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April 20, 2026

VIA ELECTRONIC FILING
and FEDERAL EXPRESS

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

Re: Application for UGI Utilities, Inc.
BKV's Verified Reply to UGI's New Matter
PA PUC - Docket Numbers: A-2026-3060375, G-2026-3060435 and G-2026-3060551

Dear Secretary Homsher:

Please be advised that this office represents BKV Operating, LLC (“BKV”), in the above-referenced action. Enclosed for electronic filing is BKV’s Verified Reply to UGI's New Matter. We will submit Confidential Exhibit “A,” separately under seal via Federal Express to the Public Utility Commission.

A Pennsylvania Limited Liability Partnership

California Nevada Colorado New Jersey Delaware New York District of Columbia North Carolina Florida Oklahoma Georgia **Pennsylvania** Illinois South Carolina Massachusetts Texas Minnesota Washington Missouri

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April 20, 2026

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If you have any questions with regard to this filing, please do not hesitate to contact me. Thank you.

Respectfully,

A handwritten signature in black ink, appearing to read "Samuel W. Cortes".

Samuel W Cortes

SWC/tla

Enclosure

cc: Anthony C. DeCusatis, Esquire; Lindsay A. Berkstresser, Esq (w/encl. – via email: adecusatis@postschell.com; lberkstresser@postschell.com)
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Susan E. Bruce, Esq.; Charis Mincavage, Esq.; Victoria Geddis, Esq.
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vgeddis@mcneeslaw.com)
Administrative Law Judge Alphonso Arnold III (w/encl. – via email: alphonarno@pa.gov)

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, :
Pennsylvania, to UGI Auburn Gathering, LLC, : Docket Number: A-2026-3060375
an Affiliate of UGI Utilities, Inc.; :
: Docket Number: G-2026-3060435
(2) Approval of the Proposed Transfer of the :
Auburn City Gate Station Pursuant to 66 Pa. : Docket Number: G-2026-3060551
C.S. §2102(b); and :
: :
(3) Approval of a Modification of an Existing :
Affiliated Interest Agreement Pursuant to 66 :
Pa. C.S. §2103. :
: :
:

BKV’S VERIFIED REPLY TO UGI’S NEW MATTER

Pursuant to 52 Pa. Code § 5.63, BKV Operation, LLC (BKV) files this Reply to the New Matter of UGI Utilities, Inc. – Gas Division (Applicant or UGI) in the above-captioned proceeding. In support thereof, BKV avers as follows:

I. INTRODUCTION

On February 6, 2026, UGI filed the application pending before the Pennsylvania Public Utility Commission (Commission) requesting: (1) a certificate of public convenience under 66 Pa. C.S. §§ 1102(a)(3) and 1103(a) for the transfer of the Auburn City Gate Station to UGI Auburn Gathering, LLC (UGI Gathering), an affiliate of UGI; (2) approval of the proposed affiliated interest transfer 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 (Application). On March 9, 2026,

BKV filed a Petition to Intervene and Protest (as amended on March 27, 2026)¹ (*Protest*) opposing the Application on multiple grounds, alleging that the proposed transactions are not in the public interest, will cause quantifiable harm to BKV and existing gathering customers, and will produce anticompetitive and discriminatory outcomes.

On March 30, 2026, Applicant filed an Answer and New Matter to BKV's Protest. In its New Matter, Applicant asserts, among other things, that the Commission lacks subject matter jurisdiction over BKV's Protest, BKV's claims are merely private contractual disputes outside the Commission's purview, and BKV has failed to demonstrate that the proposed transactions will produce anticompetitive or discriminatory outcomes. Applicant further claims that BKV's claims are based on the "erroneous legal premise" that the transfer of the Auburn City Gate Station is the "core objective" or otherwise a condition precedent to² the approvals sought by UGI Auburn, LLC and UGI Gathering from the Federal Energy Regulatory Commission to lease the remaining capacity on the Auburn for interstate transportation service (*FERC Application*).³ Throughout, the *Record*, refers to the content of the Protest, BKV's verified answer to Applicant's preliminary objections, filed by BKV on April 10, 2026, this Reply, and Applicant's pleading and admissions, including the Application. For the reasons set forth in this Reply and the Record, these assertions are without merit and should be rejected by the Commission.

¹ As discussed in the amended filing, the exclusive revisions were adding an address for BKV and identifying the additional docket numbers with a 'G' prefix.

² Ans. to Protest ¶ 66-68.

³ *Joint Abbreviated Application of UGI Auburn, LLC and UGI Auburn Gathering, LLC for Certificate of Public Convenience and Necessity, Blanket Certificates and Request for Waivers*, FERC Docket No. CP26-9 (Oct. 10, 2025). This is hereinafter cited to as the "*FERC Application*."

This Commission has subject matter jurisdiction over the Protest. Contrary to Applicant’s assertions, the Commission has a long history of regulating gathering activities when they occur on an integrated system like the Auburn Gathering System (*Auburn*), as evidenced by the Auburn Transfer Order⁴ and numerous other Commission decisions. Applicant’s characterization of BKV’s Protest as a private contract dispute is a misrepresentation of the Record and should be rejected. BKV does not seek to enforce a contract or obtain an award of damages. Rather, BKV seeks to protect the public benefits that are realized through its contractual rights—benefits that this Commission has already determined are within its jurisdiction to protect. These benefits include the promotion of Marcellus Shale development, enhanced access to locally produced natural gas, and the provision of competitively priced gas to retail customers served on Auburn. Finally, Applicant’s attempt to recast the Application as “entirely separate from, and not dependent upon” the FERC Application cannot withstand scrutiny.⁵ Applicant bears the burden of proving that the proposed transactions meet the applicable statutory standards and are in the public interest. For the reasons stated in this Reply and the Protest, Applicant has failed to meet this burden.

II. SPECIFIC AVERMENTS TO NEW MATTER

BKV specifically replies to UGI’s New Matter as follows:

63. Denied. BKV specifically denies the allegations in ¶ 63 because they are legal conclusions not requiring a response.

⁴ *Application of UGI Penn Nat. Gas, Inc. for Approval of the Transfer by Sale of A 9.0 Mile Nat. Gas Pipeline ... Affiliated Interest Filing of Ugi Penn Nat. Gas, Inc.*, A-2010-2213893, 2011 WL 3550481 (July 25, 2011). This is hereinafter cited to as the “*Auburn Transfer Order.*”

⁵ Ans. to Protest ¶ 1. See also *id.* ¶¶ 6, 12, 22, 23, 30, 53, 66-68.

64. Denied. BKV specifically denies the allegations in ¶ 64 because they are legal conclusions not requiring a response; because they are intentionally misleading and unjustly cherry-pick and intentionally present BKV’s allegations in an incomplete fashion; and because they are antithetical to the Record. In further answer to the allegations in ¶ 64, BKV states that this Commission has subject matter jurisdiction to adjudicate the Protest, as supported by the following discussion.

Generally. This Commission has subject matter jurisdiction over the Protest under state law. The statutes conferring that authority include but are not limited to: 66 Pa. C.S. §§ 1101 *et seq.* (requiring, e.g., natural gas certificates of public convenience), 2101 *et seq.* (requiring, e.g., approval of agreements between affiliated interests), and 2201 *et seq.* (the Natural Gas Choice and Competition Act, including 2210 (prohibiting anticompetitive or discriminatory conduct)).

As alleged by BKV, Applicant’s request for a certificate does not comply with state law because it fails to meet the standard set forth in *City of York v. Pa. Pub. Util. Comm’n*, 295 A.2d 825, 828 (Pa. 1972).⁶ That is because, as alleged by BKV, if approved, the Application will materially and substantially: change the operations of the pipeline at issue, called the Auburn Gathering System (*Auburn*); interfere with BKV’s access to Auburn, interfere with BKV’s ability to deliver Marcellus Shale gas molecules to Auburn (for the benefit of retail customers served by Applicant); interfere with BKV’s development of existing and future well inventory on its dedicated acreage in northeastern Pennsylvania; undermine the public benefits of Auburn by reducing the corresponding benefits to retail customers and the local economy; and interfere with

⁶ Protest ¶ 29.

BKV's contractual expectations, among other things.⁷ Thus, BKV's purposes here include preventing the undermining of public benefits that are realized, in part, *through* BKV's contractual rights. But that does not convert the Protest into a breach of contract action. Instead, BKV's Protest asserts rights associated with this Commission's authority to regulate gathering activities.

Gathering Activities. This Commission regulates gathering activity when it is integrated with regulation of public utilities, which is the case in these proceedings with Auburn.

In fact, Auburn began its life as a Commission-regulated distribution pipeline. The character of Auburn has not substantively changed since the Commission issued the Auburn Transfer Order on July 25, 2011, approving the transfer of Auburn I from UGI Penn Natural Gas, Inc. (*UGI PNG*) to UGI Energy Services (*UGIES*). In that order, the Commission said: "We see the promotion of Marcellus Shale development and enhanced access to Marcellus Shale natural gas as one significant public benefit of the proposed transaction, among the other significant benefits addressed by the Parties in this proceeding."⁸ **In other words, according to the Commission, both the development of Marcellus Shale wellheads and access to that supply by retail customers is: first, a part of this Commission's jurisdiction, and second, a part of the public interest that is imbued in Auburn.**

The Commission also addressed the very Affiliated Interest Agreement that Applicant requests to modify in these proceedings. The Auburn Transfer Order stated that, under the

⁷ *E.g.*, PO Answer ¶¶ **Error! Reference source not found.**, 8, 10, 14.**

⁸ Auburn Transfer Order *14 (citation modified) (emphasis added).

Affiliated Interest Agreement between Applicant and UGIES,⁹ “UGIES is obligated to deliver locally produced natural gas from the Auburn Line to [UGI PNG] on a firm, first priority basis, and, in case of an emergency shortage of locally produced natural gas, to accept natural gas delivered from the Tennessee line through [UGI PNG’s] Auburn Line.”¹⁰ **In other words, according to the Commission, safe, reliable, firm, and first priority distribution service supplied by Marcellus Shale gas is: first, a part of this Commission’s jurisdiction, and second, a part of the public interest that is imbued in Auburn.**

These public interests enumerated in the Auburn Transfer Order are the very interests that BKV attempts to protect by way of the Protest, and this is expressly alleged therein by BKV:

The proposed transfer and associated transactions will directly and adversely affect ... BKV’s access to capacity on Auburn, BKV’s ability to transport gas on Auburn for the benefit of retail customers like P&G, and BKV’s development of existing and future well inventory on its dedicated acreage in northeastern Pennsylvania. These adverse impacts are antithetical to the public interests involved in this proceeding because they will reduce the corresponding benefits to retail customers and the local economy.¹¹

Not to mention that the Commission clearly has continued jurisdiction over the Auburn City Gate and the Affiliated Interest Agreement, which is the entire basis of these proceedings initiated by Applicant.

⁹ The Affiliated Interest Agreement was originally entered between UGI PNG and UGIES. Auburn Transfer Order *4. But as Applicant admits, UGI PNG merged into Applicant, and Applicant is successor in interest to the related agreements. App. ¶¶ 7, 9, 11.

¹⁰ Auburn Transfer Order *4.

¹¹ Protest ¶ 22.

The Auburn Transfer Order is not the only time this Commission has asserted jurisdiction over gathering activities. The Commission has a long history of regulating gathering activities when they occur on an integrated system like Auburn.

- On July 11, 1984, this Commission issued an order requiring a regulated natural gas distribution company (*NGDC*) to offer transportation service on its gathering system.¹² The Commission concluded that it had “the power” because the NGDC—just like Applicant with respect to Auburn—“has dedicated its gathering, transmission and distribution facilities to the rendition of the public utility service to its public utility customers.”¹³ Further, the NGDC at issue argued that ““The provision of gathering service could also interfere with the company’s local gas procurement program. The company’s ability to purchase gas at a price below that offered by other purchasers is in large measure attributable to the history of continuous level takes — *i.e.*, no shut-ins — which it has established.”¹⁴ BKV agrees with this assessment and argued the same in its Protest.¹⁵
- On May 3, 2012, this Commission issued an order denying a certificate of public convenience and necessity to a gathering company, expressly distinguishing the company’s cited legal support as “hav[ing] little in common with the present [a]pplication” because, in those cited opinions, the “gathering facilities ... serve[d] groups of customers directly

¹² *Pennsylvania Pub. Util. Comm'n et al.*, 61 P.U.R.4th 63, 68–69, 1984 WL 1022231 (July 11, 1984).

¹³ *Id.*

¹⁴ *Id.* at 66.

¹⁵ Protest ¶ 22.

off the gathering lines or contain and serve numerous distribution systems that serve customers.”¹⁶ Such is the case with Auburn.

- On September 18, 2018, in a rate case under 66 Pa. C.S.A. § 1307, this Commission issued an order permitting a regulated natural gas distribution company to bill a retainage charge to gathering customers, for lost and unaccounted for gas, on an “integrated system” comprised of “gathering, distribution and transmission facilities.”¹⁷ In the order, the Commission noted the utility’s comment that: “gathering systems historically have provided a direct benefit to its customers through lower purchased gas commodity costs and reductions in interstate pipeline transportation costs.”¹⁸ BKV agrees with this assessment and argued the same in its Protest.¹⁹
- Only months ago, on January 29, 2026, under 66 Pa. C.S. § 1102, 2102, and 2210—the very statutes that Applicant moves under—this Commission issued an order approving a merger between a NGDC and its gathering affiliate, which would cause the affiliate’s gathering assets to be “regulated by the Commission as a distribution pipeline.”²⁰

Finally, the Gas and Hazardous Liquids Pipeline Act, 58 P.S. § 801.101 *et seq.*, grants the Commission safety jurisdiction over gathering pipelines. It further bears noting that the

¹⁶ *Application of Peregrine Keystone Gas Pipeline, LLC*, A-2010-2200201, 2012 WL 1995812, *22 (May 3, 2012).

¹⁷ *Pennsylvania Pub. Util. Comm'n Office of Small Bus. Advocate Office of Consumer Advocate v. Peoples Nat. Gas Co.*, C-2018-3000494, 2018 WL 4636874, at *3, 29 (Sept. 20, 2018).

¹⁸ *Id.* *15.

¹⁹ Protest ¶ 34.

²⁰ *Application of Peoples Nat. Gas Co. LLC*, A-2025-3056882, 2026 WL 280660, at *3 (Jan. 29, 2026).

Commission did not address the issue of post-transaction jurisdiction in the Auburn Transfer Order and approved a Joint Stipulation that provided the Commission with a continuing right to conduct safety inspections on Auburn.²¹ In sum, it is untrue that this Commission does not regulate gathering activities as argued by Applicant.

Contract Dispute. In the Application, UGI admits that Auburn is owned and operated by UGIES. Naturally then, BKV maintains an agreement for gathering services on Auburn with the pipeline's owner, UGIES, not Applicant. But this does not affect BKV's right to intervene and protest these proceedings. That is because, in part, BKV does not seek to enforce a contract or seek an award of damages and because the Commission regulates the intrastate gathering pipeline system that is at issue in these proceedings—*i.e.*, the Auburn Gathering System (*Auburn*). For the same reasons, respectively, *Feingold v. Bell of Pennsylvania*, 383 A.2d 791 (Pa. 1977) and *Leveto v. Nat'l Fuel Gas Distribution Corp.*, 366 A.2d 270 (Pa. Super. 1976) are inapposite and have no effect.

Instead, BKV's purposes here include preventing the undermining of public benefits that are realized, in part, *through* those contractual rights—and that the Commission has already asserted jurisdiction to adjudicate.²² On this score, BKV has alleged that the proposed transfer and associated transactions will directly and adversely affect its ability to produce and transport gas on Auburn, undermining the corresponding benefits to retail customers and the local economy recognized by the Commission in the Auburn Transfer Order.²³ Specifically, BKV enjoys the

²¹ *Auburn Transfer Order* *6-7, 17; *Joint Stipulation in Settlement*, ¶ 16(d), A-2010-2213893 (Mar. 23, 2011).

²² *See infra*.

²³ Protest ¶ 22.

contractual right to make deliveries to the primary (but not exclusive) retail customer on Auburn—i.e., Procter & Gamble Paper Products Company (*P&G*).²⁴ Section 2.6 of the gathering agreement provides BKV with the right to make deliveries to the Manning Interconnect and Kane Warehouse delivery points used by P&G.²⁵ A true and correct copy of the gathering agreement is attached as Exhibit A to this Reply.

In this respect, the gathering agreement is entirely consistent with purpose of the transaction contemplated by the Auburn Transfer Order—i.e., for P&G “to fully replace its gas supply with Marcellus Shale natural gas, which it will deliver via the Auburn Line.”²⁶ BKV is *the* supplier of gas molecules to P&G and provides a critical source of “competitively priced natural gas” to support P&G’s operations and bolster the local economy.²⁷ BKV also enjoys the right to make deliveries to farm taps located on the Auburn, which upon information and belief are used by other UGI customers on Auburn.

Since the Protest does not ask the Commission to adjudicate a contract claim but rather asks the Commission to adjudicate BKV’s legally justified interests in these proceedings—that this Commission has already decided are properly within its jurisdiction—the allegations in ¶ 64 are merely Applicant’s improper attempt at strawmanning the Protest. Thus, the Commission should reject Applicant’s new matter and overrule the related preliminary objection.

²⁴ Amended and Restated Gas Gathering Agreement § 2.6, Ex. B.

²⁵ *Id.*

²⁶ Auburn Transfer Order *10.

²⁷ *Letter in Support filed on behalf of Procter & Gamble Paper Products Company*, A-2010-2213893, 2-3 (Jan. 3, 2011).

65. Denied. BKV specifically denies the allegations in ¶ 65 because they are legal conclusions not requiring a response; because they are intentionally misleading and unjustly cherry-pick and intentionally present BKV’s allegations in an incomplete fashion; and because they are antithetical to the Record. In further answer to the allegations in ¶ 65, BKV states that this Commission has subject matter jurisdiction to adjudicate the Protest, as supported by the following discussion.

It is expressly denied that BKV’s *only* specific averments of discrimination are, first, that BKV would be denied “receipt points” for the interstate service contemplated by Applicant’s affiliates—*i.e.*, UGI Auburn Gathering, LLC and UGI Auburn, LLC (*Affiliated Joint Applicants*)—and, second, that the interstate service could cause Auburn to operate at pressures “allegedly exceeding those achievable by BKV.” Both of those are true, but the Protest alleged more. Specifically, it alleged that the transfer of the Auburn City Gate from Applicant to Applicant’s newly formed affiliate (UGI Auburn Gathering, LLC), “is likely to result in anticompetitive and discriminatory conduct” in violation of state law, 66 Pa. C.S.A. § 2210, “and should not be approved without conditions that ensure nondiscriminatory access for existing gathering customers.”²⁸ The Protest further alleged that:

if the UGI companies prevail, the Auburn City Gate will be transferred to an affiliated entity that this Commission does not regulate and that has entered a capacity lease with another affiliated company that this Commission doesn’t regulate, which will materially and substantially alter the operations of Auburn by offering FERC Service to third parties that this Commission doesn’t regulate.²⁹

²⁸ Protest ¶ 51.

²⁹ *Id.* ¶ 11.

In other words, the transfer contemplated by the Application will consolidate market power into entities that this Commission does not regulate, and this may undermine the public interest benefits enumerated in the Auburn Transfer Order. Further, that power will be used to evade regulatory review, at BKV's expense, since the FERC jurisdictional service proposed by the Affiliated Joint Applicants, as alleged, "preclude[s] BKV's use and access by *not* providing the company with a receipt point on the FERC Service."³⁰

As to BKV's arguments regarding interstate pressures, this Commission has every right and jurisdictional authority to adjudicate those concerns under the Natural Gas Choice and Competition Act, 66 Pa. C.S. § 2201 *et seq.*, including 66 Pa. C.S. § 2210 (prohibiting anticompetitive or discriminatory conduct). This is not merely an argument of convenience but of substance. On January 3, 2011, P&G filed a letter with this Commission in the Auburn Transfer Application proceeding discussing the importance of supplying "competitively priced, locally produced natural gas" from BKV's predecessor in interest to achieve reduced rates for retail customers and the corresponding benefits to the local economy.³¹ And that is consistent with the Auburn Transfer Order, which stated that part of the public interest imbued in the settlement agreement was to "help constrain the rise of wholesale market natural gas prices."³² None of these benefits will continue on Auburn if BKV's gas is "shut-in[]" because of interstate pressures, as cautioned in the Commission's July 11, 1984 opinion discussed above.

³⁰ *Id.* ¶ 10 (emphasis in original).

³¹ *Letter in Support filed on behalf of Proctor & Gamble Paper Products Company*, A-2010-2213893, 2-3 (Jan. 3, 2011).

³² Auburn Transfer Order *17.

Given these allegations, under state law, 66 Pa. C.S. § 2210(b), it is incumbent upon this Commission to examine these facts and prevent anticompetitive or discriminatory conduct for the benefit of retail gas customers on Auburn like P&G.³³

66. Denied. BKV specifically denies the allegations in ¶ 66 because they are legal conclusions not requiring a response; because they are intentionally misleading and unjustly cherry-pick and intentionally present BKV’s allegations in an incomplete fashion; and because they are antithetical to the Record. In further answer to the allegations in ¶ 66, BKV states the following.

Applicant’s claim that the “core objective” of these proceedings is something other than facilitating the interstate service that the Joint Affiliated Entities wish to offer on Auburn, vis-à-vis the FERC Capacity Lease, is factually incorrect and legally absurd. The truth is that the application before FERC is *dependent* upon this Commission’s approval of the Application for at least four reasons.

- First, Applicant admits in the Record both that (1) the FERC Capacity Lease will only become effective “[f]ollowing the transfer and modification” that is requested of the Commission in these proceedings,³⁴ and (2) the transfer of the Auburn City Gate Station “supports the change to FERC jurisdictional status” of Auburn by “align[ing]” the asset

³³ 66 Pa. C.S.A. § 2210 provides that this Commission “shall consider,” among other things, whether anticompetitive or discriminatory conduct will “prevent retail gas customers from obtaining the benefits of a properly functioning and effectively competitive retail natural gas market” and “shall provide notice and an opportunity for open, public evidentiary hearings.”

³⁴ App. ¶ 4 (emphasis added).

with “the future operation of a portion of that capacity *as a FERC-regulated interstate pipeline.*”³⁵

- **Second, *this Commission’s approval of the instant Application is a condition precedent to the FERC Capacity Lease.*** The Operating Lease Agreement between UGI Auburn Gathering, LLC and UGI Auburn, LLC (*Affiliated Joint Applicants*) memorializes the terms of the proposed FERC Capacity Lease and provides in relevant part:

7.2 The Parties hereto expressly agree that each Party's obligations under this Lease are contingent upon the satisfaction of the following conditions precedent:

(d) Issuance of a final order of the Pennsylvania Public Utility Commission approving the transfer of certain assets from UGI Gas to Auburn.

A true and accurate copy of the FERC Capacity Lease included as Exhibit I to the Affiliated Joint Applicants FERC Application is attached as Exhibit B.

- **Third**, Applicant admits that UGI Gathering intends to make modifications to the Auburn City Gate Station to facilitate interstate transportation service “[p]ursuant to the blanket authorizations requested as part of the Abbreviated FERC Application.”³⁶
- **Fourth**, the assignment of the Affiliated Interest Agreement is inextricably intertwined with the FERC Capacity Lease, which is predicated on UGIES’s assignment of the Auburn and its appurtenant facilities to UGI Gathering.³⁷

67. Denied. BKV specifically denies the allegations of ¶ 67 because they refer to writings

³⁵ Prelim. Objections ¶ 16 (emphasis added).

³⁶ App. ¶ 26.

³⁷ FERC App. 8 (“UGIES will assign [Auburn and its appurtenant] facilities to [UGI Gathering] on or before October 31, 2025.”).

that speak for themselves, contain legal conclusions not requiring a response, and because they are antithetical to the Record. It is expressly denied that “there are good and valid reasons why the Commission should grant the UGI Gas Transfer” for the reasons previously set forth in Paragraphs Nos. 64 and 65 of this Reply and the Protest. The hypothetical question of whether UGI could operate the Auburn City Gate as a Hinshaw pipeline is not properly before the Commission and is wholly irrelevant to this proceeding. First, it is unclear whether Applicant could lawfully operate the Auburn City Gate Station as a Hinshaw Pipeline given that the purpose of the FERC Capacity Lease is to move natural gas from Tennessee (in the north) for *wholesale* transactions on the Transcontinental Gas Pipe Line (in the south). So a key element for Hinshaw Pipeline eligibility appears missing—*i.e.*, that all the natural gas received is consumed within Pennsylvania.³⁸ Second, even assuming that Applicant could lawfully engage in that activity, it is wholly irrelevant to these proceedings given that Applicant has *not* elected to do so; instead, has elected to pursue a FERC-jurisdictional capacity lease and has made contradictory admissions in its agreements, statements before this Commission, and written statements to BKV (*i.e.*, that the requested transfer *is* a condition precedent to the FERC Capacity Lease).

³⁸ *See* 15 U.S.C. § 717(c).

68. Denied. BKV specifically denies the allegations in ¶ 68 because they are legal conclusions not requiring a response and they are antithetical to the Record. The hypothetical question of whether UGI could operate the Auburn City Gate as a Hinshaw pipeline is not properly before the Commission and is wholly irrelevant to this proceeding for reasons previously stated in Paragraph No. 67 of this Reply. It is specifically denied that “it is more reasonable to approve the transfer of the Auburn City Gate Station” for the reasons previously set forth in Paragraphs Nos. 64 and 65 of this Reply and the Protest.

69. Denied. It is expressly denied that the proposed transfer of the Auburn City Gate Station contemplated in the Application will allow UGI to “furnish safe, reliable, and reasonable service to its retail distribution customers” for the reasons previously set forth in Paragraphs Nos. 64 and 65 of this Reply and the Protest.

III. CONCLUSION

WHEREFORE, for the reasons set forth above, the Commission should deny UGI’s requests for affirmative relief set forth in the Answer and New Matter, and grant BKV’s Amended Petition to Intervene and Protest filed in the above-captioned proceeding.

Dated:
April 20, 2026

FOX ROTHSCHILD LLP



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Counsel for BKV Operating, LLC

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, :
Pennsylvania, to UGI Auburn Gathering, LLC, : Docket Number: A-2026-3060375
an Affiliate of UGI Utilities, Inc.; : Docket Number: G-2026-3060435
(2) Approval of the Proposed Transfer of the : Docket Number: G-2026-3060551
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. :

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document 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) on April 20, 2026.

Via Electronic Mail

Anthony C. DeCusatis, Esq. Lindsay A. Berkstresser, Esq. Post & Schell, P.C. 17 North Second Street, 12th Floor Harrisburg, PA 17101-1601 adecusatis@postschell.com lberkstresser@postschell.com <i>Counsel for UGI Utilities, Inc. – Gas Division</i>	Susan E. Bruce, Esq. Charis Mincavage, Esq. Victoria Geddis, Esq. McNees Wallace & Nurick LLC 100 Pine Street, P.O. Box 1166 Harrisburg, PA 17101-1166 sbruce@mcneeslaw.com cmincavage@mcneeslaw.com vgeddis@mcneeslaw.com <i>Counsel for Procter & Gamble Paper Products Company</i>
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<p>Michael S. Swerling, Esq. UGI Corporation 500 North Gulph Road King of Prussia, PA 19406 swerlingm@ugicorp.com</p> <p><i>Counsel for UGI Utilities, Inc. – Gas Division</i></p>	<p>Administrative Law Judge Alphonso Arnold III alphonarno@pa.gov</p>
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Dated: April 20, 2026



Samuel W. Cortes

VERIFICATION

I, Simon Bowman, Senior Director, Midstream Commercial, hereby state that I am duly authorized to and do make this Verification on behalf of BKV Operating, LLC; that the facts set forth in the foregoing BKV's Verified Reply to UGI's New Matter 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 my statements made herein are subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsification to authorities.

Dated: April 17, 2026

Signed by:
Simon Bowman
C808F5B87F37482...

Simon Bowman
Senior Director, Midstream Commercial
BKV Operating, LLC

CONFIDENTIAL

EXHIBIT “A”

Submitted Under Seal With the Public Utility Commission

EXHIBIT “B”

EXHIBIT I

MARKET DATA

CAPACITY LEASE

OPERATING LEASE AGREEMENT

by and between

UGI AUBURN, LLC

and

UGI AUBURN GATHERING, LLC

THIS OPERATING LEASE AGREEMENT ("Lease") is made and entered into effective on the 10th day of October, 2025, by and between UGI Auburn, LLC ("Auburn"), a Delaware limited liability company and UGI Auburn Gathering, LLC ("Gathering"), a Delaware limited liability company. Auburn and Gathering are sometimes referred to in this Lease individually as a " Party" or collectively as " Parties."

WITNESSETH

WHEREAS, Gathering owns and operates a natural gas gathering system in Pennsylvania from an interconnect with Tennessee Gas Pipeline Company ("Tennessee") in Susquehanna County, Pennsylvania to an interconnection with Transcontinental Gas Pipe Line Company ("Transco") in Luzerne County, Pennsylvania and intermediate points in those counties as well as Wyoming County;

WHEREAS Auburn is seeking authorization to transport natural gas between Tennessee and Transco and other points as an interstate natural gas transmission system under the Natural Gas Act as amended ("NGA") (and therefore subject to the jurisdiction of the Federal Energy Regulatory Commissions ("FERC" or the "Commission");

WHEREAS Auburn desires to lease from Gathering certain capacity on Gathering's non-jurisdictional gathering system, including a receipt point from Tennessee, a delivery point to Transco, and intermediate points (the "Leased Capacity");

WHEREAS to obtain authorization for this Lease and to provide the natural gas transportation, which will be FERC jurisdictional, Auburn must file an application with and receive approval from FERC pursuant to Section 7(c) of the NGA for a certificate of public convenience and necessity;

WHEREAS Gathering desires to maintain and operate its gathering system and the Leased Capacity and therefore may be required to file to obtain authorization pursuant to Section 7(c) of the NGA a certificate of public convenience and necessity from FERC to operate the Leased Capacity; and

WHEREAS Auburn intends to execute firm transportation agreements with its shippers to provide the intended interstate natural gas transportation service in accordance with Auburn's FERC Gas Tariff ("Tariff").

NOW, THEREFORE in consideration of the premises and of the mutual covenants and agreements contained in this Capacity Lease, the Parties do covenant and agree as follows:

ARTICLE I SCOPE OF LEASE

1.1 In consideration of the mutual covenants and agreements contained in this Capacity Lease and other good and valuable consideration and subject to the conditions precedent set forth in Article VII of this Agreement, Gathering hereby leases to Auburn and Auburn leases from Gathering certain capacity to be made available by Gathering to Auburn (“Capacity”). During the term of this Lease Auburn shall have the right to utilize the Capacity on a firm basis to deliver natural gas quantities to Gathering at the Primary Receipt Point(s) and the Secondary Receipt Point(s), if available, listed on Exhibit A attached hereto and made a part hereof up to an total maximum daily aggregate quantity of 281,970 Dth per day (“Maximum Lease Quantity”), plus fuel gas quantities if any which shall be determined as provided for in Section 4.5 of this Lease (“Fuel Gas”), and to receive natural gas quantities from Gathering at the Primary Delivery Point(s) and the Secondary Receipt Point(s), if available, listed on Exhibit A, up to the Maximum Lease Quantity, exclusive of Fuel Gas.

1.2 Auburn’s use of the Capacity shall include the right to use such Capacity for transportation as if it were Auburn’s own capacity used to perform services comparable to services provided by Auburn under its own Tariff, provided however, that Gathering may use the provisions of this Lease to maintain operational control of the fatalities used to provide the Capacity. Provided further, that Gathering shall not take any action that would have a disproportionate impact on Auburn’s ability to use the Capacity versus the impact that it would have on Gathering from gathering shippers.

1.3 Any facilities that may be constructed by Gathering to make the Capacity available under this Lease will be and shall at all times remain the property of Gathering. Likewise, any facilities that may be constructed by Auburn to access the Capacity under this Lease and to receive and deliver the Maximum Lease Quantity will be and shall at all times remain the property of Auburn provided, however, that Auburn shall have no right title or interest in any portion of Gathering’s pipeline system. Nothing contained in this Lease shall be construed to permit Auburn to construct or cause to be constructed any other modification or addition to or any expansion of Gathering’s pipeline system or the Capacity. Auburn expressly agrees that its rights to utilize the Capacity are solely as set forth in this Lease. Upon termination of this Lease all of the Capacity leased under this Lease shall revert to Gathering.

1.4 The Parties agree that this Lease is intended to be classified as an operating lease agreement. To the extent that by law or regulation this Lease cannot be classified as an operating lease agreement, the Parties agree to negotiate in good faith to effect any such changes to this Lease necessary to classify this Lease as an operating lease agreement.

ARTICLE II OPERATION AND MAINTENANCE

2.1 Subject to the terms and conditions of this Lease, Gathering shall be solely responsible for and will have sole and exclusive control over all aspects of the operation and maintenance

of all facilities used to provide the Capacity and shall operate and maintain the facilities used to provide the Capacity in accordance with this Lease and its standard operating and maintenance policies that are consistent with the applicable requirements of federal, state, or other governmental agencies having jurisdiction. So long as this Lease shall be in effect, Auburn shall have no right or duty to operate or maintain the Gathering facilities used to provide the Capacity or to supervise, direct, or otherwise control in any manner the operation and maintenance of Gathering's facilities, unless otherwise specifically provided for in this Lease.

2.2 The Parties agree to coordinate operation of the facilities used to provide the Capacity. Matters respecting the day-to-day operation of the facilities used to provide the Capacity, such as the delivery of natural gas for the account of Auburn to Gathering at the Primary Receipt Point(s) (and the Secondary Receipt Point(s), if available) and the delivery of natural gas by Gathering to Auburn at the Primary Delivery Point(s) (and the Secondary Delivery Point(s), if available), shall be governed by this Lease. Gathering shall not be obligated to receive quantities of gas in excess of the quantities scheduled by Auburn at the Primary Receipt Point(s) and the Secondary Receipt Point(s), if available, or to deliver quantities in excess of the quantities scheduled by Auburn or third parties designated by Auburn at the Primary Delivery Point(s), less Fuel Gas, if any, unless otherwise agreed to by the Parties; provided, however, that in no event shall Gathering be obliged to receive for the account of Auburn quantities of gas in excess of the Maximum Lease Quantity plus Fuel Gas, if any, or deliver to Auburn quantities of gas in excess of the Maximum Lease Quantity exclusive of Fuel Gas. The Capacity includes only the capacity listed at the Primary and Secondary Receipt and Delivery Points set forth on Exhibit A, as may be amended from time-to-time by the mutual agreement of the Parties. The Parties agree all actions affecting this Lease shall be in good faith and not unduly discriminatory toward the other Party.

2.3 The Parties agree that at all times during the term of this Lease, Gathering and Auburn shall maintain in effect mutually acceptable operational balancing agreements for the Primary and Secondary Delivery and Receipt Point(s). Upon the termination of this Lease, any remaining operational imbalance attributable to this Lease shall be resolved pursuant to such effective operational balancing agreements between the Parties; provided however, that if no such agreements are in effect, then this provision of the Lease shall survive termination for the sole purpose of correcting such operational imbalances.

2.4 Auburn shall cause all natural gas quantities under Section 1.1 of this Lease to be delivered to Gathering at the prevailing line pressure at such point(s), but in no event shall such gas be delivered at a pressure exceeding the Maximum Allowable Operating Pressure ("MAOP") of Gathering's system at such point(s). Gathering shall deliver to Auburn equivalent quantities of natural gas as Auburn delivered to Gathering under Section 1.1 of this Lease, less Fuel Gas, if any, at Auburn's prevailing line pressure at such point(s), but in no event shall Gathering deliver gas at a pressure exceeding the MAOP of Auburn's system at such point.

ARTICLE III TERM OF LEASE

3.1 This Lease shall be effective as of the date fully executed by both Parties hereto ("Effective Date"). Unless otherwise mutually agreed, Gathering shall make the Capacity available for use by Auburn under this Lease the later of (i) the first day of the month following the date that all of the conditions precedent set forth in Section 7.2 of this Lease are satisfied or waived or (ii) April 1, 2026 ("Commencement Date"). If the conditions precedent in Section 7.2 have not been satisfied or waived by the date set forth therein and the Parties reasonably believe that the conditions can be satisfied at a later date, a new Commencement Date shall be established which shall be the first day of the first month following satisfaction and/or waiver of all conditions specified in Section 7.2. The "Primary Term" for this Lease shall begin on the Commencement Date and shall continue in full force and effect for ten (10) years and shall continue year to year thereafter unless terminated by either Party by providing the other Party no less than six (6) months prior written notice, except in the case of breach or default, for which six (6) months' notice is not required. In the case of breach or default, the non-breaching party may terminate this Lease prior to the expiration of the Primary Term upon notice of the intent to terminate if the breaching party does not cure the breach or default within ten (10) days of receiving notice of the intent to terminate.

3.2 Upon termination of this Lease, the Parties shall continue to be obligated to make any and all payments due to the other which have accrued prior to and including the effective date of such termination, to resolve any operational imbalance in accordance with Section 2.3, and to address the disposition of any line pack related to the Leased Capacity in accordance with Section 5.5.

ARTICLE IV CHARGES AND PAYMENT

4.1 Commencing on the Commencement Date and continuing for each month thereafter during the term of this Lease, Auburn shall pay Gathering a fee of \$ 2,001,271.47 per month (the "Lease Charges") for the Capacity.

4.2 Auburn and Gathering will cash out any imbalances in the manner provided in Section 10 of Auburn's FERC Gas Tariff, including Auburn's proportional share of any imbalance charges assessed to Gathering pursuant to Operational Balancing Agreements with upstream or downstream transporters in association with Auburn's use of the Capacity.

4.3 Gathering shall bill Auburn on or before the tenth (10th) day of each month for all charges applicable to the Capacity for such prior month. Auburn shall pay by electronic transfer of federal funds no later than the twentieth (20th) day of the month in which a bill is tendered by Gathering, except when such day is a Saturday, Sunday or bank holiday, in which case payment is due the following business day ("Due Date"), provided however, that if Gathering bills Auburn later than the 10th day of the month, then Auburn shall have an equal amount of additional time to pay such bill(s). Payment shall be considered to have been made on the date when such payment is transferred by Auburn to a bank account designated by Gathering. Gathering shall have the right, upon thirty (30) days prior written notice, to change the designated account for

receipt of electronic transfer of funds from Auburn. Should Auburn fail to pay all, or only pays part, of the amount of any bill when such amount is due, Gathering may charge interest on the unpaid portion of the bill computed from the Due Date until the date of payment at the same rate of interest and in the same manner as prescribed for refunds as set forth in Section 154.501 (18 CFR § 154.501), or such succeeding regulation in effect from time to time, of the FERC's regulations under the Natural Gas Act. If such failure continues forty (40) days after payment is due, Gathering, in addition to any other remedy it may have under law or equity, may suspend the performance of this Lease until Auburn pays such amount.

4.4 Notwithstanding the provisions of Section 4.2, in the event Auburn in good faith disputes a portion of Gathering's invoice pursuant to Section 4.2 of this Lease, Auburn shall timely remit payment of that portion of such invoice not in dispute, along with a written notice to Gathering of the reason for such disputed amount. Auburn and Gathering shall in good faith attempt promptly to resolve any such disputed invoice amount. Gathering shall not be entitled to suspend further performance under this Lease due to any nonpayment of disputed amounts. In the event an error is discovered in the amount billed in any invoice issued by Gathering, such error shall be adjusted within thirty (30) days of the determination thereof, provided that dispute shall have been raised within sixty (60) days from the date of determination of such error; provided further, that no adjustments shall be made for errors discovered more than six (6) months from the date of such statement. If an adjustment is determined to be necessary pursuant to this Section 4.4, the adjustment will be made to the next invoice following such determination and to each invoice thereafter as necessary to reflect the total amount of the adjustment.

4.5 Auburn shall furnish the quantity of natural gas required for Fuel Gas associated with the Capacity, if any. The term "Fuel Gas" as used herein shall include lost and unaccounted for gas associated with the Capacity. The quantity of natural gas required for Fuel Gas for deliveries from the Primary Receipt Point(s) to the Primary Delivery Point(s) shall be equal to the rate calculated utilizing the fuel tracking methodology set forth in Section 13 of the General Terms and Conditions of Auburn's FERC Gas Tariff which rate shall initially be 0.5% of all gas quantities delivered for the account of Auburn into the Capacity under Section 1.1 of this Lease for redelivery to the Primary or Secondary Delivery Point(s). The Fuel Gas rate under this Lease shall remain in effect until a new Fuel Gas rate for the Lease is approved pursuant to the process established in Auburn's tariff. By January 1 of each year, Gathering shall provide information described in Section 13 of the General Terms and Conditions of Auburn's Tariff so that Auburn may include the required calculations in its annual Fuel Gas recovery filings.

ARTICLE V USE OF LEASED CAPACITY

5.1 Measurement Data. Each Party shall, upon reasonable request of the other Party, provide the other Party with measurement data for the Receipt Point(s) and Delivery Point(s) used for the Lease Capacity to the extent consistent with all applicable laws, regulations, orders, FERC policy statements, service agreements, and Auburn's tariff.

5.2 Capacity Availability. Except as otherwise provided in this Lease, during the term of this Lease, Gathering shall maintain sufficient capacity on its facilities such that the Capacity will be

available for Auburn's use on a firm basis and as required to permit Auburn's use of the Capacity as described in this Lease.

- (a) If the Capacity, in whole or in part, is unavailable at any time and for any reasons, Gathering shall notify Auburn as soon as practicable using commercially reasonable efforts and not to any other entity prior to Auburn's posting the relevant information on its electronic bulletin board including but not limited to any affiliated or unaffiliated shippers, unless necessary to protect the health and safety of an entity, such notification shall include (i) the amount of unavailable Capacity; (ii) when the Capacity will or did become unavailable; (iii) the duration the Capacity will be unavailable, if known, or that the duration is unknown and when the Capacity will become available; and (iv) when such information is reasonably known. These requirements are in addition to any other requirements in Article VI hereunder if the Capacity is unavailable for reasons of *force majeure* as defined by Article VI.
- (b) If the Capacity, in whole or in part, is unavailable at any time and for any reasons Gathering shall (i) use the same level of effort to restore the availability of the Capacity as Gathering uses to restore the availability of the remainder of its system(s) and (ii) allocate available capacity on Gathering's system on a pro rata basis.
- (c) If the Capacity, in whole or in part, is unavailable at any time and for any reasons, Gathering and Auburn will exercise commercially reasonable efforts, as determined by each in its sole discretion, to avoid such Capacity unavailability by utilizing the opportunities, if any, which are presented by the existence of operational balancing or equivalent agreements and by the interconnections between the Parties' pipeline system, by only to the extent that such opportunities can be utilized in compliance with, and without prejudicing the rights of any of Gathering's or Auburn's other shippers under all applicable laws, regulations, order FERC policy statements, service agreements and Auburn's Tariff.
- (d) In the event that capacity on Gathering is reduced for any reason, the Capacity (or applicable portion thereof) will be reduced in the same proportion as the entire capacity of the Gathering system (or applicable portion thereof). If, as a result of such a reduction of capacity, Auburn must provide demand charge credits to any of its customers utilizing the Capacity pursuant to its Tariff, Gathering shall provide a \$0.2333 per Dth demand charge credit to Auburn for the Capacity Auburn was unable to provide to its shipper(s). In no event shall the amount of Gathering's demand charge credit to Auburn exceed the demand charge credit provided to Auburn's customer(s).

5.3 Nominations. To facilitate required confirmation, Auburn will provide nomination information from shippers for the Capacity. All nominations for transportation service under this Lease will be submitted in accordance with Auburn's Tariff.

5.4 Gas Quality Requirements. The natural gas delivered by Gathering to Auburn shall have gas quality characteristics consistent with Auburn's Tariff.

5.5 Line Pack. On the In-Service Date, Auburn shall either (i) purchase natural gas line pack required for the Leased Capacity from Gathering at a price of per Dth equal to the Platt's Gas Daily posted midpoint index price for Transco Leidy Line Receipts on the day of the purchase and sale or (ii) provide such line pack in-kind. On termination of this Lease, the Parties shall mutually agree to the disposition of the line pack. If Auburn sells the line pack to Gathering, it shall be at a price not to exceed the per Dth price paid for the same by Auburn.

ARTICLE VI FORCE MAJEURE

6.1 If by reason of *force majeure*, either Party hereto is rendered unable, wholly or in part, to carry out its obligations under this Lease, and if such Party gives notice and reasonably full particulars of such *force majeure* in writing by electronic mail or by facsimile, to the other Party within a reasonable period of time after the occurrence of the cause relied on, the Party giving such notice, so far as and to the extent that it is affected by such *force majeure*, shall be relieved of its performance obligations under this Lease affected by such *force majeure* event and shall not be liable in damages during the continuance of any inability so caused; provided, however, that such cause shall be remedied with all reasonable dispatch. In the event of *force majeure* or any other event which requires Gathering to restrict the availability of capacity on Gathering's pipeline between the Primary Receipt Point(s) (or the Secondary Receipt Point(s), if available) and the Primary Delivery Point(s) (or the Secondary Delivery Point(s), if available), including without limitation scheduled maintenance or repair of such pipeline, Auburn's Capacity under this Agreement shall be reduced in the same proportion as the capacity for all other firm customers utilizing such points.

6.2 As used in this Lease, force majeure shall mean acts of God, strikes, lockouts or other industrial disturbances; acts of public enemy, wars, blockades, insurrections, riots, epidemics, pandemics, landslides, lightning, earthquakes, fires, storms, crevasses, floods or washouts; arrests and restraints imposed by the government, either federal, state or local, civil or military; the binding order of any court, legislative body, or governmental authority that has been resisted in good faith by all reasonable legal means; vandalism, sabotage or civil disturbances; relocation of facilities; breakage or accidents to machinery or lines of pipe; the necessity for testing (as required by governmental authority or as deemed necessary by the testing Party for the safe operation thereof) or for making repairs or alterations to machinery or lines of pipe; failure of surface equipment or pipelines; accidents breakdowns or the inability of a Party to obtain necessary material, supplies, permits, rights-of-way or labor to perform or comply with any obligation or condition of the Lease; and any other causes, whether of the kind enumerated in the Lease or otherwise, that are not reasonably within the control of the Party claiming suspension. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty and that the above requirement that any *force majeure* shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts or disagreements with landowners by acceding to the demands of any opposing party when such course is inadvisable in the discretion of the Party having difficulty. Such *force majeure* affecting the performance of this

Lease by either Party, however, shall not relieve such Party of liability in the event of its concurring negligence or willful misconduct in creating such *force majeure* event or in the event of failure to use due diligence to remedy the situation and to remove the cause or contingencies affecting such performance is inadequate to relieve such Party from its obligations to make payments as determined in the Lease. Provided however, that if Gathering declares *force majeure*, the Lease Charges otherwise due by Auburn shall be reduced in accordance with any restrictions placed on Auburn's ability to use the Capacity as a result of the *force majeure*.

ARTICLE VII CONDITIONS PRECEDENT

7.1 After the Effective Date of this Lease, Gathering and Auburn shall each proceed with due diligence to obtain from all governmental and regulatory authorities having competent jurisdiction over the matters covered in this Lease, including, but not limited to, the FERC, the authorizations necessary to implement the terms of this Lease. Each Party reserves the right to file and prosecute any and all applications for such authorizations, any supplements, or amendments thereto, and, if necessary, any court review, in a manner it deems to be in its best interest. Gathering and Auburn shall support and cooperate with each other and shall not oppose, obstruct, or otherwise interfere with the prompt preparation and filing and expeditious prosecution of all applications with the FERC and other regulatory authorities for all necessary authorizations to implement the provisions of this Lease.

7.2 The Parties hereto expressly agree that each Party's obligations under this Lease are contingent upon the satisfaction of the following conditions precedent:

- (a) Gathering's receipt by July 1, 2026 of any and all necessary authorizations from the FERC, reasonably satisfactory to Gathering, to implement the Lease and otherwise satisfy each of its obligations under this Lease, including but not limited to the granting of a limited jurisdiction certificate that does not impact Gathering's existing non-jurisdictional gathering status for the capacity that is not subject to the Lease, for Gathering to charge Auburn the Lease Charges provided for in this Lease, and for Gathering to satisfy each of its obligations under this Lease;
- (b) Auburn's receipt by July 1, 2026, of any and all necessary authorizations from the FERC, reasonably satisfactory to Auburn, to obtain the capacity contemplated by the Lease and to operate the facilities necessary to access the Capacity and to satisfy each of its obligations under this Lease;
- (c) Tennessee's completion of all work necessary to install and construct a new Receipt Point and meter facilities for Auburn's receipt of gas from Tennessee; and
- (d) Issuance of a final order of the Pennsylvania Public Utility Commission approving the transfer of certain assets from UGI Gas to Auburn.

7.3 If any of the conditions precedent in Section 7.2 of this Lease have not been fully satisfied or waived by the dates set forth therein, either Gathering (for the conditions precedent in Sections

7.2(a) and (b)) or Auburn (for the conditions precedent in Sections 7.2(c) and (d)) may, subject to the obligation in Section 3.1, negotiate in good faith to select a new Commencement Date (if applicable), or terminate this Lease upon written notice to the other Party.

ARTICLE VIII ALLOCATION OF RISKS OF LOSS AND LIABILITY

8.1 As between the Parties, Auburn shall be deemed to control and possess the gas flowing under the Leased Capacity and Gathering shall have no responsibility with respect to such gas or on account of anything done, occurring or arising with respect to the gas before receipt of such gas into the Leased Capacity or after redelivery of the gas to Auburn, and Gathering shall be deemed to control and possess the gas flowing in the retained gathering capacity, and Auburn shall have no responsibility with respect to the gas or on account of anything done, occurring or arising with respect to the gas after receipt of such gas into the retained gathering capacity.

8.2 Except for issues of *force majeure* which shall be governed by Article VI of this Agreements each Party (the “Indemnitor”) shall indemnify and hold harmless the other Party (the “Indemnitee”) against any and all claims demands, causes of action, costs, actions, damages, losses, expenses or liabilities (“Claims”) reasonably and necessarily incurred by the Indemnitee, to the extent such Claims arise out of the Indemnitor’s acts or omissions associated with the performance of the Indemnitor’s obligations under this Lease; *provided however, that this contractual obligation shall not apply to the extent such Claims arise out of the acts or omissions that are the result of the Indemnitee’s concurring negligence, gross negligence or willful misconduct, nor to the extent that strict liability is imposed upon the Indemnitee as a matter of law.*

8.3 In connection with Section 8.2, in the event that both Gathering and Auburn are adjudicated negligent or otherwise at fault or strictly liable without fault with respect to damage or injuries sustained by a third-party claimant, this contractual obligation of indemnification shall continue but Auburn and Gathering shall each indemnify the other only for the percentage of responsibility for the damage or injuries adjudicated to be attributed to the Indemnitor. In such a situation, it is intended that, to the extent either Auburn or Gathering pays such third-party claimant for its costs, losses, liabilities, expenses and/or judgments attributed to the percentage of negligence, fault or liability of the other, these obligations of indemnification shall function as a contractual arrangement of contribution. This contractual arrangement or contribution shall survive settlement of the underlying third-party claim and, provided that notice and the right to participate in the investigation, defense, and resolution including settlement) of such third-party claim has been provided, shall apply to voluntary settlements made by either Auburn or Gathering with the third party.

8.4 In connection with Sections 8.2 and 8.3, it is a condition precedent to the Indemnitor’s contractual obligation of indemnification under this Lease that the Indemnitee shall provide written notice of the third-party claim, demand or cause of action within thirty (30) days after the Indemnitee reasonably determines that such third-party claim, demand or cause of action involves a claim for indemnity under this Lease, or within such time if necessary for Indemnitor to defend itself timely against such claim, demand or cause of action. It is further condition precedent to the Indemnitor’s contractual obligation of indemnification under this Lease that the Indemnitor shall

have had the right to participate in the investigation, defense, and resolution of the third-party claim.

8.5 The indemnity provisions of this Lease shall survive the termination of this Lease.

ARTICLE IX MISCELLANEOUS

9.1 THIS LEASE SHALL BE GOVERNED BY, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA WITHOUT RECOURSE TO THE LAW REGARDING CONFLICTS OF LAWS.

9.2 No waiver by a Party of any default by the other Party in the performance of any provision, condition or requirement in this Lease shall be deemed to be a waiver of or in any manner release the other Party from performance of any other provision condition or requirement in this Lease nor shall such waiver be deemed to be a waiver of or in any manner a release of the defaulting Party from future performance of the same provisional condition or requirement. Any delay or omission of any Party to exercise any right in this Lease shall not impair the exercise of any such right or any like right accruing to it thereafter.

9.3 The obligations of the Parties expressed in this Lease are the sole and exclusive obligations of the Parties with respect to the subject matter of this Lease. Neither Auburn nor Gathering accepts or has imposed upon it by virtue of this Lease or otherwise any implied obligations or covenants with respect to the subject matter of this Lease.

9.4 No modifications of the terms and provisions of this Lease shall be effective except by the execution of a supplementary written agreement executed by Auburn and Gathering.

9.5 Any written notice or other communication shall be deemed given and received on the date on which such notice or communication is given by facsimile or electronic mail and confirmed as received by the other Party or the date received if given by overnight courier or registered or certified mail, postage prepaid, addressed:

If to Auburn:

VP, Business Development
835 Knitting Mills Way
Wyomissing, PA 19610

and

Law Department
P.O. Box 858
Valley Forge, PA 19482

or at such other address as may be designated by Auburn from time to time by written notice.

If to Gathering:

VP, Operations
835 Knitting Mills Way
Wyomissing, PA 19610

and

Law Department
P.O. Box 858
Valley Forge, PA 19482

or at such other address as may be designated by Gathering from time to time by written notice.

9.6 This Lease shall inure to the benefit of any party that succeeds by purchase, merger, or consolidation to title, substantially as an entirety, of Auburn or Gathering. Except for the foregoing, this Lease, and any of the rights, duties, or obligations of the Parties pursuant to this Lease, may not be assigned by either Party to the Lease without the written consent of the non-assigning Party, such consent not to be unreasonably withheld, conditioned, or delayed.

9.7 This Lease and the obligations of Auburn and Gathering in this Lease are subject to all applicable laws, rules, orders, and regulations of governmental authorities having jurisdiction and, in the event of conflict, such laws, rules, orders and regulations of governmental authorities having jurisdiction shall control.

9.8 Nothing in this Lease shall be construed to create a joint venture or partnership between the Parties or to constitute one Party as the agent of the other for any purpose.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Lease to be executed by their respective duly authorized officers, to be effective as of the day and year first above written.

DS
LB

UGI AUBURN, LLC

DocuSigned by:



5FE3A520CBC6445...
Anthony C. Cox

VP, Business Development

UGI AUBURN GATHERING, LLC

Signed by:



C64C5861CBA04A1...
Brian Heintzelman

VP, Operations

EXHIBIT A

Receipt and Delivery Points

Effective Upon the Commencement Date of the Lease

Primary Point(s) of Receipt:

<u>Description</u>	Meter Number	Quantity (Dth/d) ¹
Tennessee Gas Pipeline Co.		281,970
Transcontinental Gas Pipe Line Co.		281,970
Anderson Compressor Station		215,000
Manning LNG Boil-off/Regen		3,500

Secondary Point(s) of Receipt:

Description	Meter Number	Quantity (Dth/d) ²

Primary Point(s) of Delivery:

Description	Meter Number	Quantity (Dth/d)
Tennessee Gas Pipeline Co.		281,970
Transcontinental Gas Pipe Line Co.		281,970
Manning LNG		30,000

Secondary Point(s) of Delivery:

Description	Meter Number	Quantity (Dth/d)

¹ Plus Fuel Gas

² Plus Fuel Gas