.

8kV and 4kV Distribution System Conversions

As part of the LTIIP, distribution system conversions are based on customer impact, load, and reliability performance. Table 5 shows that UGI Electric anticipates completing one to

two system conversion upgrades of older 8kV facilities in FY2026. Additionally, Table 6 shows that the Company expects to spend $223,000 during the upcoming program year.

Replace Failed Underground Secondary and Service Cable

As part of the LTIIP, replacements of failed underground secondary and service cables during FY2026 are based on historical costs and an increasing trend in failures. Table 5 shows that UGI Electric anticipates making 8 to 12 replacements in FY2026. Additionally, Table 6 shows that the Company expects to spend $271,000 on these replacements during the upcoming program year.

Distribution Relay and Circuit Breaker Replacements

UGI Electric will complete a multi-year circuit breaker and distribution relay replacement project at our Swoyersville Substation during the upcoming program year. An end-of-life enclosed distribution switchgear is being replaced with standalone circuit breakers and associated relays. As a result, Table 5 shows the Company will put nine circuit breakers and distribution relay replacements into service during FY2026. Additionally, Table 6 shows the Company expects to spend $3,295,000 on this replacement during the upcoming program year.

Distribution Substation Transformer Replacements

Table 5 shows that UGI Electric plans no substation transformer replacements during FY2026. Additionally, Table 6 shows that the Company expects no spend on substation transformer replacement during the upcoming program year. This is consistent with the plans for year four in this category as shown in the Modified Second LTIIP.

Miscellaneous Substation Equipment

Table 5 shows that UGI Electric plans to complete one miscellaneous substation equipment project during FY2026. Additionally, Table 6 shows the Company expects to spend $203,000 on miscellaneous substation equipment during the upcoming program year.

The Company has included an analysis of vegetation costs, consistent with its commitment in the 2023 UGI Electric base rate case settlement at Docket No. R-2022-3037368. The analysis is included as Appendix C.

Appendix A
DSIC Eligible Capital Placed in Service
Fiscal Year Ended September 30, 2025

	2025 DSIC Capital Placed into Service ($)			2025 Installations		
LTIIP Programs	2025 Planned	2025 Actual	Variance	Planned Quantities	Actual Quantities	Variance
Wood Pole Replacements	$ 1,390,000	$ 1,578,220	$ 188,220	150-200	165	0
Wood Pole Reinforcements	$ 35,000	$ 55,924	$ 20,924	20-30	48	18
URD Cable Replacements	$ 279,000	$ 197,283	$ (81,717)	5,500	7,215	1,715
Circuit Improvement Projects	$ 7,611,000	$ 6,825,366	$ (785,634)	Scope and quantity of projects are determined as equipment fails or is identified for replacement based on age, condition, safety, customer service problems and overloads.	721	n/a
Porcelain Insulator & Cutout Replacements	$ 83,700	$ 72,299	$ (11,401)	50-80	95	15
Facility Relocations (PennDOT)	$ 280,000	$ 554,152	$ 274,152	11	7	(4)
Reliability & Capacity Enhancement Projects	$ 1,395,000	$ 1,256,590	$ (138,410)	4-7	6	-
Distribution Automation & Sectionalizing	$ 322,500	$ 310,667	$ (11,833)	18-22	31	9
8kV and 4kV Distribution System Conversions	$ 428,000	$ 419,189	$ (8,811)	1-2	3	1
Replace Failed UG Secondary & Service Cable	$ 116,000	$ 217,131	$ 101,131	8-12	25	13
Distribution Substation Relay and Circuit Breaker Replacements	$ -	$ 17,495	$ 17,495	-	-	-
Distribution Substation Transformer Replacements	$ -	$ 20,111	$ 20,111	-	-	-
Miscellaneous Substation Equipment	$ 100,000	$ 70,651	$ (29,349)	1	2	1
Total	$ 12,040,200	$ 11,595,078	$ (445,122)			

Appendix B
DSIC Eligible Capital Placed in Service
Fiscal Year Ended September 30, 2026

LTIIP Programs	2026 Planned Capital ($)	2026 Planned Replacement Quantities
Wood Pole Replacements	$ 1,470,000	150-200
Wood Pole Reinforcements	$ 23,000	20-30
URD Cable Replacements	$ 232,000	5,500
Circuit Improvement Projects	$ 7,074,000	Scope and quantity of projects are determined as equipment fails or is identified for replacement based on age, condition, safety, customer service problems and overloads.
Porcelain Insulator & Cutout Replacements	$ 49,000	50-80
Facility Relocations (PennDOT)	$ 691,000	11
Reliability & Capacity Enhancement Projects	$ 2,500,000	4-7
Distribution Automation & Sectionalizing	$ 689,000	18-22
8kV and 4kV Distribution System Conversions	$ 223,000	1-2
Replace Failed UG Secondary & Service Cable	$ 271,000	8-12
Distribution Substation Relay and Circuit Breaker Replacements	$ 3,295,000	9
Distribution Substation Transformer Replacements	$ -	0
Miscellaneous Substation Equipment	$ 203,000	1
Total	$ 16,720,000	

2025 Vegetation Report

I. Background

The 2025 Vegetation Report is being submitted in compliance with Paragraph 62 of the *Joint Petition for Approval of Settlement of all Issues* ("Settlement") submitted July 14, 2023, in UGI Electric's base rate proceeding at Docket No. R-2022-3037368. The Settlement was approved in an Order issued by the Commission on September 21, 2023. Paragraph 62 of the Settlement provides as follows:

> Vegetation Management. The Company agrees to report actual monthly vegetation management expenses on an annual basis for the 12-month period ending September 30, with the first report being due as part of the Company's 2024 Annual Asset Optimization Plan ("AAOP") filing. The report shall include quantities of vegetation management work performed, along with a summary overview of the Company's vegetation management program.

Consistent with Paragraph 62 of the Settlement, this 2025 Vegetation Report includes a summary overview of the Company's vegetation management program in Section II, below. Section III will identify actual monthly vegetation management expenses for the proceeding 12-month period ending September 30. Finally, Section IV will identify quantities of vegetation management work performed in the proceeding 12-month period ending September 30.

II. Vegetation Management Program Summary

UGI Electric's vegetation management program has two key objectives. The first is to maintain safe clearances between electric facilities and vegetation to minimize the risk of contact, including related risks to the public. The second is to maintain a reliable electric system by preventing or reducing the number of vegetation-related power outages.

To meet the vegetation management program's key objectives, the Company conducts vegetation activities year-round, primarily relying on full-time vegetation contractors. However, the Company has also utilized line-mile bid work and other project specific vegetation contractors to support the program. Further, the Company has added two full-time specialized pieces of equipment that allow it to address more difficult vegetation issues and undertake a greater range and number of off right-of-way tree removals. In all cases, the vegetation maintenance work is performed in accordance with the Company's vegetation specifications. These specifications require ground-to-sky trimming for the entire extent of the right-of-way, if possible, and includes danger tree removals as an important component of the Company's overall vegetation management program.

The Company's vegetation management program includes trimming, vegetation removal and herbicide application that follows a scheduled cycle by circuit. The cycle for each circuit can range from four to eight years between vegetation management activity, depending on circuit length, vegetation density, reliability metrics and results from bi-annual circuit inspections. Danger trees are identified through a variety of methods including circuit inspections, work in advance of

normal maintenance cycle, and reliability and storm activities. For Danger trees located outside of public right-of-way, the Company engages in additional negotiations to obtain approval to remove identified trees.

As a result of the additional resources and accelerated vegetation work that the Company identified in its most recent base rate proceeding, UGI Electric's vegetation management program is currently planned to increase the number of Danger tree removals and reduce the trim cycle frequency on 14 of the 52 overhead distribution circuits, bringing the system overall average trim cycle down from 6.15 years to 5.50 years. A reduced trim cycle frequency means crews are completing work on circuits more often, which will improve reliability over time, all else being equal.

III. Actual Monthly Vegetation Management Expense

For the 12-month period ended September 30, 2025, (i.e., FY2025) the distribution vegetation budget and actual spend by month is provided in Table 1, below. As shown in Table 1, the year end results reflect an underspending of $360,004 or 8.6% variance from budget. This underspend variance is largely due to an increase in transmission work and other capital projects, as well as relatively storm-free weather. Total FY2025 Distribution Line Clearing costs for storms was $134,870 during the report period, which is extremely low versus recent years.

Table 1.

Distribution Vegetation Performance			
Month	Budget	Actual	Variance
October	$322,046	$216,886	($105,160)
November	$321,211	$573,204	$251,993
December	$321,381	$240,851	($80,530)
January	$323,523	$245,471	($78,051)
February	$319,984	$424,731	$104,747
March	$321,242	$289,937	($31,304)
April	$383,440	$213,114	($170,326)
May	$385,523	$382,481	($3,041)
June	$384,699	$143,241	($241,457)
July	$387,377	$301,224	($86,153)
August	$382,695	$455,576	$72,881
September	$323,745	$330,142	$6,398
Total	**$4,176,864**	**$3,816,860**	**($360,004)**

IV. Vegetation Metrics

For the 12-month period ended September 30, 2025 (i.e., FY2025), the Company performed all planned vegetation work. Table 2 below shows the vegetation management program measures performed in FY2025. Vegetation metrics are captured by the crews as the work is performed and documented on crew timesheets. This data is subsequently compiled and maintained in the Company's vegetation management tracking database called Trim Report and Evaluation System ("TRES"). The Company's vegetation supervisor has responsibility for developing the annual vegetation maintenance plan and validating the vegetation metrics. The FY2025 metrics reflect fewer Standard and Danger tree removals during the year as compared to last year and years prior. This was due to a portion of the planned 2025 vegetation cycle work occurring on more urban and suburban feeder circuits, which typically have fewer tree removals. Finally, the reduction in Ash tree removals, in general, reflects the progress made to date through the Company's focused efforts on these trees during the last several years, as well as their natural attrition.

Table 2.

	FY2025 Actual	**Description**
Circuit Miles Maintained	267	
Tree Trimming/Right-of-Way Clearing	49,873	Number of trees trimmed
Standard Tree Removals	567	Number of trees removed
Danger Tree Removals	1,448	Number of trees removed
Ash Tree Specific Removals	89	Number of trees removed
Brush Trim/Cut/Treatment by Herbicide	1,156	Acres of brush control and application of herbicide as permitted
Distribution Spraying/Herbicide Application	83	Acres of herbicide application along right-of-way