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File #: 215014

February 6, 2026

VIA ELECTRONIC FILING

Mathew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17101

Re: Application of UGI Utilities, Inc. for (1) Certificate of Public Convenience Evidencing Approval Under 66 Pa.C.S. §§1102(a)(3) and 1103(a) for the Transfer of the Auburn City Gate Station, Located in Auburn Township, Susquehanna County, Pennsylvania, to UGI Auburn Gathering, LLC, an Affiliate of UGI Utilities, Inc.; (2) Approval of the Proposed Transfer of the Auburn City Gate Station Pursuant to 66 Pa.C.S. §2102(b); and (3) Approval of a Modification of an Existing Affiliated Interest Agreement Pursuant to 66 Pa.C.S. §2103.

Docket No. A-2026-_____

Docket No. G-2026-_____

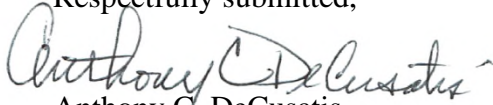
Docket No. G-2026-_____

Dear Secretary Homsher:

Enclosed for filing is the above-captioned Application of UGI Utilities, Inc. (“UGI Utilities”) in the above-referenced transactions. The filing fee in the amount of \$350.00 will be provided at the time of the e-filing.

Copies will be provided per the attached Certificate of Service.

Respectfully submitted,


Anthony C. DeCusatis

ADC/dmc
Enclosures

Mathew L. Homsher, Secretary
February 6, 2026
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cc: 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: February 6, 2026



Anthony C. DeCusatis

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of UGI Utilities, Inc. for: :

(1) Certificate of Public Convenience :
Evidencing Approval Under 66 Pa.C.S. :
§§1102(a)(3) and 1103(a) for the Transfer of :
the Auburn City Gate Station, Located in :
Auburn Township, Susquehanna County, : Docket No. A-2026-_____ :
Pennsylvania, to UGI Auburn Gathering, :
LLC, an Affiliate of UGI Utilities, Inc.; :

(2) Approval of the Proposed Transfer of the :
Auburn City Gate Station Pursuant to 66 :
Pa.C.S. §2102(b); and :

(3) Approval of a Modification of an : Docket No. G-2026-_____ :
Existing Affiliated Interest Agreement :
Pursuant to 66 Pa.C.S. §2103. :

:
: Docket No. G-2026-_____ :
:

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. INTRODUCTION

1. By this Application, UGI Utilities, Inc. – Gas Division (“UGI Gas” or the “Applicant”) seeks approval, pursuant to Sections 1102(a)(3), 1103(a), and 2102(b) of the Pennsylvania Public Utility Code (“Code”),¹ to transfer the Auburn City Gate Station its affiliate UGI Auburn Gathering, LLC (“UGI Gathering”).² The Auburn City Gate Station is located near the point of interconnection with Tennessee Gas Pipeline Company (“Tennessee”). Subsequent to the transfer, UGI Gathering will lease capacity to UGI Gas, which requires a change to an existing Affiliated Interest Agreement (“AIA”), as further described in Paragraph No. 2, below.

¹ 66 Pa.C.S. §§ 1102(a)(3), 1103(a), and 2102(b).

² A gate station contains facilities for metering and, if needed, pressure regulation, and odorization.

2. By this Application, UGI Gas also seeks approval, pursuant to Section 2103 of the Code,³ for the modification of the existing AIA, between UGI Gas and UGI Energy Services, LLC (“UGIES”). The existing AIA permits UGI Gas to lease capacity on gathering facilities currently owned by UGIES.

3. Following the asset transfer noted in Paragraph No. 1, the gathering facilities will be owned by UGI Gathering, who will take over UGIES’s responsibilities under the AIA and continue to lease the capacity to UGI Gas, subject to approvals of this Commission and of the Federal Energy Regulatory Commission (“FERC”) pursuant to an Abbreviated Application to the FERC made by UGI Gathering and UGI Auburn, LLC (“UGI Auburn”).⁴ Accordingly, UGI Gathering will be substituted for UGIES in the existing AIA with all other lease terms remaining unchanged. Therefore, UGI Gas seeks to have the existing AIA changed to be between UGI Gas and UGI Gathering.⁵

4. Following the transfer and modification described in Paragraph Nos. 1 through 3, above, UGI Gathering also will lease 281,970 dekatherms (“dth”) of uncommitted capacity on its gathering system to UGI Auburn. This lease arrangement for uncommitted capacity will not impact UGI Gas’s existing capacity lease rights under the AIA that UGI Gas requests to be modified as described in Paragraph No. 3, above. Moreover, as the prospective lessee of uncommitted capacity, UGI Auburn has applied for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act,⁶ together with related authorizations and waivers, to furnish

³ 66 Pa.C.S. §2103.

⁴ See *Abbreviated Application of UGI Auburn, LLC for Certificate of Public Convenience and Necessity, Blanket Certificates and Request for Waivers*, filed October 10, 2025, at FERC Docket No. CP26-9 (“Abbreviated FERC Application”). See also Paragraph No. 10, *infra*, which provides additional information concerning the Abbreviated FERC Application.

⁵ The original Capacity Lease was approved by the Commission under 66 Pa.C.S. §2102(b) pursuant to Secretarial Letter. *Affiliated Interest Agreement – UGI Utilities, Inc. (Gas Division) – Capacity Lease Agreement with UGI Energy Services, LLC*, Docket No. G-2021-3028753 (Nov. 22, 2021).

⁶ 15 U.S.C. §717(c) (2018).

service as an interstate pipeline subject to the jurisdiction of FERC.⁷ UGI Gas’s transfer of the Auburn City Gate Station to UGI Gathering supports the change in jurisdictional status of uncommitted capacity from non-regulated gathering service to FERC-regulated interstate natural gas transmission service and provides benefits to UGI Gas’s customers as set forth fully and in more detail in subsequent sections of this Application.⁸

a. Once UGI Auburn becomes a certificated interstate pipeline, the flows on its leased capacity will change. Currently, gas originating from sources of locally produced natural gas flow to either Tennessee, in the north, or to Transcontinental Gas Pipeline Company (“Transco”), in the south. Those flows will continue for existing gathering customers of UGI Gathering that have contracted for capacity on the gathering system. However, after UGI Auburn receives a certificate of public convenience and necessity from the FERC, UGI Auburn will use its leased capacity (from UGI Gathering) to transport natural gas received from Tennessee to Transco and vice versa.⁹

b. The change in jurisdictional status of uncommitted capacity that UGI Auburn will lease from UGI Gathering, as described above, will provide greater flexibility: (1) for the movement of natural gas originating from Tennessee and Transco to delivery points in Pennsylvania; (2) to facilitate the movement of Pennsylvania-produced natural gas to markets served by Tennessee and Transco, which is anticipated to enhance overall natural gas production in the Commonwealth;¹⁰ and (3) for the movement of natural gas between Tennessee and Transco, which may alleviate some existing constraints on those pipelines. Those benefits can be achieved

⁷ See Abbreviated FERC Application.

⁸ As explained in Section VII.A.2., *infra*, transferring the Auburn City Gate Station will reduce the rate base and associated depreciation and operating and maintenance expenses of UGI Gas.

⁹ See Paragraph Nos. 48 and 50, *infra*. The movement of gas from south to north will be primarily by displacement.

¹⁰ See Paragraph No. 40, *infra* (describing the Commission’s prior finding that enhancing the development of local production from the Marcellus Shale formation in the Commonwealth is an affirmative benefit that supports the issuance of a certificate of public convenience).

by increasing the utilization of existing capacity without the need to construct a new pipeline and with no adverse effect on UGI Gas, as a lessee of gathering capacity, or on other existing shippers on the gathering system. Additionally, UGI Gas will remove the depreciated original cost of the Auburn City Gate Station from its rate base and remove associated annual depreciation and operating and maintenance expenses from UGI Gas's revenue requirement.¹¹ The net effect of the transaction will be a benefit to UGI Gas's ratepayers of more than \$600,000 per year, as explained hereafter.

c. The proposed transfer of UGI Gas's Auburn City Gate Station to UGI Gathering satisfies the legal standard established by 66 Pa.C.S. §1103(a) for the Pennsylvania Public Utility Commission ("Pa PUC" or "Commission") to issue a certificate of public convenience evidencing approval of the transfer under 66 Pa.C.S. §1102(a)(3). It also satisfies the legal standard for approval under 66 Pa.C.S. §2102(b) for a transaction between affiliated interests. Additionally, revising UGI Gas's lease of capacity solely to memorialize the change in ownership of the gathering facilities from UGIES to UGI Gathering satisfies the legal standard set forth in 66 Pa.C.S. §2102(b) for the Commission to approve a modification of an AIA pursuant to 66 Pa.C.S. §2103.

Further support for the approvals requested in this Application is set forth below.

II. THE APPLICANT/TRANSFEROR

5. The Applicant is UGI Gas, which is a public utility and a natural gas distribution company as defined by 66 Pa.C.S. §§102 and 2202, respectively. UGI Gas provides natural gas

¹¹ As explained in Paragraph No. 44, *infra*, the transfer of the Auburn City Gate Station will reduce UGI Gas's rate base by approximately \$4.5 million for fiscal year 2027 and reduce its annual depreciation and operating and maintenance expenses by approximately \$138,481. The receipt of \$200,000 above net book value will provide an additional net benefit to customers of \$50,753 per year over the five-years ending 2031..

distribution service to approximately 706,000 customers in a service territory encompassing all, or portions of, 46 counties in Pennsylvania.

6. UGI Gas's attorney in this proceeding is:

Michael S. Swerling, Esq. (Attorney I.D. 94748)
UGI Corporation
500 North Gulph Road
King of Prussia, PA 19406
swerlingm@ugicorp.com

7. Accompanying this Application as Exhibits A and B are, respectively, UGI Gas's balance sheet and income statement. The Applicant's annual reports and tariffs, to the extent relevant to any material issue in this proceeding, are incorporated herein by reference.

III. UGI GATHERING/TRANSFEEE

8. UGI Gathering is a limited liability company organized under the laws of the State of Delaware with its principal place of business in Wyomissing, Pennsylvania. UGI Gathering is authorized to conduct business in the Commonwealth of Pennsylvania as a foreign limited liability company to own and operate natural gas gathering facilities.

9. UGI Gathering is an indirect subsidiary of UGIES through an intervening ownership tier. UGIES is an indirect subsidiary of UGI Corporation through an intervening ownership tier. UGI Corporation is a publicly traded energy company whose shares are listed on the New York Stock Exchange (ticker symbol "UGI").

10. UGI Gathering, as transferee from UGIES of facilities that comprise the Auburn gathering system described in Sections V.A. and B., *infra*, will continue to furnish natural gas gathering service to shippers pursuant to the terms of its existing gathering agreements. UGI Gathering will also continue to lease capacity in its gathering system to UGI Gas under the same terms as the currently effective capacity lease between UGI Gas and UGIES. As previously

indicated, UGI Gathering will lease uncommitted capacity to UGI Auburn. On October 10, 2025, UGI Auburn and UGI Gathering filed the Abbreviated FERC Application at Docket No. CP26-9 to obtain, *inter alia*, a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act for authorizations needed to operate the uncommitted capacity as an interstate pipeline in Susquehanna, Wyoming, and Luzerne Counties, Pennsylvania.¹²

IV. THE PROPERTY TO BE TRANSFERRED

11. The property to be transferred consists of the Auburn City Gate Station, located in Auburn Township, Susquehanna County, Pennsylvania. Exhibit C is a list of the property composing the Auburn City Gate Station, including descriptions of land to be transferred to UGI Gathering.

12. UGI Gas's Auburn City Gate Station contains equipment for metering and regulating the pressure of natural gas received from Tennessee. The Auburn City Gate Station is located near the point of interconnection between Tennessee and the gathering system. UGIES constructed, owns, and operates a second gate station that introduces natural gas from the gathering system into Tennessee. UGI Gas understands that, after the requested asset transfer occur, Tennessee will construct a third gate station at no cost to UGI Gas or its customers to receive additional flows from Tennessee. UGI Gas's Auburn City Gate Station and the existing facilities of UGIES's gathering system are shown on the Auburn System Schematic provided as Exhibit D, which depicts those facilities before and after UGI Auburn changes the jurisdictional status of uncommitted capacity it leases from UGI Gathering as described above.

13. UGI Gas will transfer the Auburn City Gate Station at net book value (original cost less associated accumulated depreciation as of the date of the transfer) plus \$200,000. Exhibit E

¹² See Abbreviated FERC Application.

sets forth the original cost and accumulated depreciation of the Auburn City Gate Station as of September 30, 2025, and, as estimated, at September 30, 2026.

14. UGI Gas proposes to remove the net book value of the Auburn City Gate Station from its rate base and remove the associated annual depreciation expense and operating and maintenance expenses at its earliest opportunity or at such other time as the Commission may direct in its final order in this proceeding. The amount above book value UGI Gas will receive for the transfer of the Auburn City Gate Station will be: (1) added to accumulated depreciation, with a corresponding decrease in its rate base; (2) included in UGI Gas's five-year historical net salvage amount; and (3) amortized over five years as a reduction to UGI Gas's annual accrual for depreciation. This ratemaking treatment is consistent with the Commission's practice and precedent for recognizing the effect of gains on the disposition of depreciable property, as explained further in Paragraph No. 44, *infra*.

V. RELEVANT BACKGROUND

15. The gathering system currently owned and operated by UGIES consists of: (1) facilities it acquired from UGI Penn Natural Gas, Inc. ("UGI PNG") in 2011 ("Auburn I"); and (2) facilities constructed by UGIES after 2011 ("Auburn II"). The transfer of facilities from UGI PNG to UGIES was approved by the Commission in 2011.¹³ UGI Gas is the successor to UGI PNG pursuant to a merger of UGI PNG into UGI Gas approved by the Commission in 2018.¹⁴

¹³ *Application of UGI Penn Natural Gas, Inc. for Approval of the Transfer by Sale of a 9.0 Mile Natural Gas Pipeline Appurtenant Facilities and Right-Of-Way located in Mehoopany, Pennsylvania*, Docket Nos. A-2010-2213893 and G-2010-2213894 (July 25, 2011), 2011 Pa. PUC LEXIS 1521 (hereafter cited as "*Application of UGI Penn Natural Gas*."

¹⁴ *Joint Application of UGI Utilities, Inc. and UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc.*, Docket Nos. A-2018-3000381, A-2018-3000382, and A-2018-3000383 (Sept. 20, 2018), 2018 Pa. PUC LEXIS 339.

A. Auburn I

16. The Auburn I facilities that UGIES acquired from UGI PNG consist of approximately 9.0 miles of 12-inch natural gas distribution pipeline, appurtenant facilities, and right-of-way extending from Auburn Four Corners, Pennsylvania, to an end point at the Manning Regulator Station located north of Procter & Gamble Paper Products Company's ("Procter & Gamble") plant situated outside of Mehoopany, Pennsylvania. Procter & Gamble is an existing gas distribution customer of UGI Gas.

17. At the time of the transfer from UGI PNG to UGIES, natural gas flowed from the interconnection of Auburn I with Tennessee, in the north, to the Manning Regulator Station, in the south. UGI PNG served (and UGI Gas continues to serve) distribution customers located along Auburn I through interconnecting service lines emanating from that pipeline. Auburn I also fed (and continues to feed) the Manning Regulator Station, from which a distribution line retained by UGI PNG served (and UGI Gas continues to serve) the Procter & Gamble facility.

18. UGI PNG retained ownership of: (1) the Auburn City Gate Station; (2) the Manning Regulator Station and all pipeline and appurtenant facilities downstream from the Manning Regulator Station used to serve Procter & Gamble; and (3) the metering and regulation equipment and related service lines used to serve UGI PNG's retail customers located along Auburn I. UGI Gas now owns these facilities pursuant to the merger of UGI PNG into UGI Gas.

19. Following the transfer of Auburn I from UGI PNG to UGIES, the flow of natural gas on the Auburn I line was changed to become predominantly south to north. The flow reversal was designed to carry natural gas produced from wells in the Marcellus Shale formation located on or around the property of Procter & Gamble. The locally produced gas enters the gathering system at the Manning Regulator Station. From that point, some of the natural gas flows south, through the

pipeline then owned by UGI PNG, and now owned by UGI Gas, to serve Procter & Gamble, while most of the gas flows north to an interconnection established by UGIES with Tennessee.

20. Although the natural gas that had flowed from Tennessee would be (and was) replaced by locally produced gas from the Marcellus Shale formation, the interconnection capable of feeding gas from Tennessee into Auburn I through the Auburn City Gate Station remained in place. This interconnection facilitated the movement of natural gas from Tennessee to assure safe, adequate, and reasonable service to end-use distribution customers then served by UGI PNG (now UGI Gas). Pursuant to the Commission’s approval granted under 66 Pa.C.S. §2102(b),¹⁵ UGI PNG entered into a Pipeline Interconnection, Operating and Emergency Service Agreement dated October 1, 2011,¹⁶ to enable it to obtain gas from Tennessee, if needed, for delivery to the retail end-use customers of UGI PNG served by interconnecting service lines from Auburn I.

21. The end-use distribution customers of UGI PNG served from Auburn I remained customers of UGI PNG, and UGI PNG retained (and UGI Gas now retains) the obligation to serve those customers and retail distribution customers that UGI Gas subsequently added. The transfer did not affect the ability of UGI Gas’s end-use distribution customers to shop for their natural gas supply under the terms of the Natural Gas Choice and Competition Act.¹⁷

B. Auburn II

22. Since 2011, UGIES constructed the following facilities that encompass Auburn II:

- In 2011 and 2012, the Auburn Compressor Station, consisting of four 1,380 horsepower (“HP”) compressors (total compression capacity of 5,520 HP);
- In 2013 and 2015, the Manning Compressor Station, which now consists of eight 1,380 HP compressors (total compression capacity of 11,040 HP);

¹⁵ *Application of Penn Natural Gas*, slip op. at 7 and 32.

¹⁶ The Pipeline Interconnection, Operating and Emergency Service Agreement executed by the parties incorporated modifications required by the Commission’s July 25, 2011, Order in *Application of Penn Natural Gas*, slip op. at 30.

¹⁷ 66 Pa.C.S. §§2201, *et seq.* See *Application of Penn Natural Gas*, slip op. at 29.

- In 2013, the Auburn Line Extension, consisting of 27.9 miles of 20-inch pipeline that originates at the Manning Compressor Station and extends south to the Carverton Road Gate Station and an interconnection with Transco;
- In 2015, the Auburn Line Loop, consisting of 9.6 miles of 24-inch pipeline that loops Auburn I from the Manning Compressor Station to the Auburn Compressor Station;
- In 2019 and 2021, the Anderson Compressor Station, consisting of four 1,380 HP compressors (total compression capacity of 5,520 HP); and
- In 2019, the Northmoreland Compressor Station, consisting of four 2,500 HP compressors (total compression capacity of 10,000 HP).

C. Current Operations

23. As currently operated, Auburn I and II gather gas produced by Coterra Energy, Inc. (“Coterra”) and BKV Operating LLC (“BKV”), which is received by Auburn I and II through unaffiliated upstream gatherers, and delivers that gas to Tennessee, Transco, UGI Gas and UGI Manning LNG, LLC.¹⁸

24. The Auburn gathering system has a maximum operating capacity of 624,000 dth, and currently receives and gathers approximately 297,175 dth per day (through intervening unaffiliated gatherers) from Coterra and BKV. Maximum operating pressures at the compressor stations where Coterra’s and BKV’s gas enters the gathering system are 1,480 pounds per square inch gauge (“psig”) and 720 psig, respectively.

25. UGI Gas leases 45,030 dth/day of transportation capacity in the Auburn gathering system to transport gas on a firm basis for local distribution of natural gas on behalf of its retail end-use customers, specifically, Procter & Gamble and customers served from service lines emanating from Auburn I.

¹⁸ UGI Manning LNG, LLC (“UGI Manning LNG”) is a subsidiary of UGI Peaking, LLC and an indirect subsidiary of UGIES. UGI Manning LNG owns and operates facilities for gasifying and regenerating liquified natural gas for re-delivery to tanker trucks serving end users and, therefore, is not subject to regulation by the Commission. The natural gas liquified by UGI Manning LNG is supplied from the Auburn gathering facilities.

D. Operation As An Interstate Pipeline

26. Following the receipt of the requisite authorizations and approvals from the FERC, UGI Gathering will lease uncommitted capacity in the Auburn gathering system to UGI Auburn. After receiving the necessary approvals from this Commission, UGI Gas will transfer the Auburn City Gate Station to UGI Gathering, and UGI Gathering will lease uncommitted capacity in those facilities to UGI Auburn. Pursuant to blanket authorizations requested as part of the Abbreviated FERC Application, UGI Gathering will undertake minor re-piping within the Auburn City Gate Station. Additionally, as previously indicated, UGI Gas understands that Tennessee will provide an additional tap into UGI Gathering's facilities to establish a receipt point with associated metering and pressure regulating equipment.

27. Coterra and BKV will remain gathering customers of UGI Gathering under the terms of their existing gathering agreements. UGI Gas's capacity lease on the Auburn system will remain in effect on its existing terms with UGI Gathering being substituted for UGIES as lessee, subject to the affiliated interest approval requested in this Application. UGI Auburn has conducted an "open season," which ended on December 2, 2025, for uncommitted capacity operated as an interstate natural gas pipeline subject to the FERC's jurisdiction.¹⁹

28. As part of UGI Auburn's Abbreviated FERC Application, it provided a pro forma FERC Gas Tariff offering both firm and interruptible transportation service on uncommitted capacity and other features that comply with the FERC's applicable regulations and orders.

¹⁹ An open season is a procedure that pipeline companies use to allocate and sell available capacity by notifying potential shippers of its availability and soliciting bids.

VI. APPLICABLE LEGAL STANDARDS

A. Sections 1102(a)(3) and 1103(a)

29. Section 1102(a)(3) of the Code provides that a public utility must obtain the approval of the Commission, evidenced by a certificate of public convenience, before it may “acquire from, or to transfer to, any person or corporation . . . by any method or device whatsoever . . . the title to, or the possession or use of, any tangible or intangible property used or useful in the public service.”²⁰

30. Section 1103(a) states the standard the Commission must apply to determine if a certificate of public convenience should be issued:

A certificate of public convenience shall be granted . . . only if the commission shall find or determine that the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public.

31. In its 1972 decision in *City of York v. Pa. Pub. Util. Comm’n*,²¹ the Pennsylvania Supreme Court held that the operative language of Section 1103(a) means that an applicant must demonstrate that a transaction will “affirmatively promote the service, accommodation, convenience or safety of the public in some substantial way.”

32. The Pennsylvania Supreme Court provided additional insight into Section 1103(a) in *Popowsky v. Pa. Pub. Util. Comm’n*,²² where it held that the *City of York* standard does not require the Commission “to secure legally binding commitments or to quantify benefits where this may be impractical, burdensome, or impossible.” Rather, the Commission should apply “a

²⁰ The exceptions set forth in Section 1102(a)(3)(i)-(iv) do not apply in this case.

²¹ 295 A.2d 825, 828 (Pa. 1972).

²² 937 A.2d 1040, 1057 (Pa. 2007). In *Popowsky v. Pa. Pub. Util. Comm’n*, the Pennsylvania Supreme Court held that the Commission had properly applied the *City of York* standard to approve the merger of Verizon and MCI.

preponderance of the evidence standard to make factually-based determinations (including predictive ones informed by expert judgment) concerning certification matters.”²³

B. Section 2102

33. UGI Gas and UGI Auburn, as subsidiaries of a common parent, are affiliated interests, as defined by Section 2101(a)(3) of the Code.²⁴

34. Section 2102(a) of the Code²⁵ provides, *inter alia*, that a contract or arrangement for the sale of property between a public utility and an affiliated interest of the public utility is not valid or effective unless it has been approved in writing by the Commission.

35. Section 2102(b) of the Code²⁶ provides that contracts or arrangements between a public utility and an affiliated interest of a public utility should be approved by the Commission “only if [such contract or arrangement] . . . shall clearly appear and be established upon investigation that it is reasonable and consistent with the public interest.”

C. Section 2103

36. Section 2103 provides that the Commission “shall have continuing supervisory control over the terms and conditions of contracts and arrangements” with affiliated interests of a public utility.²⁷ Section 2103 also provides that the Commission “shall have the same jurisdiction over the modifications or amendment of contracts or arrangements as it has over such original contracts and arrangements.” Accordingly, a modification of an affiliated interest contract or arrangement is subject to Section 2101(b)’s requirement that the modification must be “reasonable and consistent with the public interest.”

²³ *Id.*

²⁴ 66 Pa.C.S. §2101(a)(3).

²⁵ 66 Pa.C.S. §2102(a).

²⁶ 66 Pa.C.S. §2102(b).

²⁷ 66 Pa.C.S. §2103.

37. The modification for which UGI Gas seeks approval consists solely of substituting UGI Gathering for UGIES under the existing lease between UGI Gas and UGIES. The capacity lease will remain the same in all other respects. The capacity lease was previously approved by the Commission at Docket No. G-2021-3028753. Accordingly, the Commission has previously determined that the terms of the capacity lease are reasonable and consistent with the public interest.

VII. THE PROPOSED TRANSFER SATISFIES THE LEGAL STANDARDS FOR ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND FOR APPROVAL OF A CONTRACT OR ARRANGEMENT WITH AN AFFILIATED INTEREST

A. The Commission Should Issue A Certificate Of Public Convenience Evidencing Its Approval Of The Proposed Transfer Of The Auburn City Gate Station To UGI Gathering

1. The Transfer Is Consistent With The Commission’s Order In *Application of UGI Penn Natural Gas*

38. The proposed transfer of the Auburn City Gate Station to UGI Gathering is consistent with the findings and conclusions in the Commission’s Order approving the Joint Stipulation in Settlement that resolved *Application of UGI Penn Natural Gas* and approved the transfer of Auburn I to UGIES. In that case, the only protestant was the Office of Small Business Advocate (“OSBA”).

39. In *Application of UGI Penn Natural Gas*, the OSBA’s principal dispute was the price (net book value) for the sale.²⁸ In its Order, the Commission found and determined that “PNG has met its burden of proof with respect to the proposed transaction and the transaction will result in many public benefits, including continued safe and reliable distribution service to customers at

²⁸ See *Application of UGI Penn Natural Gas*, slip op. at 13-20.

reduced distribution rates.”²⁹ The reduced distribution rates noted by the Commission in *Application of UGI Penn Natural Gas* were achieved by removing the Auburn I assets from UGI Gas’s rate base and removing annual depreciation and operating and maintenance expenses associated with those assets from its revenue requirement. As explained in Paragraph No. 13, *supra*, subject to the Commission’s approval, UGI Gas will transfer the Auburn City Gate Station at net book value plus \$200,000.

40. In *Application of UGI Penn Natural Gas* the Commission also found and determined that: (1) “[promoting] the development of Marcellus Shale natural gas resources” and the associated “benefits to the local economy” constituted affirmative benefits under the *City of York* standard; and (2) the transfer of the Auburn I facilities did, in fact, promote the development of Marcellus Shale natural gas resources and benefit the local economy.³⁰

41. The Commission’s Order in *Application of UGI Penn Natural Gas* approved the transfer of the Auburn I facilities to UGIES to be operated as a gathering system that was not subject to the regulatory jurisdiction of the FERC or this Commission. In this case, the proposed transfer of the Auburn City Gate Station to UGI Gathering and the lease of uncommitted capacity to UGI Auburn will support the FERC’s approval to operate uncommitted capacity as a FERC-certificated interstate natural gas pipeline operating facilities under the FERC’s jurisdiction.

42. As a FERC-regulated interstate pipeline for uncommitted capacity, UGI Auburn’s rates for firm and interruptible transportation service will be subject to the FERC’s regulation and oversight. Additionally, existing shippers on UGI Gathering’s gathering system will continue to receive non-regulated gathering service under the terms of their existing gathering agreements. Moreover, UGI Gas will continue to lease capacity on the gathering system from UGI Gathering

²⁹ *Id.* at 14.

³⁰ See *Application of UGI Penn Natural Gas*, slip op. at 22-23.

under the terms of its existing, Commission-approved capacity lease. Consequently, neither existing gathering customers nor UGI Gas will provide any subsidy to UGI Auburn.

43. Additionally, as previously noted, pursuant to the FERC's regulations and orders, the uncommitted capacity operated as an interstate pipeline was made available to other shippers through a transparent and non-discriminatory "open-season" process.

2. The Transfer Will Provide A Net Benefit To UGI Gas's Rate Payers In Excess of \$600,000 Per Year

44. As shown on Exhibit E, the transfer of the Auburn City and Gate Station will reduce UGI Gas's rate base, annual depreciation expense, and operating and maintenance expense. Specifically, the transfer of the gate stations will remove from UGI Gas's rate base approximately \$4.59 million, as of September 30, 2025, and, as estimated, \$4.45 million as of September 30, 2026, and will remove \$136,589 from UGI Gas's annual depreciation expense and \$1,892 from UGI Gas's operating and maintenance expenses associated with the Auburn City Gate Station. The revenue requirement effect of the rate base reduction and reduction in annual depreciation and operating and maintenance expense is \$467,223 for fiscal year 2027, and the effect of paying \$200,000 over net book value will produce an additional reduction in revenue requirement of \$50,753 per year over the five-year period ending 2031 ($\$253,767 / 5$ years). The total annual net benefit to customers normalized over the five years ending December 31, 2031 will be \$622,393. The amount UGI Gas will receive in excess of book value for the transfer of the gate stations, will be: (1) added to accumulated depreciation, with a corresponding decrease in its rate base; (2) included in UGI Gas's five-year historical net salvage amount; and (3) amortized over five years as a reduction to UGI Gas's annual accrual for depreciation. This ratemaking treatment is consistent with the Commission's practice and precedent for recognizing the effect of

gains on the disposition of depreciable property.³¹ The ratemaking effect of these adjustments would be recognized at the earliest opportunity or at such other time as the Commission may direct in its final order in this proceeding.

45. As noted in the previous paragraph, the transfer will reduce the costs borne by UGI Gas's distribution customers. Additionally, because UGI Gas's capacity lease will remain in effect on its existing terms, costs borne by UGI Gas for transportation capacity on the Auburn gathering system will not increase for the term of that lease.

3. The Transfer Will Provide Greater Flexibility For Moving Natural Gas Between Tennessee And Transco.

46. The Auburn system is currently operated by UGIES as a non-regulated gathering system, with natural gas obtained from local producers (via unaffiliated intermediate gatherers) being sent to Tennessee or to Transco. As an interstate pipeline, UGI Auburn will be able to obtain gas supplies transported either by Tennessee or Transco and, in that way, increase the options available to consumers in Pennsylvania to manage their gas supplies and potentially access lower cost alternatives. This added flexibility will be achieved by increasing the use of existing under-utilized capacity in the Auburn gathering system without the need to construct new pipeline capacity.

4. The Transfer Should Facilitate The Movement Of Natural Gas Produced From The Marcellus Shale Formation

47. The above-described transfers from UGI Gas and UGIES to UGI Gathering and its lease of uncommitted capacity to UGI Auburn to be operated as an interstate pipeline should

³¹ *T.W. Phillips Gas & Oil Co. v. Pa. P.U.C.*, 474 A.2d 355, 264-365 (Pa. Cmwlth. 1984) (Affirming the Commission's decision to include the sale of depreciable property in the calculation of the historical five-year total of a utility's net salvage to be amortized over five-years as a reduction to its annual accrual for depreciation.) *Accord Philadelphia Electric Co. v. Pa. P.U.C.*, 502 A.2d 722, 728-729 (Pa. Cmwlth. 1985).

facilitate moving natural gas production from the Marcellus Shale formation in the Commonwealth to markets served by Tennessee and Transco, particularly Atlantic coast markets. Creating a pathway with capacity to move gas between Tennessee and Transco, therefore, should also increase incentives for further development of natural gas resources in the Commonwealth. In *Application of UGI Penn Natural Gas*, the Commission held that promoting the development of gas production from the Marcellus Shale formation in Pennsylvania is an affirmative benefit that supported granting the Application in that case:

We agree with the ALJ that in addition to other benefits, the proposed transaction will promote the development of Marcellus Shale natural gas resources, along with related benefits to the local economy. Both common sense and the record in this proceeding support this conclusion.³²

5. The Transfer Will Enable The Movement Of Natural Gas Between Tennessee And Transco

48. Bottlenecks have been experienced on the Tennessee system. Creating a means to move gas from Tennessee south to Transco would provide a work-around for those bottlenecks to enable existing and future shippers on UGI Auburn's interstate pipeline to have access to additional reliable supplies of natural gas. In this way, UGI Auburn's shippers, potentially including UGI Gas, will have more options to obtain available gas supplies transported by either Tennessee or Transco and, thereby, enhance price competition among potential suppliers.

6. The Transfer Will Provide Increased Capacity To Move Gas To, And Between, Tennessee And Transco Without The Need To Construct New Pipeline Facilities

49. The transfer will provide increased capacity to move natural gas between two existing interstate pipelines without the need to construct a new pipeline or new pipeline-related facilities.

³² *Application of UGI Penn Natural Gas*, slip op. at 22.

Transferring the Auburn City Gate Station as requested in this Application will facilitate that movement. As previously explained, the transfer of the Auburn City Gate Station will reduce the revenue requirement of UGI Gas without any adverse effect on the continued safe and reliable service furnished to UGI Gas or any existing gathering customers.

7. UGI Gas Is Not Seeking To Provide New Service Or To Expand Any Existing Service, And The Commission Has Previously Found And Determined That UGI Gas Satisfies The Fitness Requirements To Furnish Safe, Reliable, And Reasonable Service To Customers Served From Auburn I

50. This Application does not request approval to initiate service to any new or expanded service territory nor does it request expanding the scope of any existing service. UGI Gas will continue to provide service to Procter & Gamble and to its other retail distribution customers served from intersecting service lines emanating from Auburn I under and subject to the jurisdiction of the Commission in the same manner as before the proposed transfer to UGI Gathering. Accordingly, the Commission's prior determinations that UGI Gas and its predecessor, UGI PNG, satisfy the fitness requirements for serving retail distribution customers will apply with equal validity after the transfer of the Auburn City Gate Station.³³ The transfer of the Auburn City Gate Station to UGI Gathering and subsequent lease of uncommitted capacity to UGI Auburn will not have an adverse effect on UGI Gas's service to its retail customers and, in fact, should provide benefits by expanding the price-competitive options available to customers to shop for, and obtain, gas supplies.

³³ See *Application of UGI Penn Natural Gas, supra* (authorizing UGI PNG to serve Procter & Gamble and other retail distribution customers located along Auburn I) and *Joint Application of UGI Utilities, Inc. and UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc.*, Docket Nos. A-2018-3000381, A-2018-3000382, and A-2018-3000383 (Sept. 20, 2018), 2018 Pa. PUC LEXIS 339 (finding and determining that UGI Gas met the fitness requirements to serve the retail distribution customers of UGI PNG).

51. While the Commission’s prior findings of fitness are dispositive of UGI Gas’s continuing fitness, UGI Gas also is entitled to a presumption of fitness as an existing holder of a certificate of public convenience:

An existing certificate holder is entitled to a “continuing presumption regarding its fitness to operate . . . *Lehigh Valley Transp. Servs., Inc. v. Pa. PUC*, 56 A.3d 49, 58 (Pa. Cmwlth. 2012) (*Lehigh Valley Transp.*); *South Hills Movers, Inc. Pa. PUC*, 601 A.2d 1308, 1310 (Pa. Cmwlth., 1992) (*South Hills Movers*).”³⁴

52. Following the transfers by UGI Gas and UGIES to UGI Gathering, UGI Gathering will continue to furnish gathering service to existing gathering customers under the terms of their gathering agreements and continue to lease capacity to UGI Gas under the terms of its capacity lease. Like UGIES, UGI Gathering and UGI Auburn will be indirect subsidiaries of UGI Corporation and will benefit from being part of UGI Corporation’s corporate family.³⁵

8. The Transfer Of The Auburn City Gate Station Satisfies The Legal Standard For Issuance Of A Certificate Of Public Convenience

53. For the reasons set forth in Sections VII.A.1-7, above, the transfer of the Auburn City Gate Station will provide affirmative benefits that satisfy the *City of York* test and, therefore, is necessary or proper for the service, accommodation, convenience, or safety of the public. Accordingly, UGI Gas has met the legal standard under Section 1103(a) of the Code for the Commission to issue a certificate of public convenience evidencing its approval of the transfer.

³⁴ *Application Nunc Pro Tunc of Artesian Water Pennsylvania, Inc. for Approval of Affiliated Interest Agreements and Certificate of Public Convenience Approving Transfer of Property from Artesian Resources Corporation Pursuant to Chapters 11 and 21 of the Public Utility Code*, 66 Pa. C.S. §§1102(a)(3), 1103(a) and 66 Pa. C.S. §§ 2101, 2102(a)-(b), Docket Nos. A-2017-2639994 and G-2016-2544455, 2019 PA LEXIS 269, *15 (Aug. 29, 2019)

³⁵ The fitness of UGI Auburn to operate uncommitted capacity will be determined by the FERC as the basis for issuing a certificate of public convenience and necessity to UGI Auburn. *See* 15 U.S.C. §717(e) (2018) (Requiring the FERC to find that an applicant for a certificate of public convenience and necessity is “qualified” and is “able and willing properly to do the acts and to perform the service proposed and to conform to the provisions of the [Natural Gas] Act and the requirements, rules, and regulations of the [Federal Energy Regulatory] Commission thereunder, and that the proposed service, sale, operation, construction, extension, or acquisition, to the extent authorized by the certificate, is or will be required by the present or future public convenience and necessity.”)

B. The Commission Should Approve The Transfer Under Section 2102(b) Of The Code Because It Is Reasonable And Consistent With The Public Interest

54. The transfer of the Auburn City Gate Station will provide substantial benefits to UGI Gas's retail distribution customers by reducing its rate base, annual accrual for depreciation, and operating and maintenance expenses borne by distribution customers.³⁶ The transfer of the gate stations, in conjunction with the transfer to UGI Gathering and the lease of UGI Gathering's uncommitted capacity to UGI Auburn, will also increase access to additional price-competitive supplies of natural gas by furnishing additional pipeline capacity for the movement of natural gas to, and between, Tennessee and Transco.³⁷ As a collateral benefit, using uncommitted capacity to furnish FERC-regulated service as an interstate natural gas pipeline will increase natural gas producers' access to markets served by those pipelines and, therefore, should create incentives for additional exploration and production from the Marcellus and Utica Shale formations in the Commonwealth.³⁸ The Commission previously found and determined that promoting local natural gas production and the associated benefits to the local economy are affirmative benefits and, therefore, are reasonable and consistent with the public interest.³⁹ These benefits can be achieved with no adverse effects on UGI Gas or on existing shippers on UGI Gathering's gathering system and without the need to construct any new pipeline capacity. Accordingly, for the reasons set forth previously in Section VII.A. above, the transfer is reasonable and consistent with the public interest.

55. UGI Gas has met the standard for approval of the proposed transfer under Section 2102(b) of the Code, and the Commission, therefore, should enter an order granting such approval.

³⁶ See Section VII.A.2, *supra*.

³⁷ See Section VII.A.3, 5-6, *supra*.

³⁸ See Section VII.A.4, *supra*.

³⁹ See Section VII.A.1., *supra*.

VIII. THE COMMISSION SHOULD APPROVE THE MODIFICATION OF UGI GAS'S CAPACITY LEASE UNDER SECTION 2103 OF THE CODE

56. As previously explained,⁴⁰ the sole capacity lease modification for which UGI Gas seeks approval consists of substituting UGI Gathering for UGIES under the existing lease between UGI Gas and UGIES. The capacity lease will remain the same in all other respects.

57. The terms of the capacity lease were previously approved by the Commission at Docket No. G-2021-3028753. Accordingly, the Commission has previously determined that the terms of the capacity lease are reasonable and consistent with the public interest. The substitution of UGI Gathering for UGIES will not have any material effect on the capacity lease or upon the nature of the service UGI Gas will receive under that lease. Therefore, the proposed modification satisfies the “reasonable” and “consistent with the public interest” standard of Section 2102(b) of the Code and should be approved under Section 2103.

IX. THE TRANSFER WILL NOT HAVE AN ADVERSE EFFECT ON FACTORS THE COMMISSION MUST CONSIDER UNDER SECTIONS 2210(a)(1) AND (2) OF THE CODE

58. Section 2210(a) of the Code⁴¹ provides that the Commission, “in the exercise of authority [it] otherwise may have to approve . . . the acquisition or disposition of assets . . . of natural gas distribution companies,” should consider:

(1) Whether the proposed . . . acquisition or disposition is likely to result in anticompetitive or discriminatory conduct, including the unlawful exercise of market power, which will prevent retail gas customers from obtaining the benefits of a properly functioning and effectively competitive retail natural gas market.

(2) The effect of the proposed . . . acquisition or disposition on the employees of the natural gas distribution company and on any authorized collective bargaining agent representing those employees.

⁴⁰ See Section VI.C., *supra*.

⁴¹ 66 Pa.C.S. §2210(a)(1) and (2).

59. As explained below, the Commission should find and determine that the transfer of the Auburn City Gate Station will not adversely affect retail competition, UGI Gas's employees, or authorized collective bargaining agents representing UGI Gas's employees.

A. There Will Not Be An Adverse Effect On The Competitive Retail Natural Gas Market

60. The asset transfer proposed in this Application will not “result in anticompetitive or discriminatory conduct, including the unlawful exercise of market power” nor will it “prevent retail gas customers from obtaining the benefits of a properly functioning and effectively competitive retail natural gas market.” The service furnished by UGI Gas to its retail customers that obtain gas through the Auburn I facilities and the rates charged for such service will continue to be subject to the regulatory jurisdiction of the Commission, and those customers will continue to have the right to shop for gas supplies if they choose to do so, as the Commission has previously determined.⁴²

61. UGI Auburn will be regulated by the FERC, and, as previously indicated, the uncommitted capacity was made available to shippers through an “open season.” Thus, it is reasonable to expect that retail competition will be more robust after the transfer because additional gas supplies should be available from Tennessee and Transco to customers who may choose to shop for their gas supply.

B. There Will Not Be An Adverse Effect On Employees Of UGI Gas Or On Any Authorized Collective Bargaining Agent Representing Those Employees

62. The proposed transfer is not a merger, consolidation, or change in control of UGI Gas nor is it a disposition of a substantial part of UGI Gas's plant and equipment. Consequently, existing collective bargaining agreements will not be affected by the transfer. There will not be

⁴² See *Application of UGI Penn Nautal Gas*, slip op. at 4-5 and 29.

any impact on employees of UGI Gas because the gate stations being transferred do not require material employee involvement for operation or maintenance, and UGI Gas will not reduce its complement of employees because of the transfer.

X. SERVICE OF THIS APPLICATION

63. Copies of this Application and accompanying Exhibits are being served upon the Commission's Bureau of Investigation and Enforcement ("I&E"), the Pennsylvania Office of Consumer Advocate ("OCA"), and the Pennsylvania Office of Small Business Advocate ("OSBA") in the manner set forth in the Certificate of Service attached to this Application.

XI. NOTICE

64. Pursuant to the 52 Pa. Code §5.14(d)(7), Notice of the filing of this Application should be published in the *Pennsylvania Bulletin*. UGI Gas requests that the Commission promptly submit the requisite Notice to the *Pennsylvania Bulletin* and further requests that the time for filing protests to the Application not exceed fourteen days from the date of publication. Additionally, UGI Gas requests that the Commission not require any newspaper publication.

XII. VERIFICATION

65. A copy of the Verification required by 52 Pa. Code §1.36 is attached to this Application.

XIII. FILING FEE

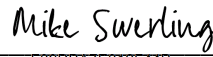
66. The filing fee of \$350 required by 52 Pa. Code §1.43(a) is being paid contemporaneously with the filing of this Application.

XIV. CONCLUSION

WHEREFORE, for the reasons set forth above, UGI Gas requests that the Commission: (1) issue a certificate of public convenience evidencing approval under Sections 1102(a)(3) and

1103(a) of the Code for the transfer of UGI Gas's Auburn City Gate Station to UGI Gathering; (2) issue a written order granting its approval, under Section 2102(b) of the Code, for a contract or arrangement between UGI Gas and UGI Gathering, an affiliated interest, for the transfer by sale at net book value plus \$200,000 of the Auburn City Gate Station to UGI Gathering; (3) find and determine that the proposed transfer will not have an adverse effect on the factors the Commission should consider under Sections 2210(a)(1) and (2) of the Code; (4) issue a written order granting approval, under Section 2103 of the Code, for a modification of the existing Capacity Lease between UGI Gas and UGIES to substitute UGI Gathering for UGIES as lessor; and (5) grant such other or additional approvals or authorizations as may be required to lawfully complete the transactions described in earlier sections of this Application.

Respectfully submitted,

DocuSigned by:

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Michael S. Swerling, Esq.
(Atty. No. 94748)
Attorney for UGI Utilities, Inc.

Dated: February 6, 2026

VERIFICATION

I, Jessica R. Rogers, Vice President, Rates & Regulatory Affairs, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

February 6, 2026

Signed by:

Jessica R. Rogers

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Jessica R. Rogers
Vice President, Rates & Regulatory Affairs
UGI Utilities, Inc.

LIST OF EXHIBITS
ACCOMPANYING APPLICATION OF UGI UTILITIES, INC.

EXHIBIT	DESCRIPTION
A	UGI Utilities, Inc. – Gas Division (“UGI Gas”) Balance Sheet
B	UGI Gas Income Statement
C	Property List for Auburn City Gate Station
D	Auburn System Schematic
E	Original Cost, Accumulated Depreciation, Annual Depreciation, O&M Expenses, and Transportation Revenue Reductions (Auburn City Gate Station)

EXHIBIT A

UGI Gas Balance Sheet

UGI UTILITIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Millions of dollars)

September 30,
2025

ASSETS

Current assets:

Cash and cash equivalents	\$	2
Restricted cash	\$	13
Accounts receivable (less allowances for doubtful accounts)	\$	104
Accrued utility revenues	\$	26
Inventories	\$	72
Other current assets	\$	60
Total current assets	\$	277
Property, plant and equipment	\$	6,316
Less accumulated depreciation	\$	(1,677)
Net property, plant and equipment	\$	4,639
Goodwill	\$	182
Regulatory assets	\$	260
Other assets	\$	45
Total assets	\$	5,403

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:

Current maturities of long-term debt	\$	106
Short-term borrowings	\$	200
Accounts payable — trade	\$	107
Employee compensation and benefits accrued	\$	26
Interest accrued	\$	22
Customer deposits and advances	\$	47
Other current liabilities	\$	74
Total current liabilities	\$	582
Long-term debt	\$	1,753
Deferred income taxes	\$	598
Pension benefit obligations	\$	11
Regulatory liabilities	\$	291
Other noncurrent liabilities	\$	87
Total liabilities	\$	3,322
Common stockholder's equity:		
Common stock	\$	60
Additional paid-in capital	\$	524
Retained earnings	\$	1,510
Accumulated other comprehensive income (loss)	\$	(13)
Total common stockholder's equity	\$	2,081
Total liabilities and stockholder's equity	\$	5,403

EXHIBIT B

UGI Gas Income Statement

UGI UTILITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Millions of dollars)

Year Ended
September 30, 2025

Revenues	\$1,468
Costs and expenses:	
Cost of sales — gas and purchased power (excluding depreciation shown below)	\$660
Operating and administrative expenses	\$266
Operating and administrative expenses — related parties	\$32
Depreciation	\$155
Other operating expense (income), net	\$0
	\$1,113
Operating income	\$355
Pension and other postretirement plans non-service income	\$4
Interest expense	(\$87)
Income before income taxes	\$272
Income tax expense	(\$59)
Net income	\$213

EXHIBIT C

Property List for Auburn City Gate Station

Auburn City Gate Station Assets - detail calculations

(Supporting Calculation)

Asset Account	Annual Depreciation Rate (from FY25 Gas Rate Case)	Cost at 9/2025	A/D at 9/2025	NBV at 9/2025	Add'l. Depreciation		Annual Depreciation Expense (in Rate Case)
					Expense - Oct. 2025 - Sept. 2026	NBV at 9/2026 (in Rate Case)	
Auburn City Gate Station Assets by Account							
374 Land	-	2,487	-	2,487		2,487	
375 Structures & Improvements	1.96%	52,962	(36,987)	15,975	(1,038)	14,937	1,038
379 M&R Equipment - CityGate	2.71%	5,001,886	(430,141)	4,571,745	(135,551)	4,436,194	135,551
		\$ 5,057,335	\$ (467,128)	\$ 4,590,207	\$ (136,589)	\$ 4,453,618	\$ 136,589

Prepared by Alice Burgess
Record and Return to:
UGI Energy Services, LLC
601 Technology Drive, Suite 130
Canonsburg, PA 15317

Parcel ID: 214.00-1,023.00,000.

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENTS THAT:

FOR VALUABLE CONSIDERATION OF TEN DOLLARS (\$10.00), and other good and valuable consideration, cash in hand paid, the receipt and sufficiency of which is hereby acknowledged, UGI PENN NATURAL GAS, INC., a Pennsylvania corporation, hereinafter referred to as the “Grantor”, does hereby remise, release, and forever quitclaim unto UGI AUBURN GATHERING, LLC, a Delaware limited liability company, hereinafter referred to as the “Grantee”, its successors and assigns, all of its right, title and interest in the following lands and property, together with all improvements located thereon, lying in the Township of **Auburn**, County of **Susquehanna**, Commonwealth of Pennsylvania (the “Premises”), to-wit:

SEE LEGAL DESCRIPTION ON EXHIBIT A ATTACHED HERETO
AND MADE A PART HEREOF

Grantee, for itself, its successors and assigns, agrees by the acceptance of this quitclaim deed, that it is made, executed and delivered subject to the following express provisions, covenants, conditions, waivers and restrictions accepted by and binding upon Grantee, its successors and assigns:

Grantee, by acceptance of this quitclaim deed, shall be deemed to have accepted the Premises in its “AS IS, WHERE IS, WITH ALL FAULTS” condition. Grantee on behalf of itself and its successors and assigns waives its right to recover from, and forever releases and discharges, Grantor, Grantor’s affiliates, parents, and affiliates, Grantor’s employees, attorneys and agents, of each of them, and their respective heirs, successors, personal representatives and assigns, from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with (i) the physical condition of the Premises, (ii) the condition of title to the Premises, (iii) the presence on, under or about the Premises of any hazardous substances, toxic wastes, or undesirable substances, (iv) the Premises’ compliance with any applicable federal, state or local law, rule or regulation, or (v) any other aspect of the Premises.

[Remainder of page intentionally left blank; see following pages for signatures]

IN WITNESS WHEREOF, this Quitclaim Deed was executed by the undersigned on this the _____ day of _____, 2025.

GRANTOR:

UGI PENN NATURAL GAS, INC.

By: _____

Name: _____

Title: _____

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF _____ :

On this, the _____ day of _____, 2024, before me, the undersigned officer, personally appeared _____, the _____ of UGI PENN NATURAL GAS, INC., known to me (or satisfactorily proven) to be the person described in the foregoing instrument, and acknowledged that he or she executed the same in the capacity therein stated and for the purposes therein contained.

In Witness whereof, I hereunto set my hand and official seal.

Notary Public

My commission expires:

(Notary Seal)

CERTIFICATE OF RESIDENCE

I do hereby certify that the Tax Bill Address and Owner Mail Address of the within named grantee is:

UGI Auburn Gathering, LLC
601 Technology Drive, Suite 130
Canonsburg, PA 15317

I hereby certify under penalty of perjury that the above information is true and accurate.

Date: _____

By: _____

Name: _____

Title: _____

EXHIBIT A

Legal Description

All that certain piece or parcel of land situate in the Township of Auburn, County of Susquehanna, and Commonwealth of Pennsylvania, bounded and described as follows, to wit:

BEGINNING at a point on the easterly right-of-way line of Pennsylvania State Highway, Legislative Route No. 316, Travel Route No. 267, said point being distant thirty two (32.0') feet measured at right angles to and from the centerline of said State Highway and also being in the southerly line of right-of-way granted to Tennessee Gas Transmission Company by right-of-way agreement dated May 2, 1956 and recorded in Susquehanna County Deed Book No.253 at page 1 and being distant fifty (50.0') feet measured at right angles to and from the gas transmission line of said Company;

THENCE along the said Tennessee right-of-way line the following three courses and distances: NORTH 85° 32' EAST 89.6 feet to a point; NORTH 4 ° 28' WEST 12.5 feet; NORTH 85° 32' EAST 137. 84 feet to a point;

THENCE along other land of the GRANTORS herein the following two courses and distances; SOUTH 20°59' WEST 278.12 feet and NORTH 69° 0' WEST 200.00 feet to a point in the easterly line of aforesaid State Highway and being thirty-two (32.0') feet from the centerline thereof;

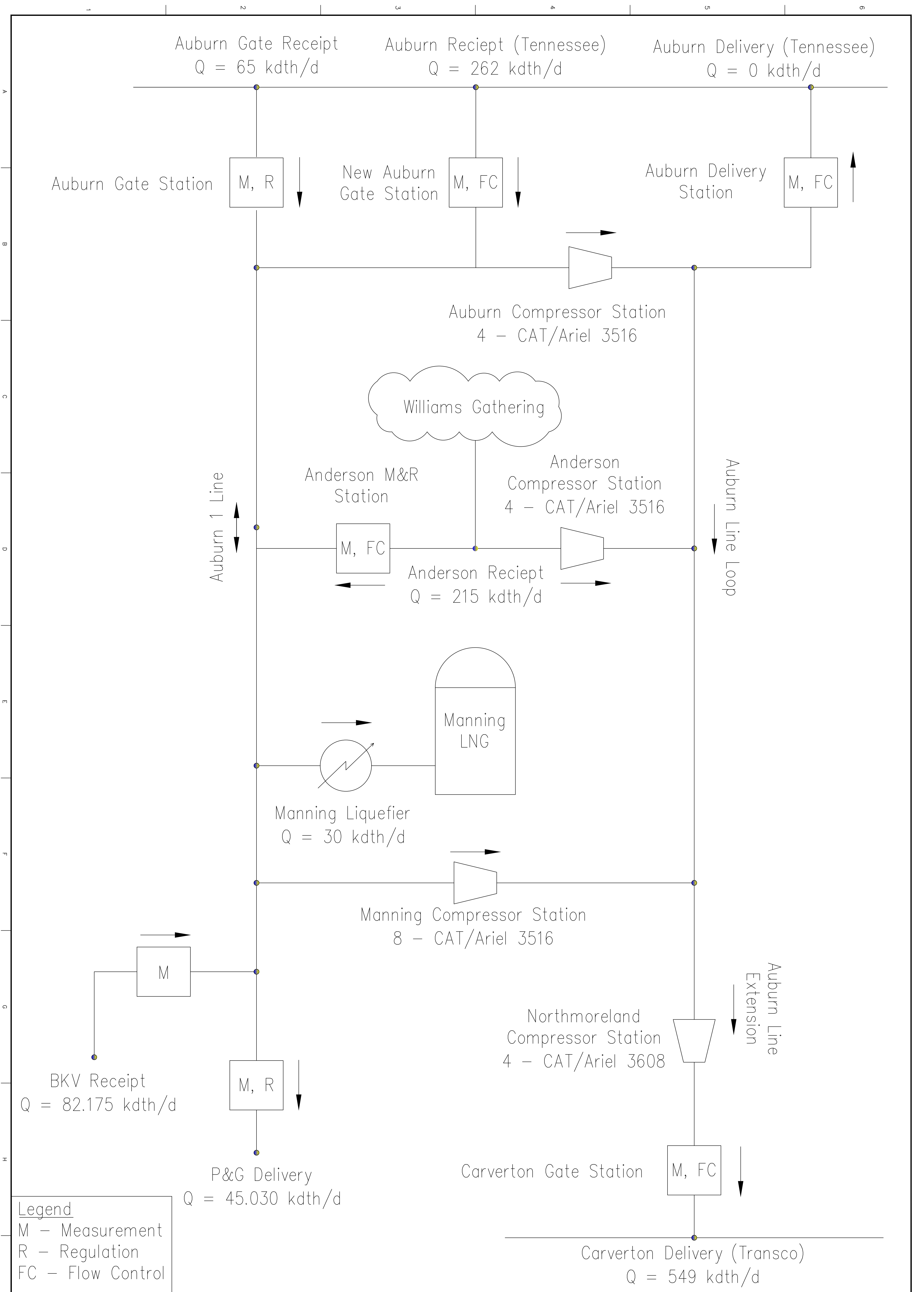
THENCE along the easterly right-of-way line of aforesaid State Highway NORTH 20° 59' EAST 169.10 feet to the place of beginning.

CONTAINING 1.03 acres, be the same, more or less.

BEING the same premises granted and conveyed by the Southern Union Company, a Delaware corporation, as grantor, to UGI Penn Natural Gas, Inc., a Pennsylvania corporation, as grantee, by Special Warranty deed dated August 23, 2006 with an effective date of August 24, 2006, and recorded September 5, 2006 with the Susquehanna County Recorder of Deeds at Instrument Number 200609245.

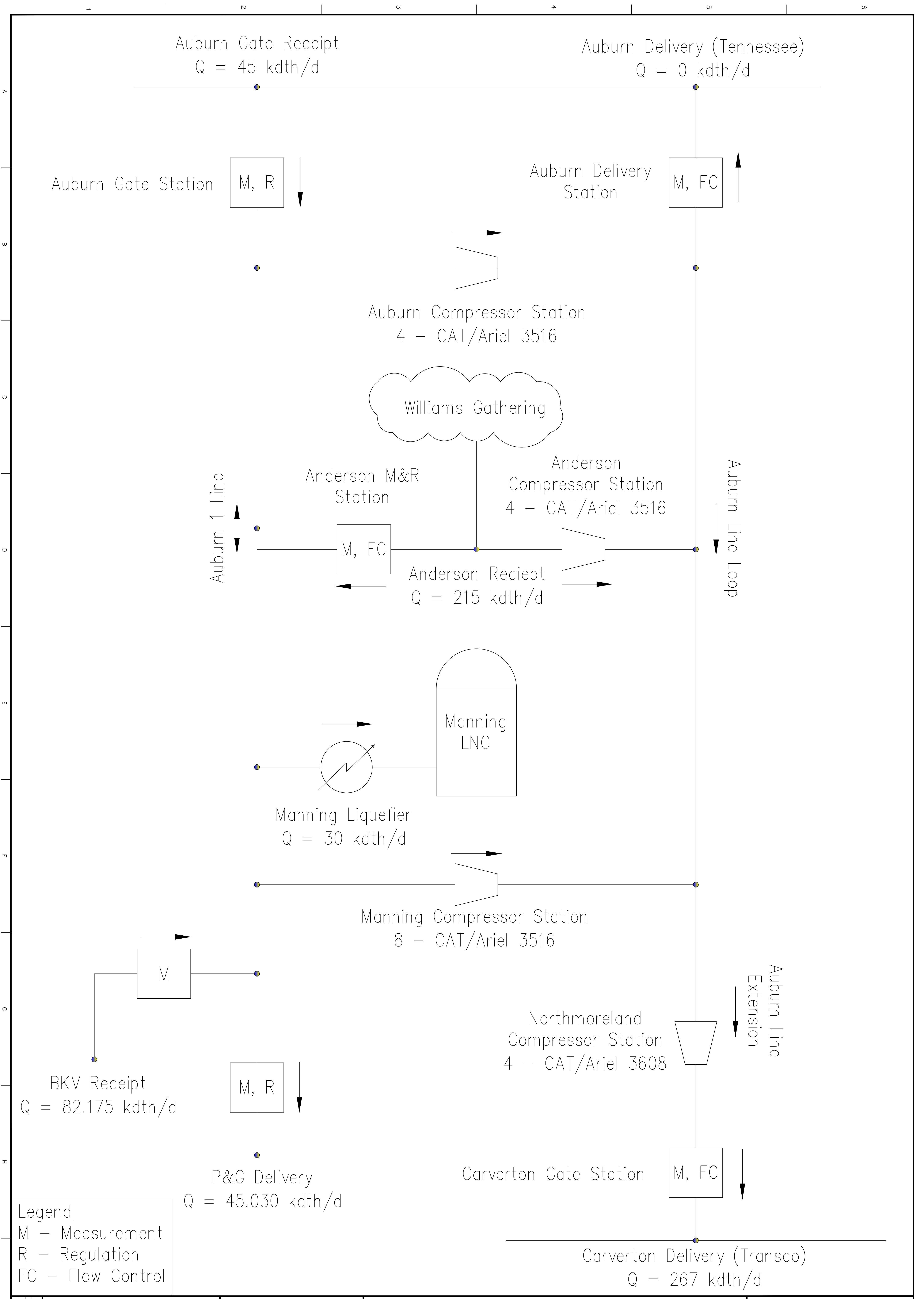
EXHIBIT D

Auburn System Schematic



Legend
M - Measurement
R - Regulation
FC - Flow Control

FERC AUBURN SYSTEM AUBURN SYSTEM PFD SUSQUAHANNA COUNTY, PA				REVISIONS					REFERENCE DRAWINGS									
DRAWN BY: DLD CHECKED BY: DLD APPROVED BY: DLD	DATE ISSUED: 08/05/2025 SCALE: Not to Scale APPROVED BY: DLD	<small>THIS DRAWING IS THE PROPERTY OF UGI ENERGY SERVICES, LLC ("UGES"). IT MAY CONTAIN INFORMATION DESCRIBING TECHNOLOGY OWNED BY UGES AND DEEMED TO BE COMMERCIALY SENSITIVE. IT IS TO BE USED ONLY IN CONNECTION WITH WORK PERFORMED BY UGES. REPRODUCTION IN WHOLE OR IN PART FOR ANY PURPOSE OTHER THAN WORK FOR UGES IS EXPRESSLY FORBIDDEN EXCEPT BY EXPRESS WRITTEN PERMISSION OF UGES. IT IS TO BE SAFEGUARDED AGAINST BOTH DELIBERATE AND INADVERTENT DISCLOSURE TO ANY THIRD PARTY.</small>								NO.	DESCRIPTION	DATE	BY	CHK	APPR	APPR	DWG. NO.	TITLE



Legend
M – Measurement
R – Regulation
FC – Flow Control

CURRENT AUBURN SYSTEM	
AUBURN SYSTEM PFD	
SUSQUAHANNA COUNTY, PA	
DRAWN BY	DLD
CHECKED BY	DLD
APPROVED BY	DLD

UGI Energy Services

THIS DRAWING IS THE PROPERTY OF UGI ENERGY SERVICES, LLC ("UGES"). IT MAY CONTAIN INFORMATION DESCRIBING TECHNOLOGY OWNED BY UGES AND IS INTENDED TO BE COMMERCIALLY SENSITIVE. IT IS TO BE USED ONLY IN CONNECTION WITH WORK PERFORMED BY UGES. REPRODUCTION IN WHOLE OR IN PART FOR ANY PURPOSE OTHER THAN WORK FOR UGES IS EXPRESSLY FORBIDDEN EXCEPT BY EXPRESS WRITTEN PERMISSION OF UGES. IT IS TO BE SAFEGUARDED AGAINST BOTH DELIBERATE AND INADVERTENT DISCLOSURE TO ANY THIRD PARTY.

REVISIONS										REFERENCE DRAWINGS	
NO.	DESCRIPTION	DATE	BY	CHK	APPR	APPR	DWG. NO.	TITLE			

EXHIBIT E

Original Cost, Accumulated Depreciation, Annual Depreciation, O&M Expenses
and Net Salvage Calculation for the
Auburn City Gate Station

Auburn City Gate Station

Calculation of Impact from Proposed Sale

Assumes Sale is effective 10/1/2026 (beginning of Fiscal 2027)

Annual Expense Savings

Depreciation Expense on Rate Base	\$ 136,589
Maintenance Costs	\$ 1,892
Total Annual Expense Savings	\$ 138,481 A

Rate Base Calculation

	Net Book Value at End of Year	Full Year Depreciation	Rate of Return (after tax)	Net Income on Rate Base	(a) Tax Gross Up Factor	Rate Base Revenue Impact
Fiscal 2025	\$ 4,590,207					
Fiscal 2026	\$ 4,453,618	\$ 136,589	7.91%	\$ 352,264	1.376	
Fiscal 2027	\$ 4,317,029	\$ 136,589	7.91%	\$ 341,460	1.368	\$ 467,223
Fiscal 2028	\$ 4,180,440	\$ 136,589	7.91%	\$ 330,656	1.361	\$ 450,008
Fiscal 2029	\$ 4,043,850	\$ 136,589	7.91%	\$ 319,853	1.354	\$ 432,977
Fiscal 2030	\$ 3,907,261	\$ 136,589	7.91%	\$ 309,049	1.346	\$ 416,127
Fiscal 2031	\$ 3,770,672	\$ 136,589	7.91%	\$ 298,245	1.339	\$ 399,456
						\$ 2,165,792 B

Salvage Calculation (sale price \$200,000 higher than net book value):

	Impact on Rate Base	Full Year Amortization	Mid-Year Impact on Rate Base	Rate of Return (after tax)	Net Income Impact	(a) Tax Gross Up Factor	Rate Base Revenue Impact	Total Revenue Impact including 5 Year Amortization of Gross Salvage (reduction to annual depreciation)
At Sale Date	\$ (200,000)							
Fiscal 2027		\$ 40,000	\$ (180,000)	7.91%	\$ 14,237	1.368	\$ 19,481	\$ 59,481
Fiscal 2028		\$ 40,000	\$ (140,000)	7.91%	\$ 11,073	1.361	\$ 15,070	\$ 55,070
Fiscal 2029		\$ 40,000	\$ (100,000)	7.91%	\$ 7,910	1.354	\$ 10,707	\$ 50,707
Fiscal 2030		\$ 40,000	\$ (60,000)	7.91%	\$ 4,746	1.346	\$ 6,390	\$ 46,390
Fiscal 2031		\$ 40,000	\$ (20,000)	7.91%	\$ 1,582	1.339	\$ 2,119	\$ 42,119
								\$ 253,767 C

Total Annual Benefit to Ratepayers

Total Benefit - first 5 years:	
Depreciation and Maintenance Expense Decrease	\$ 692,406 A * 5
Impact of removing Auburn City Gate Station from Rate Base	\$ 2,165,792 B
Impact of salvage	\$ 253,767 C
5 Year Impact	<u>\$ 3,111,965</u>
Normalized Benefit to Ratepayers per Year	\$ 622,393

(a) Tax Gross up factor incorporates 5 bps annual decline in PA state rate (through 2031, or UGI's Fiscal 2032).

Investment Return Calculations

(Supporting Calculation)

FPFTY Claim in FY26 Rate Case

	Ratio	Cost	Return %
LT Debt	45.75%	5.17%	2.37%
Common Equity	54.25%	10.75%	5.83%
	100.00%		8.20%

FY26:

(a)

	Ratio	Cost	Return %
LT Debt	45.89%	5.15%	2.36%
Common Equity	54.11%	10.25%	5.55%
	100.00%	(b)	7.91%

Actual at 9/30/2025 (from internal QROR):

	Ratio	Cost	Return %
LT Debt	47.12%	4.69%	2.21%
Common Equity	52.88%	10.25%	5.42%
	100.00%	(b)	7.63%

(a) From Company projections for 9/30/2026, in line with claim in FY25 rate case.

(b) ROE is current PA Gas DSIC proxy.

Auburn City Gate Station Assets*(Supporting Calculation)*

	At 9/30/2025 (Actual)	At 9/30/2026 (Projected)
<u>Auburn City Gate Station Assets</u>		
Cost	\$ 5,057,335	\$ 5,057,335
Accumulated Depreciation	\$ (467,128)	\$ (603,717)
Net Book Value	<u>\$ 4,590,207</u>	<u>\$ 4,453,618</u>